



Access to Capital UNM Rainforest 9.26.24

Topics

- 1. Who is here today & What are your questions?**
- 2. Accessing Capital**
- 3. Who is NM Angels & What is Angel-dom**
- 4. Business Example Case Studies**
- 5. Crowdfunding**

Conversation together is more fun than a lecture

Drew Tulchin

New Mexico Angels - President



NM Angels - Mission

Support NM companies, New Mexican entrepreneurs and companies that make a difference for our people

Non-Profit Membership Org
(501c6, a la chamber of commerce) w/ 501c3 charity arm

INVESTING IN INNOVATION

NM Angels - By the Numbers

5.5x growth / 4 years

Total	
COVID	40
2021	113
2022	147
2023	191

2024	
Members	172
Sponsors	56
Partners	5
Total	233

NM Angels: In the News

Tax credits continue for angel investors' good tidings

By Megan Gleason / Journal Staff Writer Aug 30, 2024 Updated 22 hrs ago



Albuquerque-based Nob Hill Therapeutics Raises \$3M for Patented Pulmonary Technology



UNM Anderson School of Management

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Our next summer intern spotlight is Kathryn Herrmann!

Kathryn is interning with the New Mexico Angels, an investment company focusing primarily on early-stage businesses. Kathryn says this about her experience: "I've learned so much about what it takes to run a successful business, from marketing to operations."

Congratulations Kathryn on landing a summer internship, while furthering your future career - we're so proud!



NM Angels 2024 YTD - Action

\$1.5MM Invested in 13 companies by NM Angels, Members via NM Vintage Fund, Members directly

\$1MM More Leveraged - syndication, connections

67+ Companies Assessed, Mentored

24 New Angels Trained

SPACE KINETIC

ENOSEMI



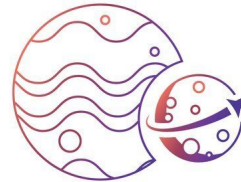
TERRAVERA



New Mexico Made

OVER \$30 MILLION INVESTED SINCE 1999

Portfolio Companies Raising



GANYMEDE
games

Portfolio Companies



Full Portfolio: <https://nmangels.com/portfolio/>

NM Vintage Fund

- Support local companies, NM founders, businesses making a difference here
- Early-Stage & High Growth
- Benefit Investors & Entrepreneurs



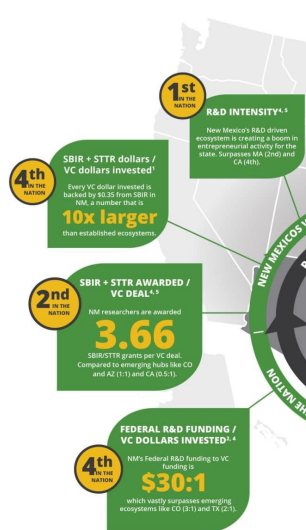
Funds I & II: ~\$4MM, 26 companies, 11 angel tax credits

