

TATT Chat - April 10, 2025

Welcome

Dean Hybl, Executive Director, Ten at the Top

Guest Speaker

Paul Clark, Venture South

Resource Update

Dave Pruett, FAVOR Upstate

Adjournment

Dean Hybl

Next TATT Chat - June 12, 2025

A BIG thanks to...



Our
Leadership-Level
Partners



FAVOR Upstate



Rebuilding Lives

All Pathways Community

No Fees, No Judgement

Virtual and In-Person options

Since January 2023...

- Over 11.9 thousand individuals attended In-Person Support Groups
- Hosted over 782 All-Recovery meetings

We walk with individuals on their journey of recovery.



Healing Families

No fees, no judgement

Family Recovery Support Services

Education, Support, Listening Ears

Since January 2023...

- Over 2.8 thousand family participants attended in-person support groups
- Hosted over 256 family recovery support groups



Strengthening Communities

No fees, no judgement

Breaking down barriers to addiction recovery support

Bridging gaps in holistic healthcare

Since January 2023...

- Over 11.7 thousand harm reduction materials distributed
- Over 329 outreach events via facility partnerships & community outreach
- Over 425 helpline hours spent delivering immediate support



Healthcare & Community Outreach

Bon
Secours St.
Francis
Greenville

AnMed
Medical
Center

Behavioral
Health
Services of
Pickens



Assertive Community Engagement (ACE)

Screening, Brief Intervention, Referral to Treatment (SBIRT)

HIV/HCV Testing

Prisma
Addiction
Medicine
Center

USC
School of
Medicine

Prisma
Health



Peer Support in Recovery

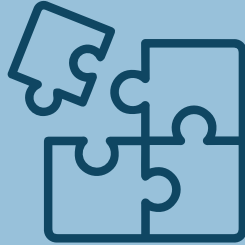
- Evidence based
- Advocacy
- Shared lived experience
- Accountability
- Community
- 1:1 individual support
- Walking with individuals during their recovery
- Setting goals & outcomes



Certified Peer Support Specialist Training (CPSS)



- Addiction Professionals of South Carolina (APSC) approved
- 46 hour formal training program
- \$300.00



- Multiple pathways
- Addressing stigma
- Trauma Informed Care
- Harm Reduction 101
- Family Recovery



- Equips individuals with the skills and qualifications needed to support people seeking recovery



Questions/Comments



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www.favorupstate.org





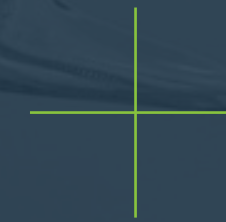
VENTURESOUTH

Value of Venture Capital & Angels
May 2025

ABOUT VENTURESOUTH



VentureSouth is an early-stage investment firm that operates angel investor groups and funds across the Southeast



ANGEL INVESTORS

Make money.
Have fun.
Do good.

