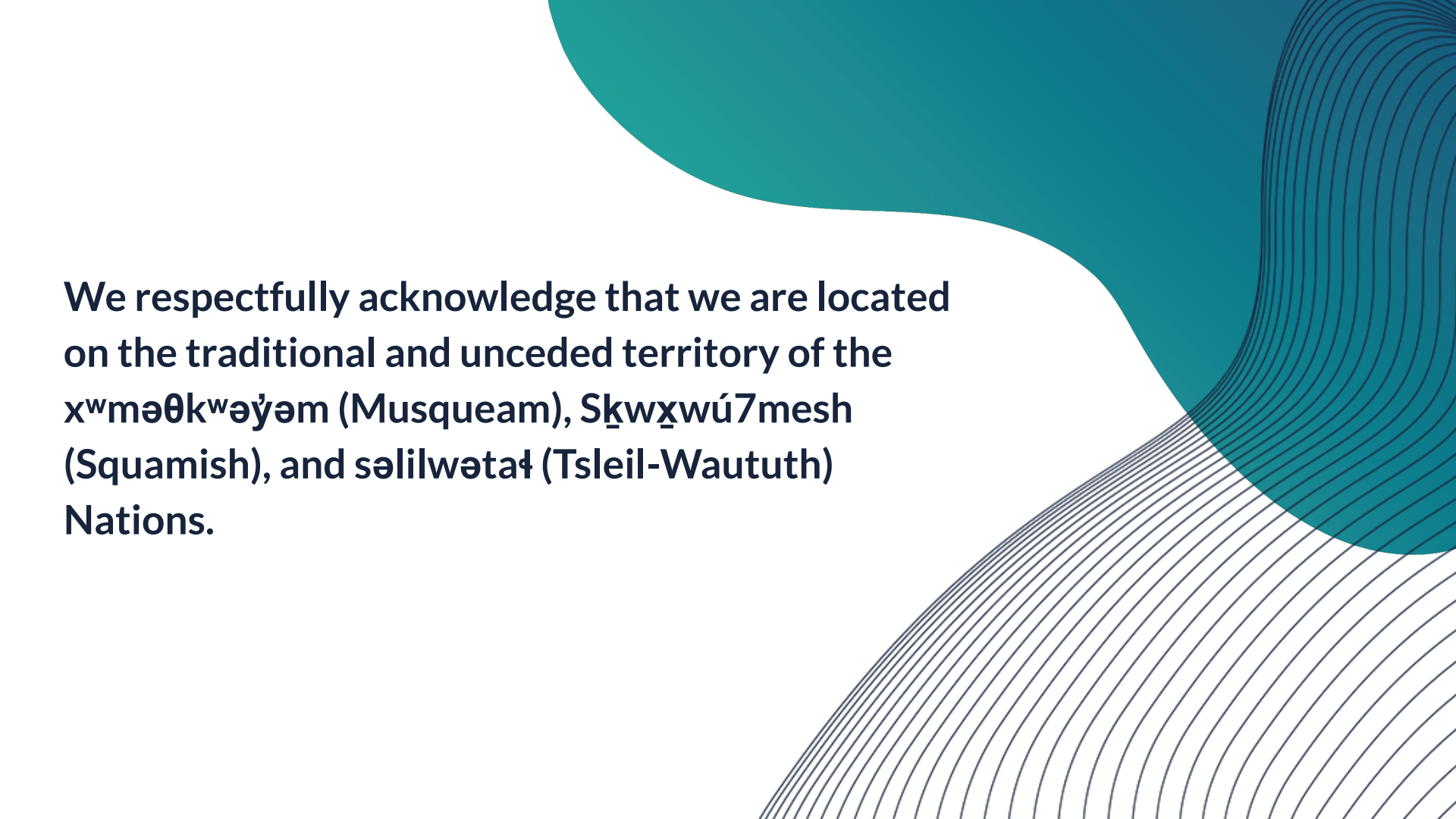




SPRING

# Funding Fundamentals

The background features a large teal shape in the upper right corner and a series of fine, curved white lines in the lower right corner, creating a modern, abstract design.