Fund III: First Close was July 2024, \$1+MM, 5 investments

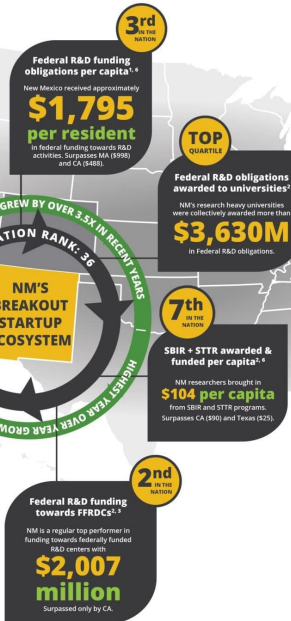
Capital Picture

State Landscape - We're Pretty Good

QUANTIFYING NEW MEXICO'S INVESTMENT OPPORTUNITY



FEDERAL R&D DRIVES NEW MEXICO'S INNOVATION ENGINE

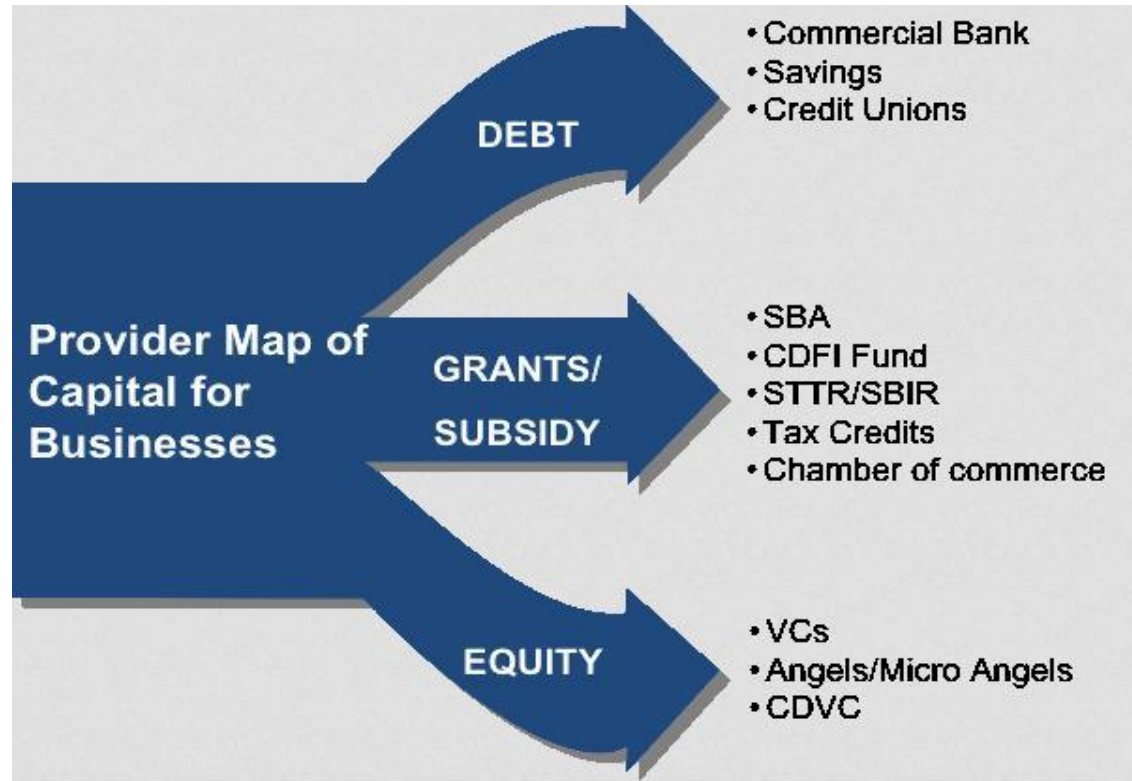


Source:

- 1 - State Science & Technology Institute
- 2 - National Science Foundation
- 3 - ResearchAmerica.org
- 4 - National Venture Capital Association
- 5 - SBIR.gov
- 6 - US Census Bureau

TRAMWAY
ventures

Traditional Forms of Capital



Debt

What's your personal credit score

How much \$ do you need

How will you pay it back

How can you 'prove' you can pay it back?

Debt in Detail



THE PLACE TO START & GROW YOUR BUSINESS

www.wesst.org

Non-Dilutive Capital (Grants / Subsidy)

- State / public programs
 - i.e. NM EDD, City of ABQ, City of Santa Fe
- National government programs: BIA / DOC
- NM SBA MEP – manufacturing
- SBIR / STTR
- Competitions
- TOP NM GOV'T OPPTY
- JTIP - Job Training
- LEDA - Econ Dev for buildings
- C-PACE
- IRBs - Bonds
- Angel Tax Credit

Ecosystem Partners

- NMSU Arrowhead
Scale Up Sprint - C Suite
- SCORE
- SBDC & NMMBDA
- CNM Ingenuity
Activate



Equity

- What is your company worth?
- What are you offering investors?
- How do they get an EXIT?

How do you get them comfortable to invest?

Equity Types

- Equity Offering - Priced Round
- Convertible Note
- SAFE
- Alternatives: Royalties, Dividends, RBF & more

What's the 'paper' the security you use?

Additional Resources

Debt Guidance:

www.slideshare.net/slideshow/access-to-capital-what-it/34149510#19

<chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.treasury.ca.gov/presentations/small-business/sbm-powerpoint.pdf>