ENTREPRENEURS

Leverage the power of our
network to raise more
smart money, faster

VENTURE CAROLINA

Non-profit affiliate that
educates investors and
entrepreneurs



VENTURESOUTH BY THE NUMBERS



One of the largest angel groups in the United States

550+

Individual Investors

22

In-Person Locations

7

Committed Funds

Strong regional deal flow & prolific follow-on support

114

Companies Backed

284

Investment Rounds

Proven track record of capital deployment & returns

\$89M+

Capital Deployed

57

Realized Gains

2.4x

ROI on Equity Gains*

Consistently
Recognized as Top 10
Angel Group



ANGEL CAPITAL ASSOCIATION

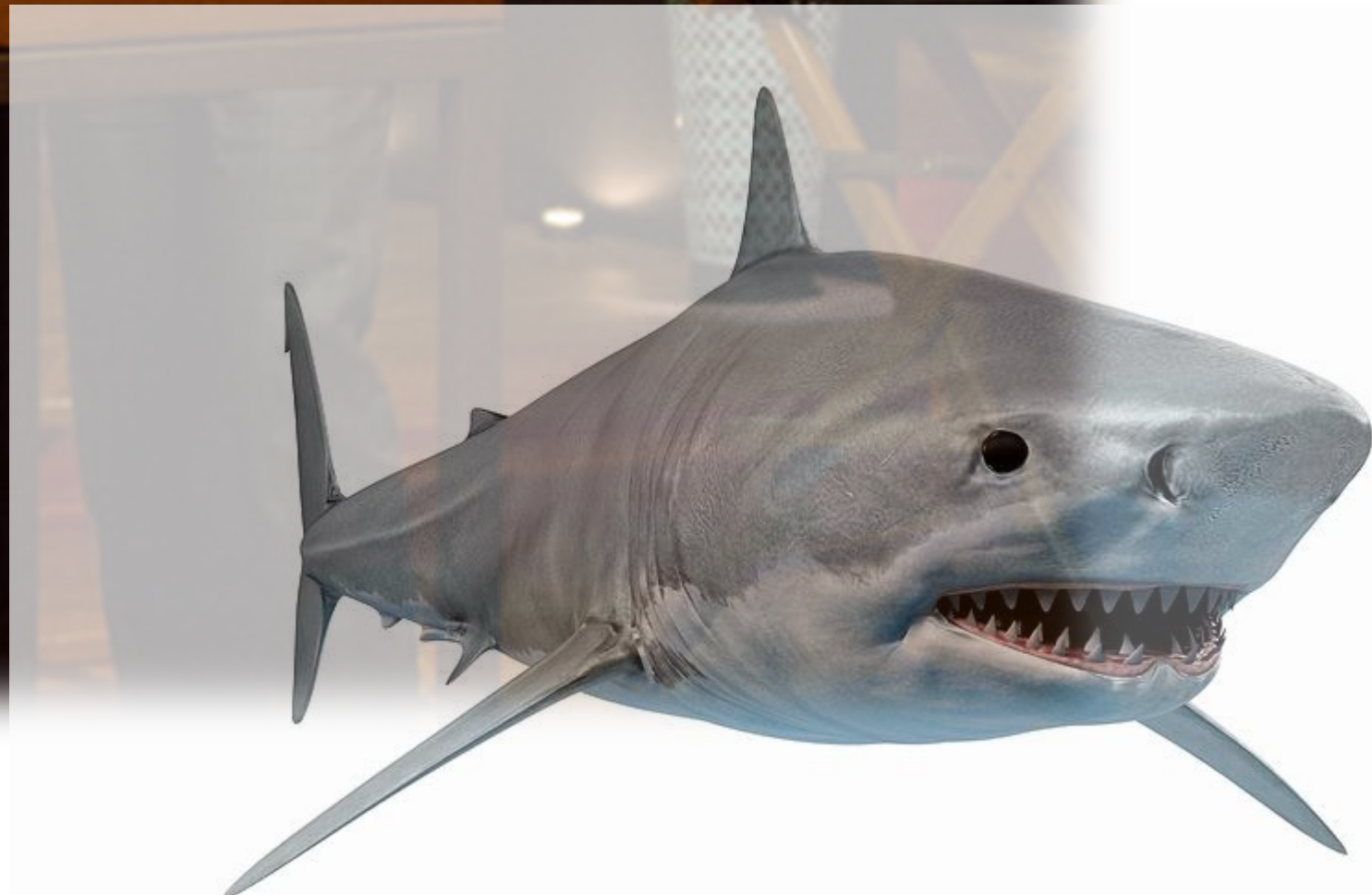


OUR QUESTIONS FOR TODAY

- What is venture capital and angel investing?
- What “good” do angels and VCs do for the “entrepreneurial economy”?
- How do VCs and angels make money?
- Why (and how) you get involved?



WHO (OR WHAT) ARE ANGEL INVESTORS?



WHO (OR WHAT) ARE ANGEL INVESTORS?



Angels invest their own capital (and expertise)
in risky early stage ventures

WHO (OR WHAT) ARE VENTURE CAPITALISTS?

- Same as angel investors?
- **Except:**
 - Typically invest other peoples' money
 - From a defined “fund” pool of capital – generally \$50M+
 - “Narrower” range of companies – high growth, “home run potential”
 - “Later stage”
 - We're nice 😊

RISK TOLERANT EQUITY INVESTING ISN'T NEW



Ferdinand
& Isabella



Dodge
Brothers



Becholstein
& Conway



Local
Businessmen



Bankers &
Tycoons



Local
Angels

1492

1874

1903

1930s

1998

2008

OUR QUESTIONS FOR TODAY

- What is venture capital and angel investing?

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WHERE DO ANGELS & VCS FIT IN?