We respectfully acknowledge that we are located on the traditional and unceded territory of the xʷməθkʷəŷəm (Musqueam), Skwxwú7mesh (Squamish), and səlilwətał (Tsleil-Waututh) Nations.



**New Ventures BC**





Change the  
world through  
innovation.



Certified



Corporation

60

50+ Global  
Communities

110

100+ Ecosystem  
Players Supported

\$40M

\$30+ Million  
Raised

2000

1500+ Alumni  
Trained

500

500+ Companies  
Supported





250

Investors  
Trained

300

300+ Investor  
Community

500

500+ Mentors





SPRING  
INVESTING  
COLLECTIVE

SPRING IMPACT  
CAPITAL

# Goals for Today

- ❑ Overview of funding cycles
- ❑ Data room structure
- ❑ Starting your investment round
- ❑ Gain familiarity with investment terms



# Using our time together wisely

1. You are welcome to engage throughout the session
2. First name and company name the first time to engage please
3. “Dictionary” rule - say dictionary if you hear any word you are unfamiliar with.

# I'm Keith

- Husband & father
- 5 startups
- Entrepreneur, Angel Investor



SPRING





**What do you wish you had  
known before you started your  
fundraising journey?**

# Fundraising Fundamentals

The background features a large, solid teal shape in the upper right corner. Below and to the left of this, there is a series of thin, curved, parallel lines in a lighter teal or grey color, creating a sense of depth and movement. The overall design is clean and modern.



# What are you exchanging for capital?

## Dilutive Capital



Money in exchange for equity  
(ownership)

Examples: Equity or SAFE  
investments from angels, VCs,  
equity crowdfunding

## Non-Dilutive Capital



Money in exchange for something  
other than equity

Examples: loans, credit, grants,  
sales revenue, crowdfunding,  
revenue-backed financing

# TIP: Funding Cycles

- Deals move at the speed of relationships
- Build your data room early to speed up due diligence
- Plan for any fundraising efforts to take 2-3x longer than you think



# How long does it take to close?

Time (in weeks)

2-6

4-52

4-16

12-26

16-52

You +  
Friends & Family

Revenue

Grants & Loans

Crowdfunding &  
Equity  
Crowdfunding

Equity

# Due Diligence Questions







# What is Due Diligence?

Simply put, Due Diligence is the homework an investor does on your company to make an investment decision

# An Investor's Perspective

- ☐ Do I like you and your team?
- ☐ Is this product/solution/service exciting to me?
- ☐ Do you know your market and competitors?
- ☐ Is this market big enough?
- ☐ How is the company charting a path of growth?
- ☐ When is the right time for an exit?

Do I trust you and your team with my money

# Why Investors do Due Diligence?



- The company business model,
- Market
- Get to know the team
- YOUR process
- Assumptions on ownership, clients, operations, etc
- Team qualifications, reputation
- Decision on fit
- Mitigation of risks
- Terms of the deal



# Types of Due Diligence

Business/ Technical	Financial	Legal
<ul style="list-style-type: none"><li>● Operations</li><li>● Team</li><li>● Strategy</li><li>● Sales &amp; Marketing</li><li>● etc</li></ul>	<ul style="list-style-type: none"><li>● Historicals</li><li>● Budget</li><li>● Accounting policies</li><li>● Tax</li></ul>	<ul style="list-style-type: none"><li>● Ownership</li><li>● Governance</li><li>● Share rights</li><li>● Contracts</li><li>● Licensing</li><li>● IP</li></ul>



For early stage investments, 90% of time is spent here

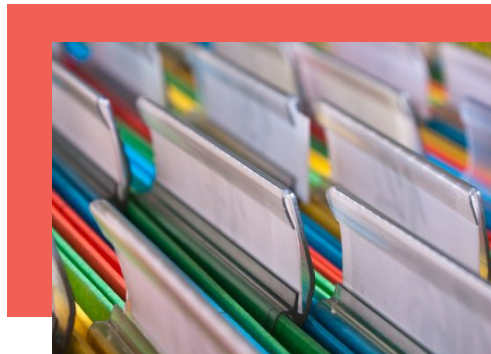


# Data Rooms

The background features a large, solid teal shape in the upper right corner. Below it, a series of thin, curved, parallel lines in a lighter teal color sweep across the bottom right, creating a sense of motion or a stylized wave.