Y Combinator: www.ycombinator.com/library

Tech Stars: www.techstars.com/education

UpSpring Associates: <https://upspringassociates.com/resources/>

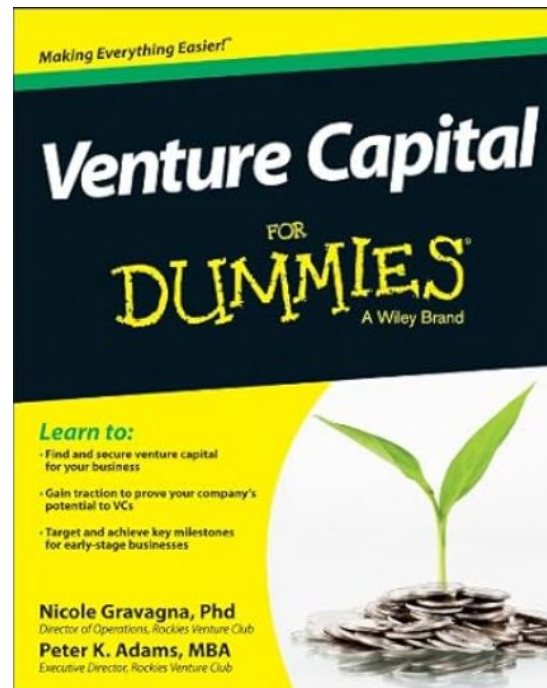
Angel-dom

What is An Angel Investor?



Terminology

- **Stage:** Pre-seed, Seed, Series A (FFF = friends, family, fools; accredited investors may also participate in these rounds)
- **Forms of Financing:** Equity, debt, convertible notes, SAFE
- **Valuation:** Pre-Money, Post-Money
- **Priced Round:** Equity-based investment round with a defined pre-money valuation, typically involving accredited investors who meet specific financial criteria



How Become an Angel? Be an Angel

Angel investing historically via ad hoc apprenticeship



1. Join an Angel Group
2. Observe seasoned members
3. Join due diligence
4. Write your first check
5. Observe more
6. Lead your first deal
(maybe, eventually)

**What questions / observations
do you have?**

Typical Angel Deal

Raising
\$1M or
less

Return
on exit

Early
Pre-seed
or Seed

Angels
expertise
& connects

Valuation
below
\$5M

Angels Look For

Market
Return

Want
advice &
coaching

Barriers
to entry

Scalable
product /
service

Solid
Team

New Companies: Relationship not Transaction

1. Introduce Yourself

Send solid intro email w/ presentation

Apply on Gust nmangels.com/applyforfunding/

2. Explore - “Time and Talent”

Quick Assessment - Written Feedback

Get to know us: Members, Sponsors, Partners

3. Build Value - “Treasure”

Pitch, Deep Dive, Due Diligence

Engage with seasoned entrepreneurs, investors in NM community

Case Studies



Parting Stone

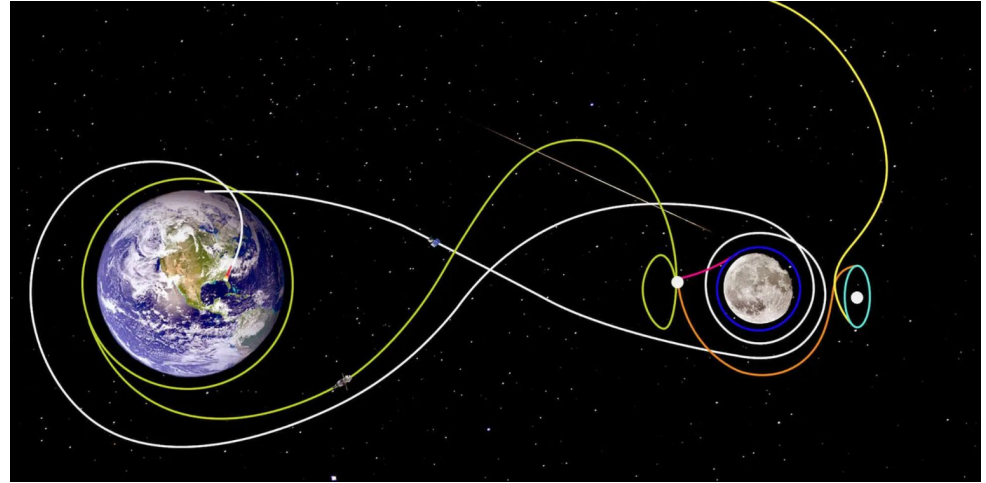
- Direct angel \$ over 3+ years
- Gov't intros: NMEDD, NMFA, more
- Syndicate angel groups nationally
- Advising & Mentoring
- Referring talent