Stage &
Capital Needs



Sources of
Capital

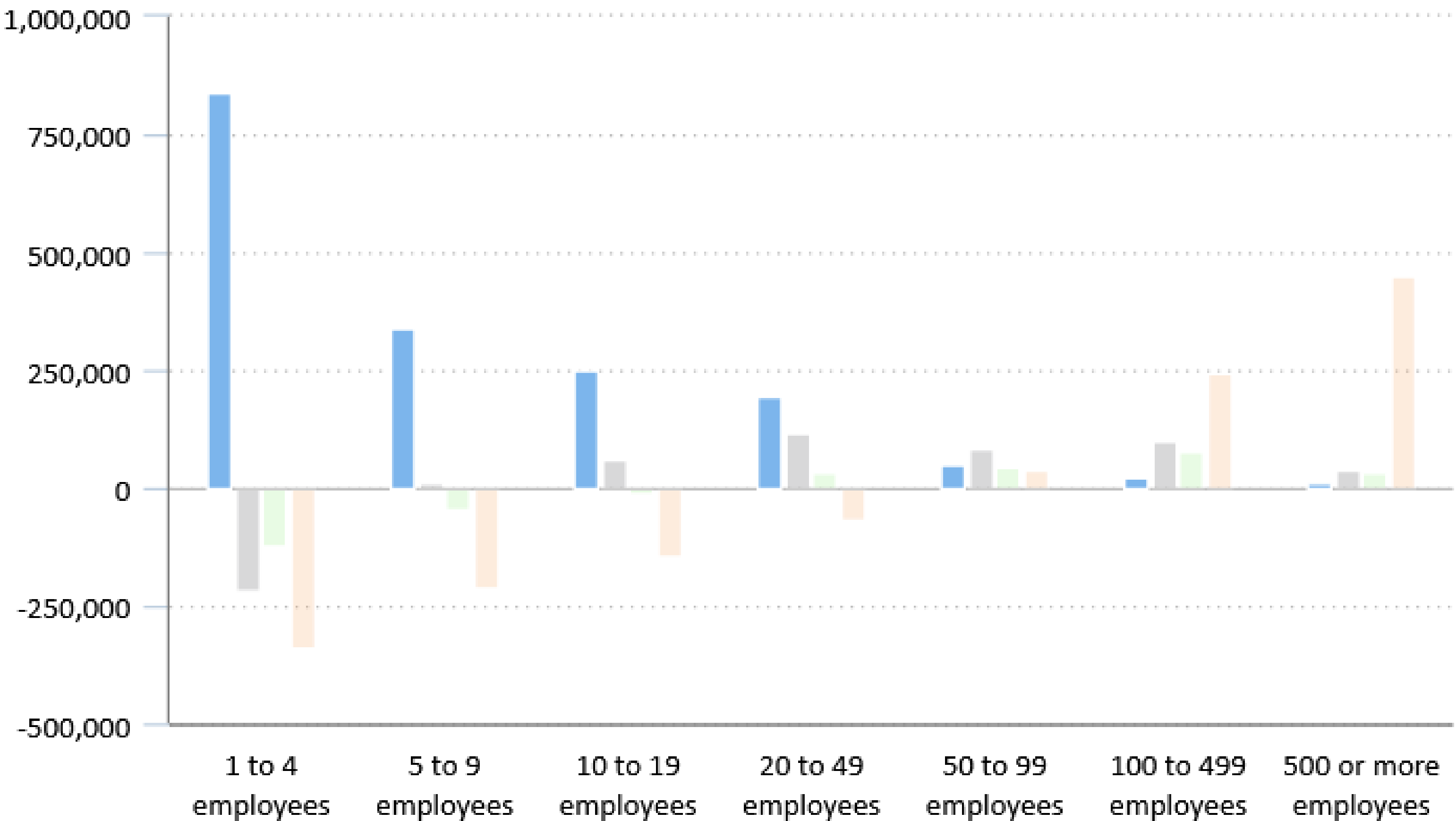


Angels & VCs fill a critical gap in the capital marketplace

STARTUPS CREATE ALL/MOST NET NEW JOBS

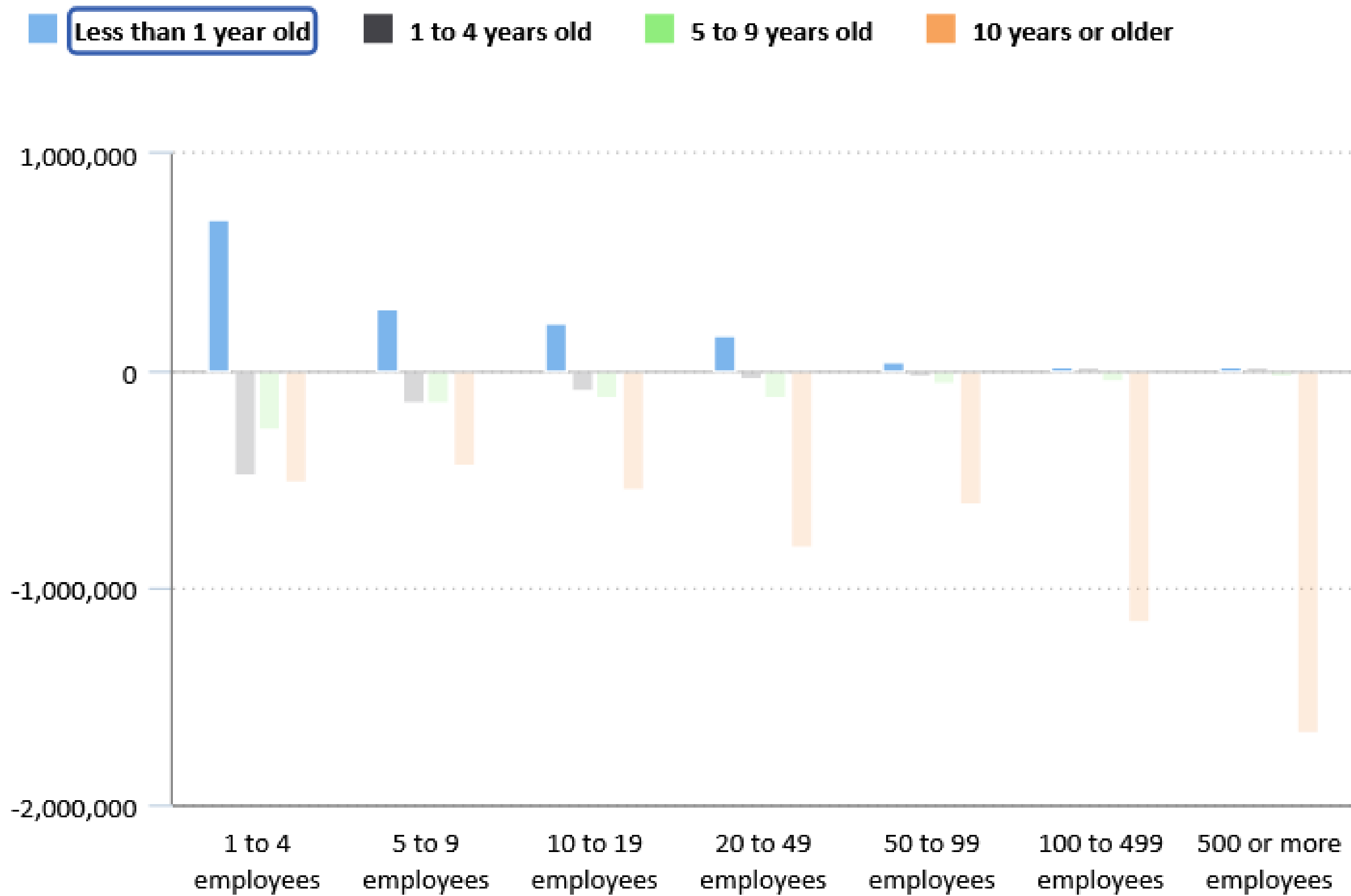
Net employment change by size and age of firm, 2019