# Data Rooms unlock capital

- Opportunity to show your prep and organization skills
- Well structured and thorough builds trust with investors
- Avoid sinking with iceberg tasks



# Your Data Room Categories

Corporate Information



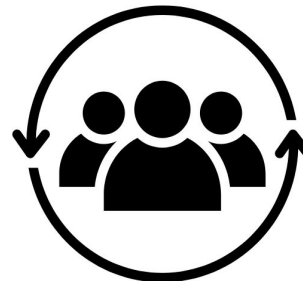
Customer Information



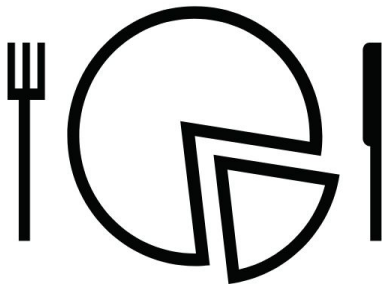
Financials



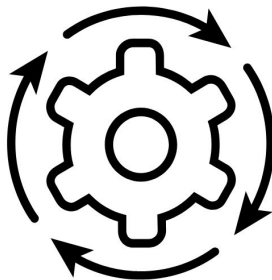
Team



Market Information



Product & Operations



Legal



# Best Ways to Share

- Shareable folder
  - Extra security - OrangeDox or Carta (trackable)
- Share the folder early
  - as soon as they express interest
- Q&A document - an FAQ that keeps growing
  - Talking points for other investor interviewees
- NDA
  - keep the process as frictionless simple as possible
- Monthly update emails
  - to complement the information and share progress





SPRING

**What do you wish you had started  
sooner?**

# Tips and Tricks

- Create your co-founder agreements EARLY!
- Put 50% of your cash in
  - Don't use personal credit cards
- Don't use personal email
- Believing you can do everything yourself

# Getting Started

The background features abstract, flowing shapes in a teal color. On the right side, there are several curved, parallel lines that create a sense of depth and movement, transitioning from a solid teal area into a white space.

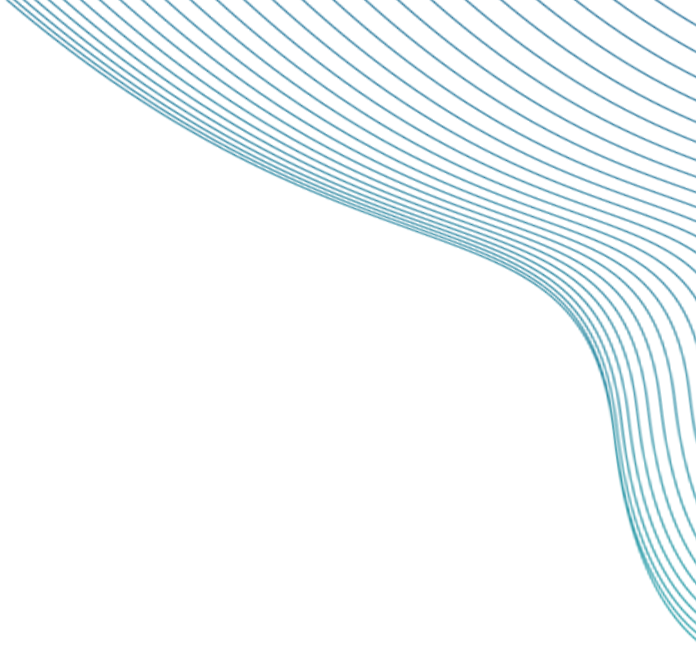
# Why do you need capital?

- What would be possible if you had X\$?
  - Who would you hire?
  - What impact would you have?
  - What would success look like?
- Beyond money, what would you need to get you there?
  - What kinds of relationships?
  - What kind of team?
- Where are returns going to come from?
  - Revenue with a strong profit margin?
  - M&A? IPO?

