

ACCESSING CAPITAL

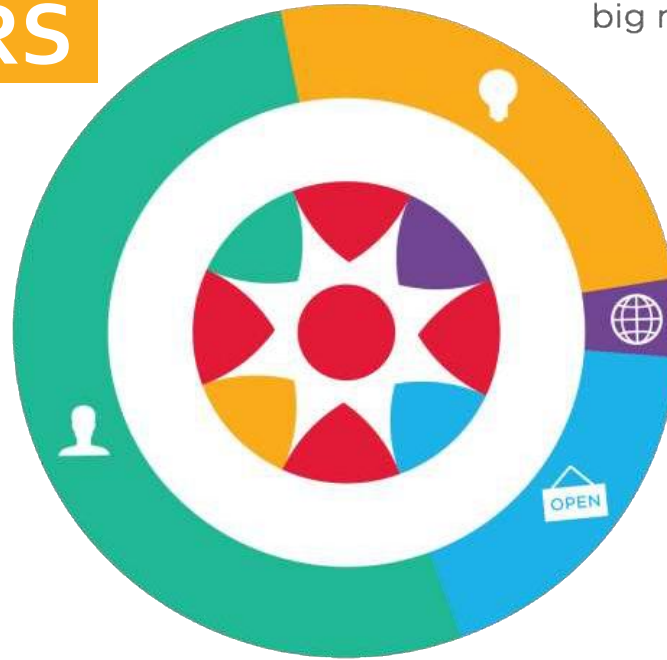
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WHAT KINDS OF ENTREPRENEURS POWER KC?

145,940

microenterprises
require little capital
to launch and don't
require a physical
location



1,819

innovation-led
companies have
big market potential

1,914

second stage firms
generate millions
in revenue

48,453

Main Street
businesses define
Kansas City's
character

TYPES OF BUSINESSES

- ◆ **Microenterprises** 74%
 - ◆ Employ fewer than 10 people
- ◆ **Main Street Businesses** 24%
 - ◆ Usually have a physical location
- ◆ **Innovation-led Businesses** 1%
 - ◆ Technology, Biotech
- ◆ **Second Stage Businesses** 1%
 - ◆ In business several years, hiring people

QUESTIONS TO ASK YOURSELF

- How much money do I need?
- What type of business is it?
 - Microenterprise, Main Street, Innovation-led, Second Stage
- What type of capital is most appropriate?
 - Micro loan
 - Debt financing (bank, SBA)
 - Equity financing (angel, VC, private equity)

PERSONAL FUNDS

You need skin in the game before you seek any external funding!

Sources of Personal Funding:

- Cash/Savings
- Bootstrapping Techniques (getting what you need without spending much on it)
- Home equity
- Friends and Family
- Credit cards
- Equity and stock portfolio
- Retirement accounts

DEBT VS. EQUITY

DEBT

- Bank loan (or other lender)
- Allows you to maintain ownership and control
- Requires repayment with interest
- Generally considered the cheapest way to grow

EQUITY

- Involves investors
- Money is exchanged for partial ownership
- Investors don't get money back until company exits
- Means you have shareholders
- Can have huge benefits beyond the money (investors open up their contact list)

PREPARING TO RAISE DEBT OR EQUITY CAPITAL

STEP 1: Determine precisely how much money is needed

STEP 2: Determine the type of financing or funding that is the most appropriate

STEP 3: Develop a strategy for engaging potential bankers or investors

DEBT

Provides liquidity, NOT investment

- Banks are highly regulated

Requires “The Five Cs”

- Credit
- Collateral
- Commitment
- Character
- Cash flow

Local microlenders, community banks and credit unions may be a good option

DEBT FUNDING APPLICATION REQUIREMENTS

You may need to provide the following personal and business statements:

- Personal and business tax returns (typically 2 years)
- W-2 statements
- Personal and business bank statements (typically 3 months)
- Authorization for credit reports for all borrowers
- List of uses of funds
- List of collateral pledged and estimated value
- Business plan
- Start-ups: 3 years of financial projections
- Existing: Balance Sheet, Income Statement and Cash Flow Statement plus projections

MICROLOANS

Microloans

- Loans up to \$50,000
- Low-interest loans for unbankable clients

Regional Microlenders

- AltCap
- DreamSpring
- Hispanic Economic Development Corporation
- Holy Rosary Credit Union
- Justine PETERSEN
- New Growth Capital

Visit the Fund a Business Guide at www.kcsourcelink.com

TYPES OF BUSINESS LOANS

There are many different types of business loans for small business owners.

- Commercial Loans
- Lines of Credit
- Home Equity Loans
- Equipment Lease Financing
- Factoring
- Credit Cards and Cash Advances

SBA GUARANTEED LOANS

The SBA does not lend money, it guarantees the loan.