Less than 1 year old 1 to 4 years old 5 to 9 years old 10 years or older



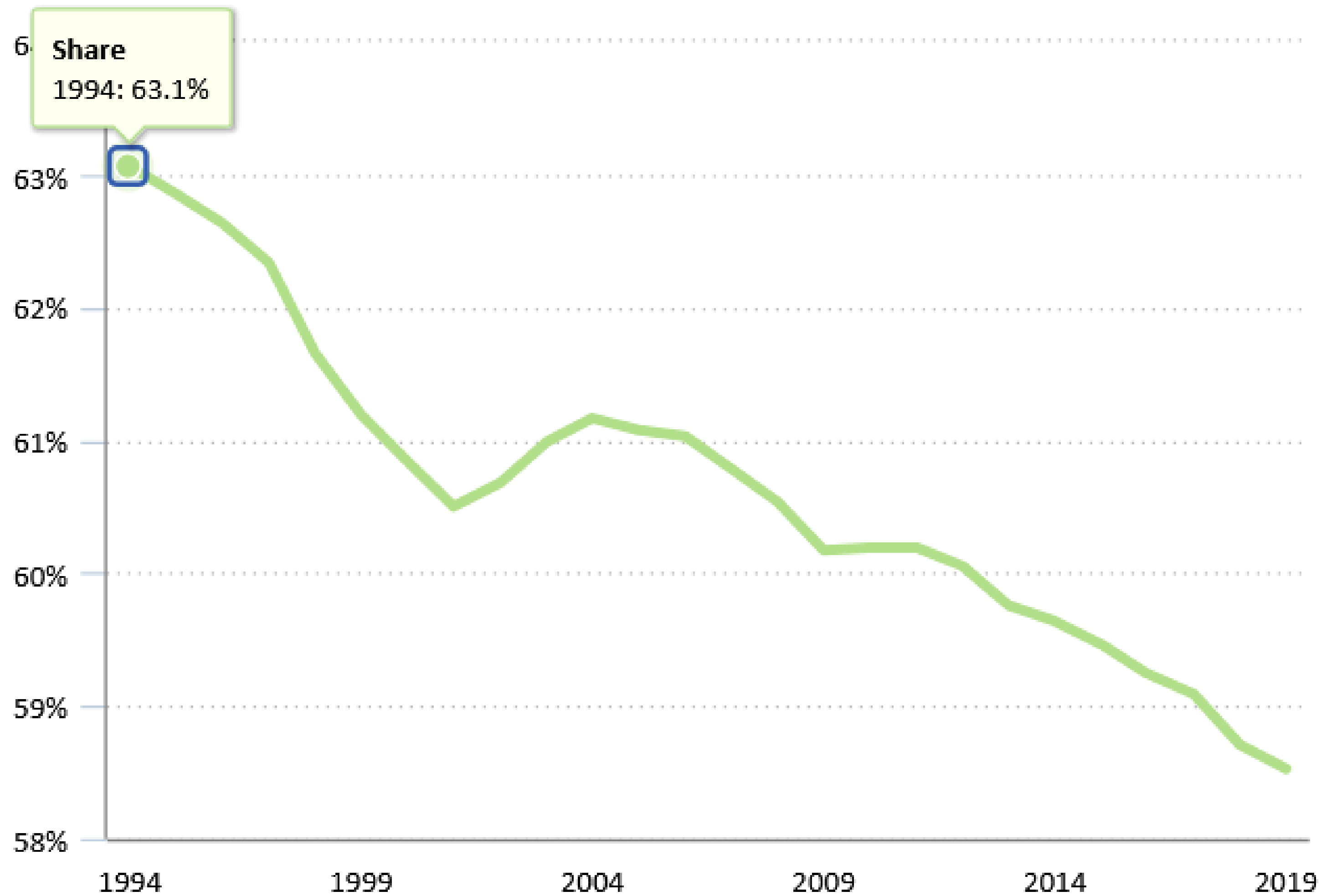
ESPECIALLY IN DIFFICULT TIMES

Net employment change by size and age of firm, 2009



AND YET WE'RE FOCUSED ON BIG COS

Share of firms with less than 500 employees in total employment, 1994 to 2019



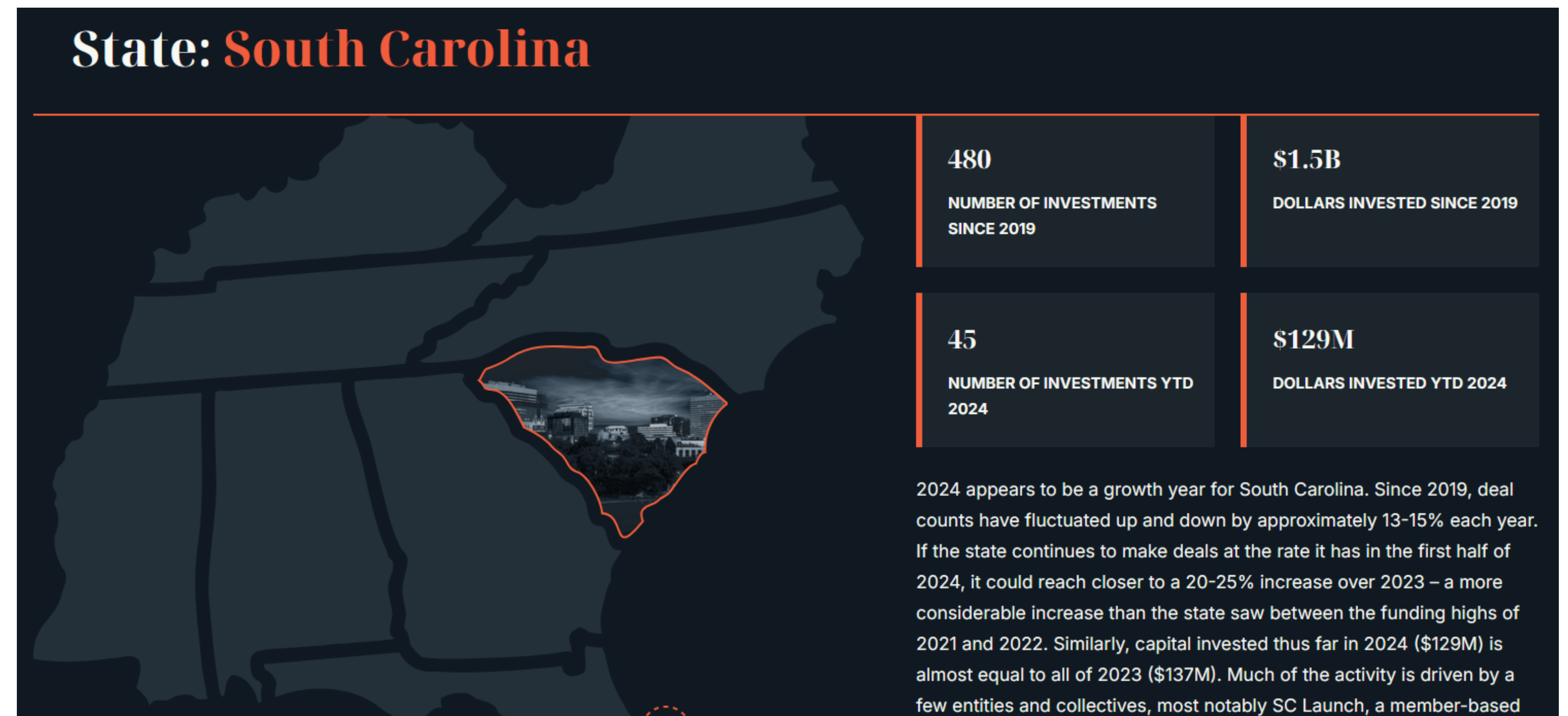
ENTREPRENEURIAL FUNDING: ROUNDING ERROR

- **Comparison “recruitment” projects**
- **Scout Motors**
 - \$1.3 Billion
 - \$400M grant for hard assets
 - \$200M loan for soil stabilization
 - Funds for road improvements and rail connection
 - \$16M for property acquisition, \$25M training center
- **SCRA Relocation Grant**
 - \$50,000 per company



