

Equity Crowdfunding Through MicroVentures: What to Expect for a Reg CF Raise

From the costs of conducting a raise, the items our due diligence team will need to create your offering page, and timeline from signing to close, here is a quick guide on what you can expect when launching a regulation crowdfunding offering through MicroVentures.

Costs

Upfront Costs:

- Form C, generated using iDisclose, an automated system: \$1,500
- Required legal review: \$1,000
- Outside financial review: \$3,000-\$5,000

Optional Costs:

- Outside marketing: cost varies
- Video production (optional, but highly recommended): cost varies

Closing Costs:

- 5% commission
- 2% equity
- Escrow fee: \$1,000 or 35 basis points of the total amount raised (whichever is greater)

Due Diligence Materials Needed

In order to complete our due diligence process and create the offering page, our team will need documentation about your company, information on your management team, financials, funding history, proposed business model/outlook, and offering resources. Here is a checklist of the items you will need to provide:

Business Documentation:

- ✓ Articles of Incorporation & Certificate of Incorporation
- ✓ Bylaws or Operating Agreement
- ✓ Tax Employer Identification Number (EIN) form (e.g. SS-4)

Management:

- ✓ Management team / founder's name(s) and DOB
- ✓ Management (including Directors and Officers) bios
- ✓ Current company organization chart
- ✓ Board resolutions or other documentation officially appointing Directors and Officers of company

Financials:

- ✓ Monthly historical financial statements (in excel) since inception:
 - P&L
 - Balance Sheet
 - Cash Flow Statement
- ✓ Annual Financials statements (pdf) for the previous two fiscal years:
 - P&L
 - Balance Sheet
 - Cash Flow Statement
- ✓ Financial projections for next three years by month (in excel)
- ✓ Bank Statements for any associated accounts (screenshot of current cash position & previous 3 months of statements)
- ✓ Any material debt owed - include creditor, amount outstanding, interest rate, maturity date, and other material terms
 - Fully executed (i.e. signed) copies of outstanding loan/debt documents

Funding History:

- ✓ Detailed cap table (schedule of all equity, debt, convertible debt, or any other securities)
- ✓ Schedule of securities reserved for issuance upon exercise or conversion - warrants, options, and/or other rights
- ✓ Listing of all securities offerings conducted within past three years - include date of offering, exemption relied upon, securities offered, amount sold, and use of proceeds
- ✓ Fully executed (i.e. signed) purchase agreement or term sheets for all previous securities issued

Business Model/Outlook:

- ✓ Description of business model
- ✓ Explanation of use of funds from this offering
- ✓ Product road map (status and timing of new products, product enhancements)

Offering Resources:

- ✓ Pitch deck
- ✓ High-quality, high-resolution images
- ✓ Video pitch and transcript - please wait for review by our due diligence team before filming or recording

Timeline

Here's a high-level timeline of our process:

1. Due Diligence and Offering Preparation: 3-4 weeks after signing
 - **Note:** This timeline is contingent upon two things: 1) That you send MicroVentures all necessary due diligence files upon signing, and 2) That you sign up for iDisclose on day one
2. Offering live: 8-12 weeks
3. Closing: 3-4 weeks

Leading up to launch, this is what you can expect week-by-week:

Week 1

Day 1	Sign up for <u>iDisclose</u>
	Begin filling out <u>iDisclose</u>
	Send all Due Diligence files
	Begin sending financial statements
	Send proposed video transcript to MicroVentures for Review
Day 2	MicroVentures should have received all financial statements
Day 3	MicroVentures should have received all Due Diligence files
Day 4	Send any additional Due Diligence requests after MicroVentures reviews submitted files
Day 5	MicroVentures should have received video transcript
	MicroVentures should have received any additional Due Diligence requests

Week 2

Day 6	MicroVentures begins drafting summary for offering page
	MicroVentures sends video transcript feedback & company makes any necessary edits
Day 7	
Day 8	MicroVentures completes drafting summary for offering page
Day 9	Company reviews offering summary
Day 10	<u>iDisclose</u> should be completely filled out
	Edits to video transcript have been completed

Week 3

Day 11	MicroVentures reviews <u>iDisclose</u>
	Company finishes reviewing offering summary & returns any final edits
Day 12	
	MicroVentures finalizes offering summary
Day 13	Legal review of Form C begins
Day 14	
Day 15	

Week 4

Day 16	Legal review of Form C is completed
	MicroVentures begins preparing content for raise
Day 17	MicroVentures begins final Form C reviews
Day 18	
Day 19	
Day 20	Form C reviews are completed
	Raise content is finalized

During the Campaign: What to Expect

Once your offering launches, the work doesn't stop. Before your offering is live on the MicroVentures platform, be sure to **designate someone on your team for outreach**, and someone else to **monitor and respond to investor questions** in the discussion section of your offering page.

Marketing materials should also be reviewed by MicroVentures and finalized prior to use:

- Campaign video
- Emails
- Press release
- Blog posts
- Social media posts
- Website banner
- Anything else

Questions about marketing your raise? Our campaign strategist and content strategist are helpful resources:

Campaign Strategist

Charles Adams
charles@microventures.com

Content Strategist

Paige Sanders
paige@microventures.com