- Almost all small businesses are eligible to apply for an SBA guaranteed loan (also known as a 7(a) loan)
- SBA can guarantee as much as 85% on loans up to \$150,000 and 75% on loans over \$150,000
- An SBA guarantee loan can be used for almost any legitimate business purchase
- Still requires The Five Cs

SBA GUARANTEED LOANS

7(a) Loan

- Basic uses include short and long-term working capital, refinance current business debt, purchase furniture, fixtures and supplies
- Maximum loan is \$5M and includes SBA guarantee
- Find eligible lenders using the SBA Lender Match tool at www.sba.gov

504 Loan

- Long-term financing up to \$5M for major fixed assets such as purchase or construction of land, buildings and facilities
- Exclusively available through Certified Development Companies (CDCs)

Visit www.sba.gov for more information

CAPITAL ACCESS CENTER

CAC provides loan-specific counseling services including:

- Loan eligibility screening
- Loan structuring
- Underwriting guidance and mock scenarios
- Capital partner assistance to connect client with the right funding partner
- Access to financial training through resource partners

www.kansassbdc.net/capitalaccesscenter

ANGEL INVESTORS

- Are individuals who invest their personal capital directly in start-ups
- The prototypical business angel is usually 50+ years old, has high income and wealth, is well educated, has succeeded as an entrepreneur and is interested in the start-up process
- Business angels are valuable because of their willingness to make relatively small investments, and for their industry knowledge and market connections

WHAT ENTREPRENEURS SHOULD KNOW ABOUT ANGEL INVESTING

Does your business fit into the following:

- Have you already put your own money into your venture?
- Have you received money from your friends, family, strategic people who know you or your industry?
- Do you have a business opportunity for rapid, scalable growth within a reasonable timeframe (can you reach revenues of \$20 million within 5 years)?
- Is your management team strong enough to execute the business plan?
- Do you have a credible exit strategy for investors?
- Are you open to mentoring and coaching?
- Visit www.angelcapitalassociation.org for more info

FEMALE INVESTING GROUPS NATIONWIDE



WCC HISTORY

Women's Capital Connection was started in January 2008 with 33 members

- Invests in primarily early-stage, women-led companies in the Midwest
- Co-invests frequently with Mid-America Angels and other angel groups in the U.S.
- Operates as a network (eg: each individual can chose to invest in a deal and can chose how much to invest

\$5.1 million
Total Invested

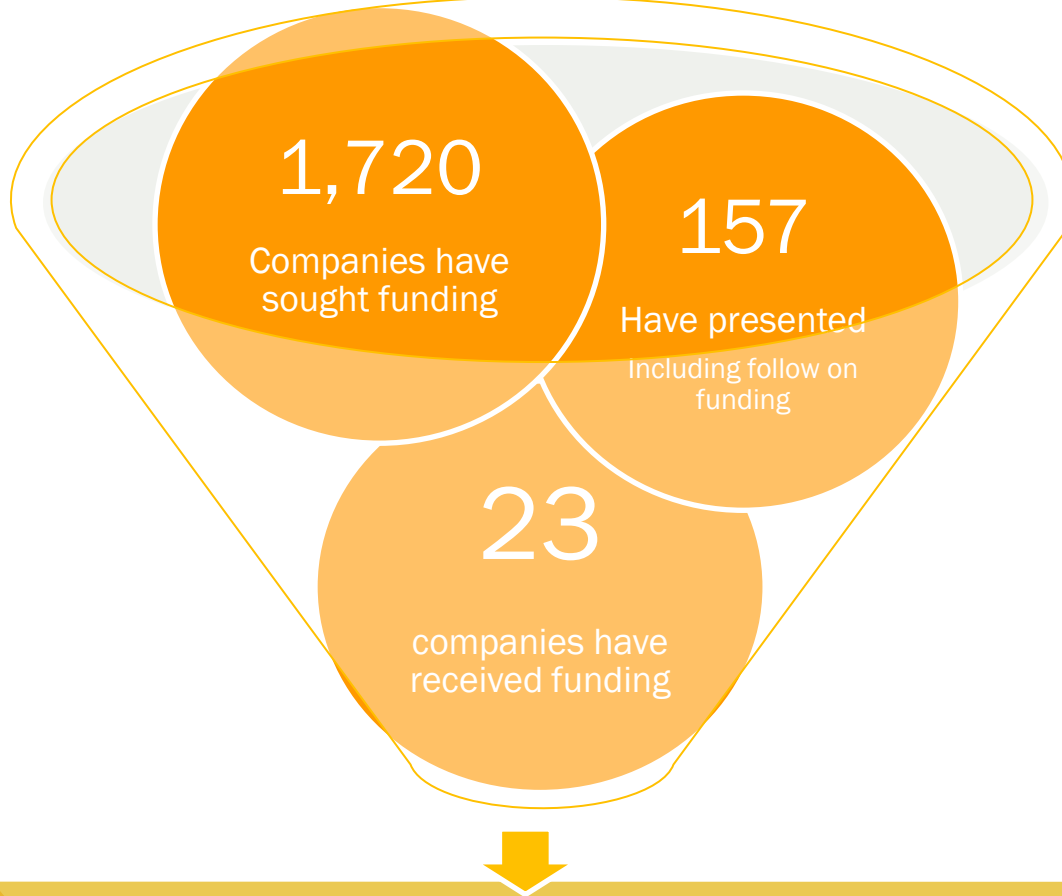
47
Investments

23 Women-Led
Portfolio Companies

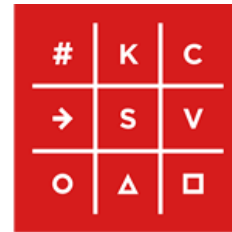
+ 28 Investments
in 14 MAA companies
(including \$430K in EyeVerify
and \$683K in 13 other MAA
Co's.)