INTO THE BREACH

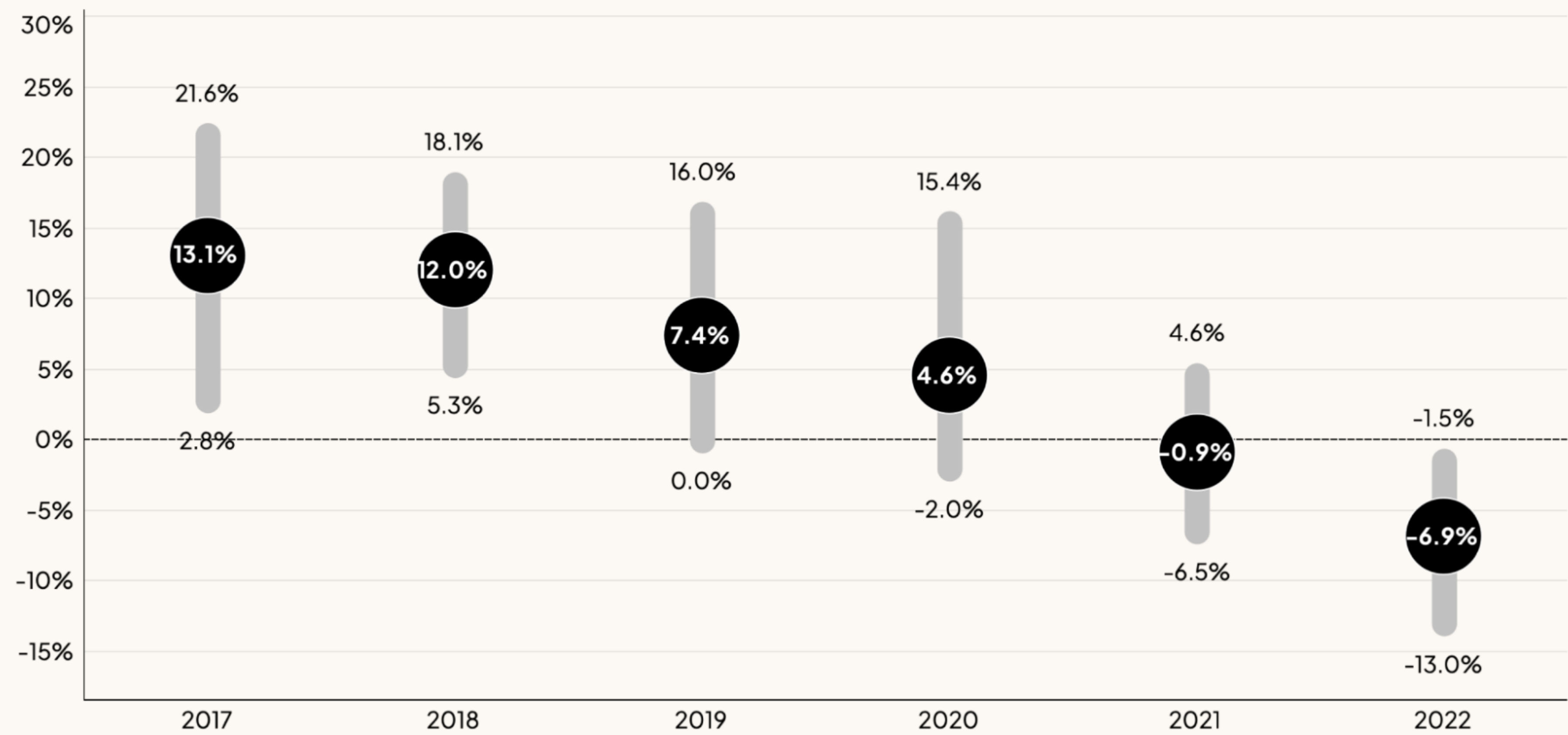
- Angel investments 2023: \$18.6BN on 54,735 ventures
 - VC deal value 2024: \$209BN on 15,260 companies
 - (Stats vary!)
-
- \$12BN in SE (BIP)
 - \$129M in SC 2024



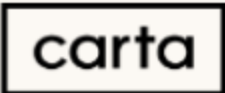
DO VCS AND ANGELS MAKE MONEY?

Median IRR for vintage years 2021 and 2022 below zero

Unrealized IRR by vintage year | Vintage years 2017-2022 | 25th, Median, and 75th percentiles | Data as of Q1 2024