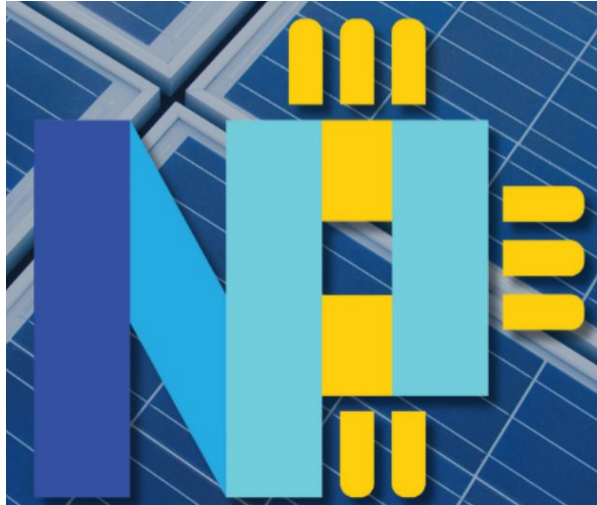
RHEA Space Activity

- NM Vintage Fund \$
- NM Angels Members SPV
- Other Angels invested
- Advisors & Board Members
- NM community connect



Native Owned Business Examples

TankaBar.com



TANKA[®]

NavajoPower.com

Crowdfunding

Crowdfunding Defined

Raising money for a project from a large number of people in small amounts, typically online



Crowdfunding Focus

Who for?

1. Seeking modest capital, lacking easy alternative
2. **Early stage organizations & individuals** with specific project / product
3. Opportunity for product **pre-sales** to make stuff

Peloton

Raised \$300,000+

Founder/s: Graham Stanton, Hisao Kushi, John Foley, Tom Cortese, Yony Feng

The Idea: People with little time could benefit from the flexibility and convenience of taking a high-end studio cycling class right from the comfort of their homes through technology.

Crowdfunding: Campaign started in 2013 on Kickstarter

Funded: \$307,332

Backers: 297 people

Business Today: The company became public in September 2019. By March 2022, Peloton's market cap is about \$12.2 billion, with 2.77 million connected fitness subscribers.

Website: <https://www.onepeloton.com/>



Popsockets

Raised \$18,000+

Founder/s: David Barnett, professor of philosophy at Colorado

The Idea: The first version of PopSocket was created to keep the cables from the earphones organized and tied to the smartphone

Crowdfunding: The campaign started in 2012 on Kickstarter

Funded: \$18,591 USD

Backers: 520 people

Business Today: In 2018, PopSocket LLC's revenue was over \$200 million U.S. dollars, with a profit of over US\$90 million. In 2021, PopSockets was honored as one of Fast Company's World's Most Innovative Companies.

Website: <https://www.popsockets.com/>



Benefits of Crowdfunding

Why do it?

1. \$: Expands capital raising universe
2. Media: PR, exposure, eyeballs
3. Network: Engage people, new partnerships
4. Attention: Opportunity to pre-sell, test the market



Crowdfunding Types

1. Donations
2. Investment
3. Peer to Peer Lending
4. Crowdsourcing



NM Angels & Crowdfunding

Collaborations with each
WeFunder & StartEngine

Tap into vast network of experienced
investors & entrepreneurs passionate
about supporting innovative businesses

Contact info@nmangels.com for
Crowdfunding Referral Code



**What questions / observations
do you have?**



Thank you for joining us

Make NM HAPPEN!

www.nmangels.com

info@nmangels.com





APPENDIX

A Bit of Theory



Definition of Terms

Financial Self-Sufficiency

- Measures degree which operating income covers adjusted operating exp

Project Profitability

- When operating income is greater than adjusted operating expenses

Capital

- Cash or assets used to generate income

Sustainability

- Present needs met without compromising ability for needs met in future

Earned Income

- Compensation from participation in a business, including wages, salary, tips, commissions, and bonuses

Triple Bottom Line

Multiple bottom lines:

Single Bottom Line = financial profitability

Double Bottom Line + social / community impact

Triple Bottom Line + environmental impact

What are the 3 Ps? People, Profit, Planet

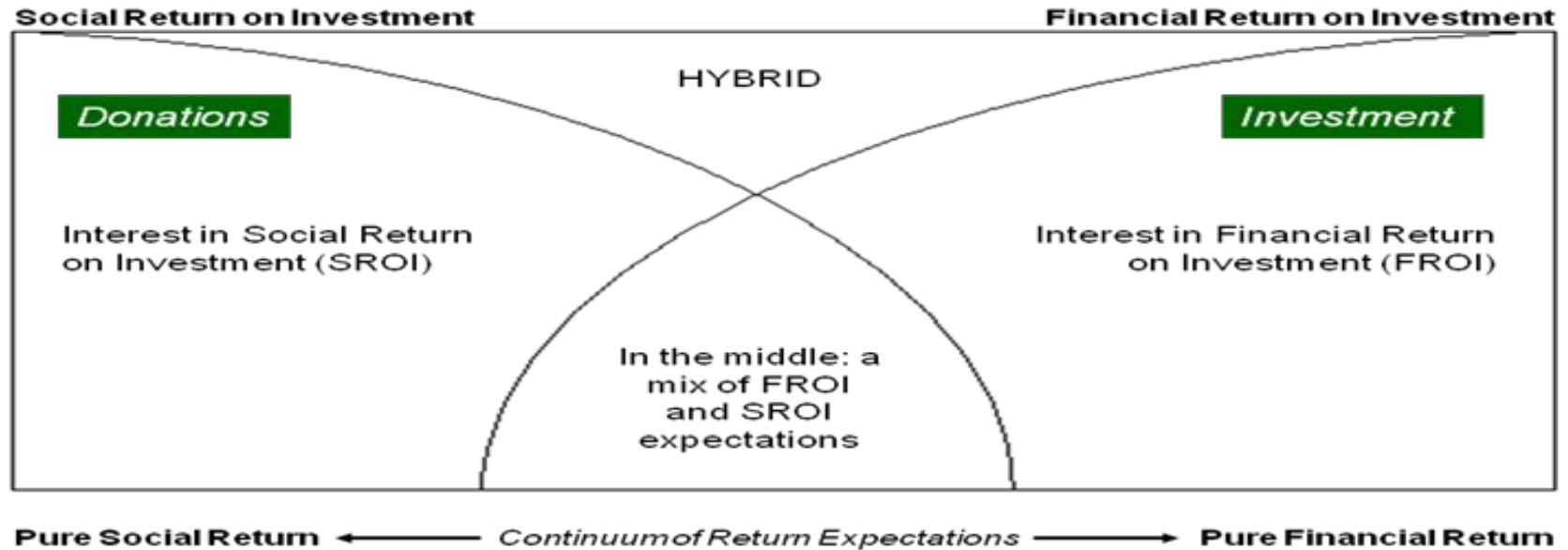
Quadruple Bottom Line + cultural impact



(The 4th Dimension...cool)

Continuum of Return Expectations

Blended Value Proposition

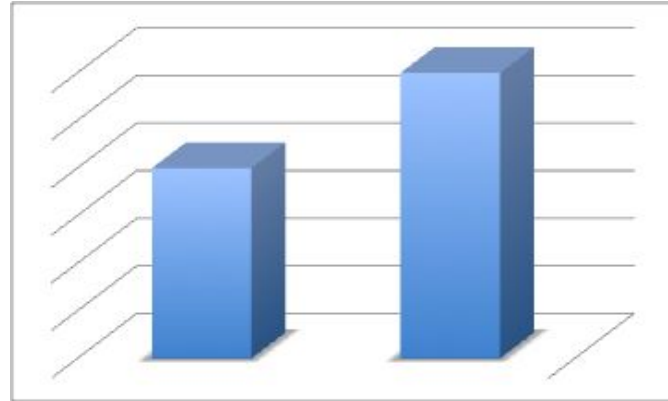


Morino Institute, Blended Value Proposition

Thinking About Returns

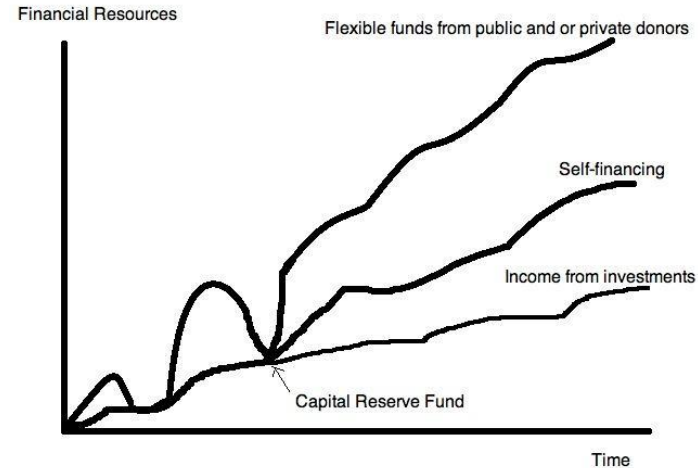
Social Return as substitute
for Financial Return with
respect to ROI

Social Return in addition to
Financial Return



How do you measure your activities to show this?

Different Sustainability Over Time



What Makes a Good Business?

$$P + O = S$$

Problem + Opportunity = Solution

1. How great is the 'pain'?
2. What is the alternative in the 'marketplace'?
3. What is your 'special sauce'?
4. What is the value of what you offer? And, to WHOM?