125
Women Angel Investors
have been a part of WCC

INVESTMENT PROCESS FUNNEL (WCC)



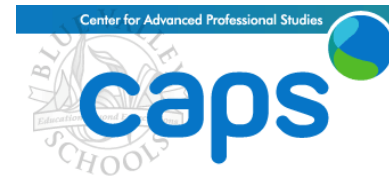
COMMUNITY PARTNERS

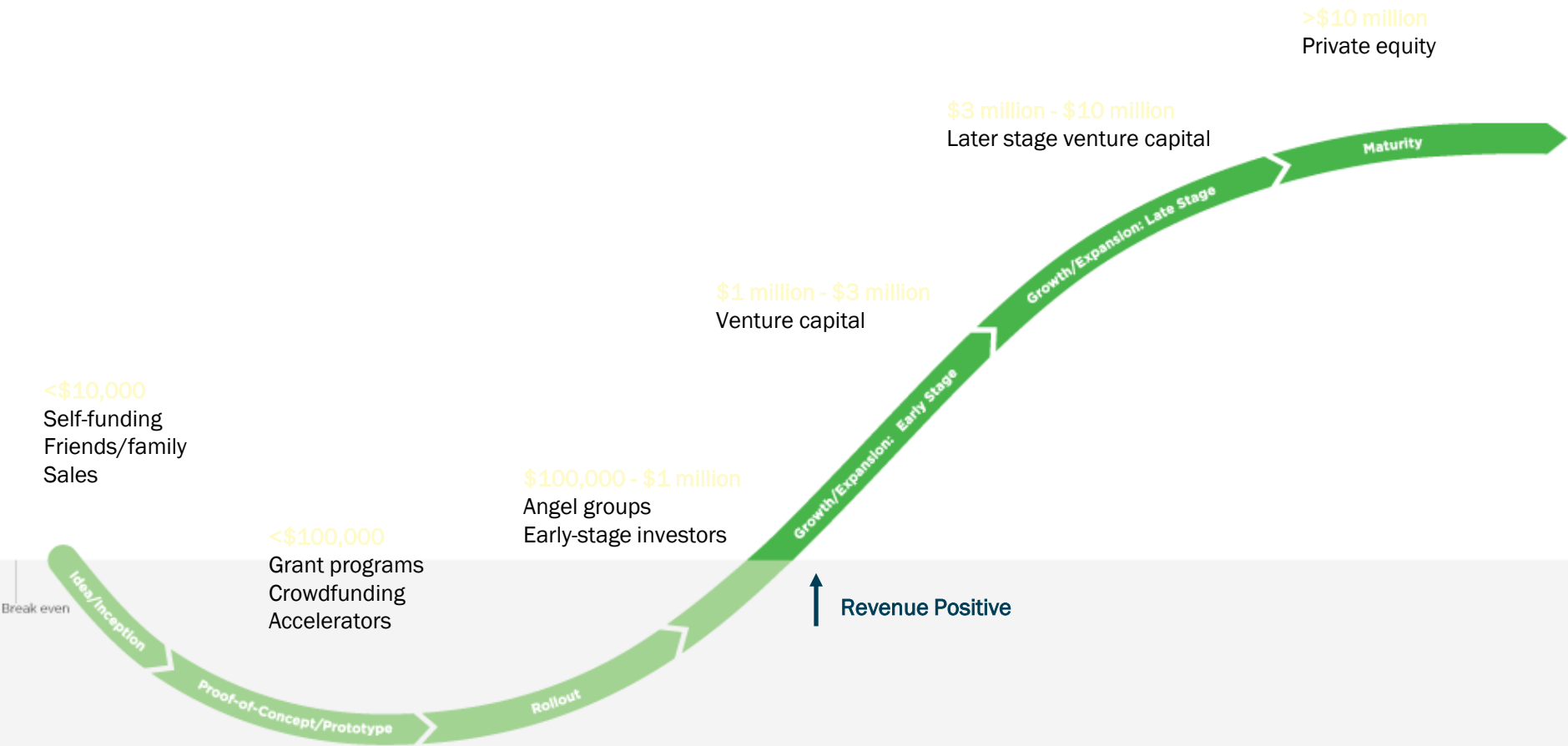


**KANSAS CITY
STARTUP VILLAGE**
- SETTLED 2012 -



PIPELINE





Kansas City Investment Continuum



FUNDRAISING TAKEAWAYS

- There are numerous different forms of debt & equity capital
- Decide how you would like to grow your business, and seek funding for your type of growth
- Know how much control you want
- Understand how much you need

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