# 8 steps to get started

1. Set goals for the round
  - Amount, by when, ideal investors
2. Define the ideal investor and identify targets
  - AngelList, CrunchBase, Gust, LinkedIn, Hockeystick
3. Select a lawyer with experience with funding rounds
  - You wouldn't get a painter to fix your car
  - Start with the financing docs, then the term sheet
4. Build your 3-5 year forecast
  - Ideally 3 scenarios: Base, best, and worst



- 
5. Start your Due Diligence folder
    - Dropbox or Google Drive
  6. Build your pitch deck
    - Get it reviewed (at least 3-4 people)
    - Practice 12 times
  7. Identify ways to get warm intros to key investors
  8. Start to reach out!
    - Warm intros & do your homework on them

# Managing the Funnel





# Managing the Funnel

1. Initial Call / Meeting
- ↓
2. Interested? (10%)
- ↓
3. Follow-up Meeting (25%)
- ↓
4. Due Diligence Commences
- ↓
5. You Verbally Commit (50%)

6. Additional due diligence



7. Reviewing paperwork (60%)



8. Negotiation (70%)



9. Signed paperwork (90%)



10. Money clears the bank!! (100%)



SPRING

The background features a large, solid teal shape in the upper right corner. Below it, a series of thin, curved, concentric lines in a lighter teal color sweep across the bottom right corner, creating a sense of motion or depth. The rest of the background is a plain, light grayish-white.

# More than Money

A man wearing a blue hooded raincoat and sunglasses stands in the center of a wet, cobblestone city street. He is holding a white rectangular sign with both hands. The sign has the text "I'M NOT YOUR ATM" written on it. "I'M", "NOT", and "YOUR" are in large, bold, black capital letters. "ATM" is in large, bold, red capital letters. The background shows a rainy day in an urban setting with brick buildings, wet pavement reflecting the sky, and other pedestrians in the distance, some with umbrellas.

I'M  
NOT  
YOUR  
ATM



Would you get married on the first date? If not, then don't expect an investor to write a check when you've just met.

A healthy relationship with an investor is a long-term partnership. One where you can be vulnerable, ask for support, and celebrate when things go great.

# Finding Alignment

1. Do they know and understand your industry?
2. Do they have experience with your business model?
3. Are their values aligned and want to create the same impact?
4. Do they have relationships that can be mutually beneficial?
5. Do they get your geographic market?
6. How + when are they going to get their ROI?

# Tips and Tricks

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**KEEP  
CALM  
AND  
DRIVE  
THE BUS**

A close-up, top-down view of a white clock face. The clock has dark grey hour markers and hands. A yellow sticky note is placed over the center of the clock. The text on the note is written in a black, cursive script. The clock hands are positioned such that the hour hand is near the 12 o'clock position and the minute hand is near the 1 o'clock position. A red second hand is also visible, pointing towards the 12 o'clock position.

time  
for an  
update



**WHEN LIFE**

**HAPPENS**

# Discussion

The background features abstract, flowing shapes in teal and white. A large teal shape is in the upper right, and a white shape with a fine, curved line pattern is in the lower right. The word "Discussion" is centered in a dark teal, sans-serif font.

# Connect With Us

 Spring Activator

 Spring Activator

 @spring\_is

 @springactivator

 help@spring.is

 spring.is



# Common Paperwork

Paperwork	Description & Purpose	Typical Stage	Negotiation terms
<b>Common share Subscription Agreement</b>	Sell basic shares in exchange for cash	Ideation, pre-seed	Share price
<b>Simple Agreement for Future Equity (SAFE)</b>	Investment that will convert into equity at a certain point	Bridge to: pre-seed, Seed	Valuation discount and/or cap
<b>Convertible Loan Agreement</b>	Loan that will convert into equity at a certain point	Bridge to: Seed, Series A	Interest rate, collateral/guarantees, valuation discount and/or cap
<b>Preferred Equity Subscription Agreement + Shareholders Agreement</b>	Special “preferred” shares in exchange for cash	Series A, B, etc	Special Rights