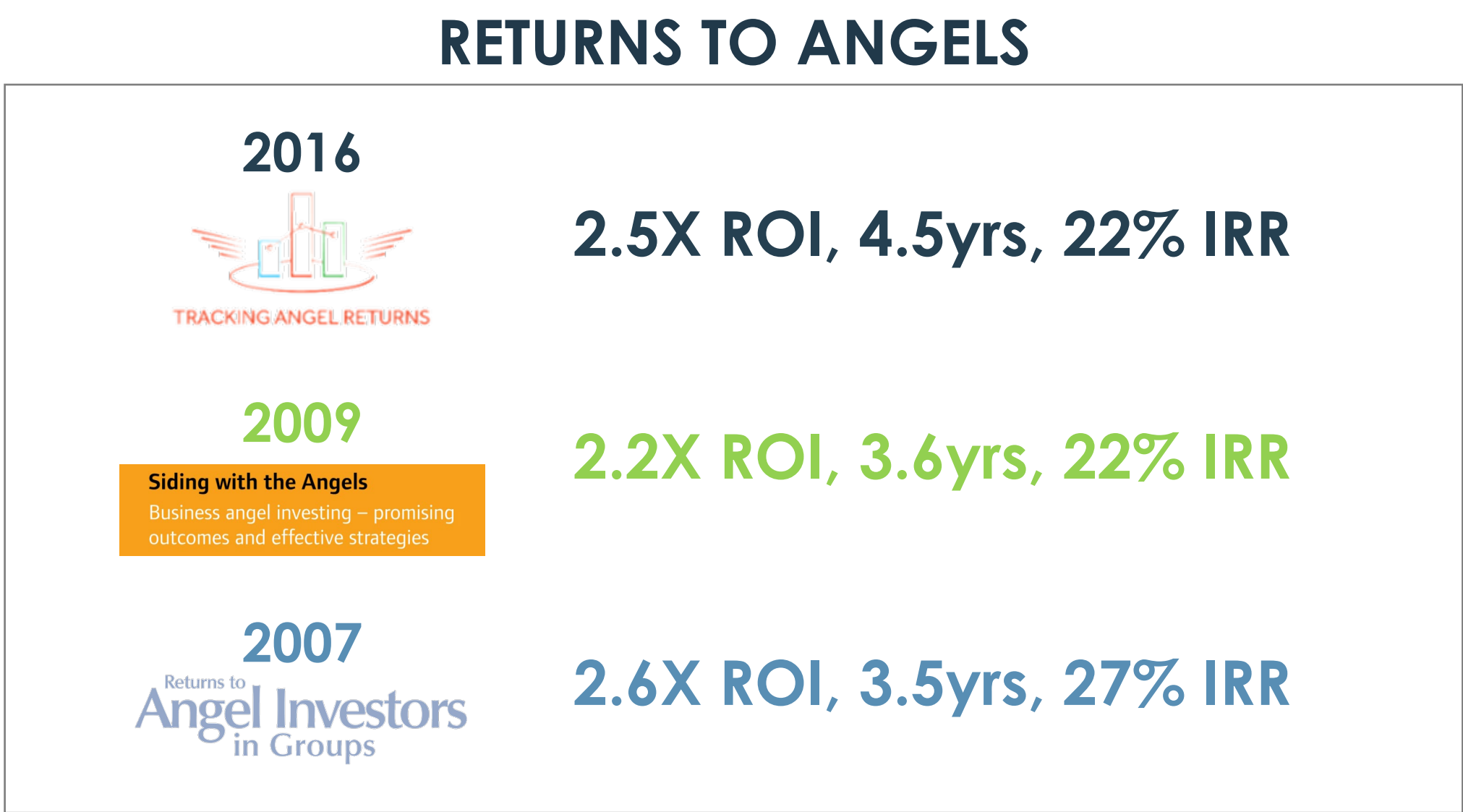
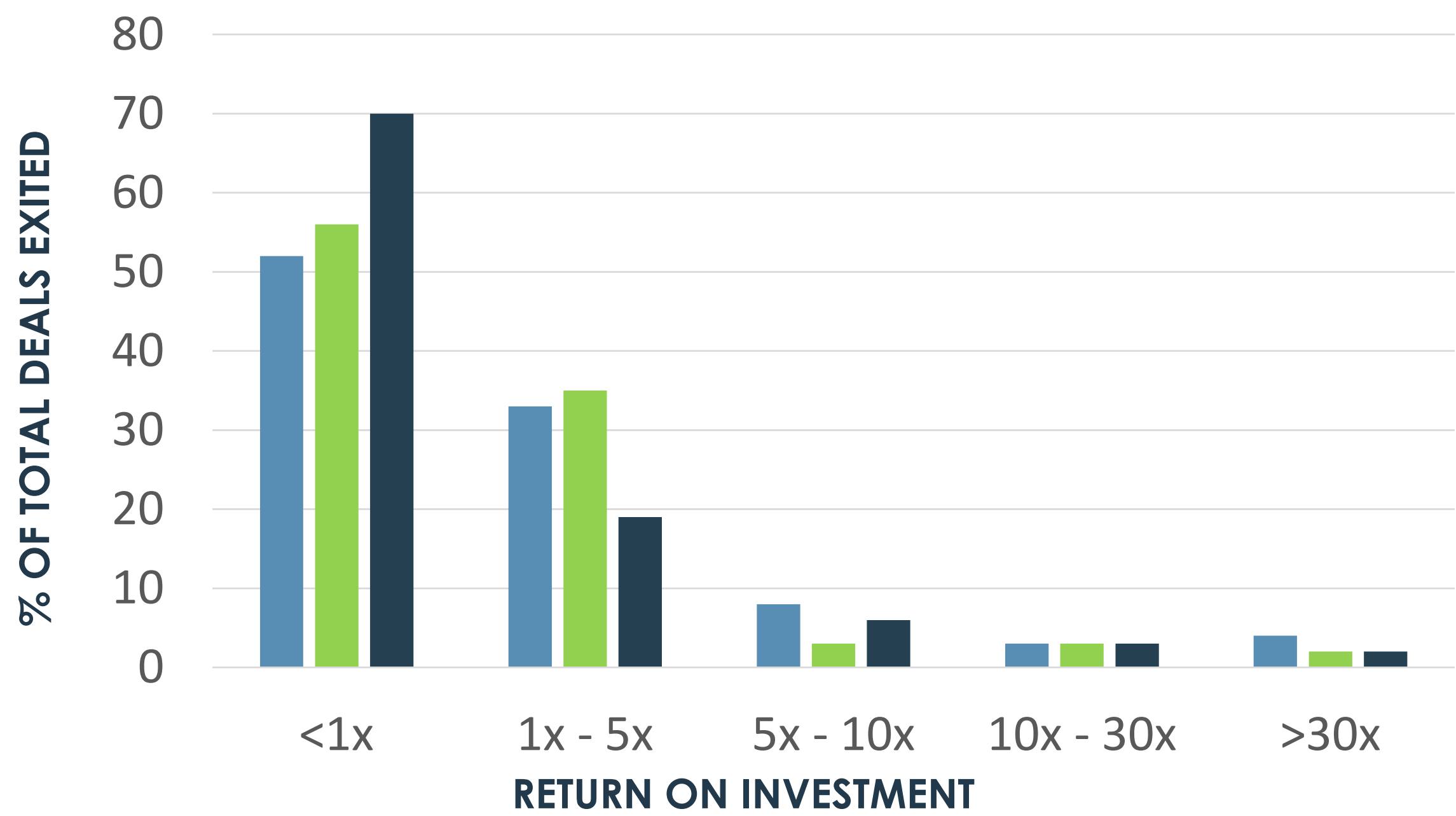


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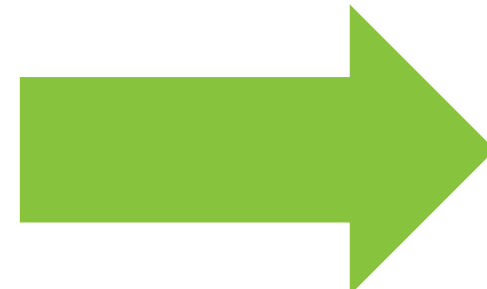
- Depends
- Not really!

HOW COULD ANGELS MAKE MONEY?



Angel investments are:

Risky
Illiquid
Hits-driven



Angel investors must be:

Diligent
Patient
Diversified

WHY FLY WITH THE ANGELS AT VENTURESOUTH?



MAKE MONEY

- Access to **high quality deal flow** across the Southeast
- Diversified allocation to **high-risk/reward asset class**
- **Professional**, disciplined investment processes



HAVE FUN

- Exposure to **new technologies** and **talented entrepreneurs**
- Interaction with other **smart investors** and **business leaders**
- Regular angel **education seminars** and **content library**



DO GOOD

- Share your **expertise** and **insights** with aspiring entrepreneurs
- Help **drive job creation** and **economic growth** in your community
- Support companies **solving important problems**

CAN I GET INVOLVED?

- Join Vicinity Ventures (free)
- Support “Upstate Upstarts” (free)
- Help any of the 16 ideas on “how to close the capital gap” in South Carolina (free or more!)
 - <https://www.venturesouth.vc/resources/how-do-we-close-the-capital-gap-in-south-carolina>
- Keep supporting Ten at the Top!





JOIN THE FLOCK!

www.venturesouth.vc

WHO QUALIFIES TO BE AN ANGEL

- **US Securities Regulations (Securities Act of 1933)**

- All share sales must be registered, unless exempted
- Relevant exemptions fall under Regulation A, D and CF
- Reg D 506(b) is simplest/most common offering:
 - No public solicitation, mostly accredited investors
- Reg D 506(c) allows general solicitation, but must verify accreditation
- Non-accredited investors can participate in Reg A+ and Reg CF



Accredited Investors deemed to have financial risk capacity

- Income: \$200K+ (\$300K for couples) for 3 straight years, or...
- Wealth: \$1 million+ net worth excluding primary residence, or...
- Certification: Series 7, 65, 82 (others to come, maybe)

HOW MUCH DO ANGELS INVEST?

300,000+
Investors*

65,000+
Companies*

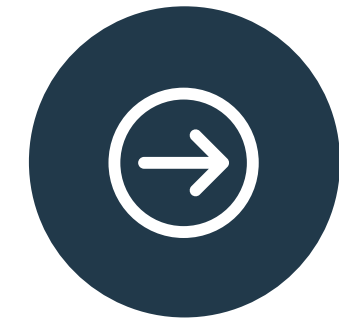
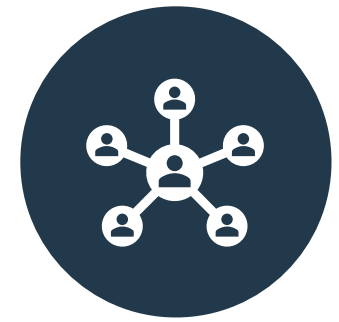
\$24B+
Invested*

- **Angels don't have to be billionaires!**
 - Most companies will take \$25K or more
 - Most angel groups allow checks as small as \$5K-\$10K
 - Most angel funds require minimum capital of \$25K or more
 - Crowdfunding sites allow much smaller checks

DUE DILIGENCE FRAMEWORK

Category	Rating	Comments
Concept		Is this an elegant solution to a real problem?
Team		Is this team knowledgeable, coachable, determined, resourceful?
Market		Is this a big enough market to generate home run returns?
Competition		Can this company carve out a defensible place in the market?
Tech/IP		Is the technology unique/differentiated/protected?
Traction		Is there any evidence that customers will pay? Does the product work?
Path Forward		Is there a clear business model that makes sense, and a solid go-to-market plan?
Cash Flow		How much cash will the company burn and how will it generate sufficient runway?
Exit Strategy		When and how and to whom will the company sell or generate liquidity for investors?
Deal Terms		What are the terms of the investment round and do they support meeting target return?
		Many ways to approach diligence, but these elements are critical factors

INVESTMENT PROCESS



SOURCING & FILTERING

DILIGENCE

STRUCTURING

MONITORING

EXIT!

- Set target parameters (geography, stage, industry, etc.)
- Hang a shingle
- Leverage network, relationships (angel groups, service providers, accelerators, economic development orgs, etc.)
- Filter deal flow for potential fit

- Conduct deep dive analysis (due diligence)
- Long list of potential issues to explore
- Takes time to be thorough (and to coordinate calendars)
- But don't fool yourself into overconfidence – many unknowables!

- Determine whether to set terms or follow others
- To set terms, do your homework, understand market
- Requires skilled negotiations (and good securities lawyer!)
- Begin with the end in mind....

- One of the most critical but overlooked elements of angel investing
- Formal requirements per deal docs
- Informal open lines of communication
- Offer assistance, but noses in, fingers out
- Best entrepreneurs are skilled, consistent with updates

- Angels are just donors until there's an exit
- Understand target exit strategy, timing, etc.
- "Companies should be sold, not bought"
- Help company with contacts, process
- Be sure to review/verify cap tables & waterfalls
- Look for tax benefits

Angel investing is a full-time job (or three)!

TYPES OF INVESTMENTS

Early-stage investors typically invest in one of 3 types of deal structures:

Preferred Equity

- Direct ownership in company
- Includes preferential terms vs common holders (employees)
- Usually substantial minority position (15%-30%) at each round

Convertible Note

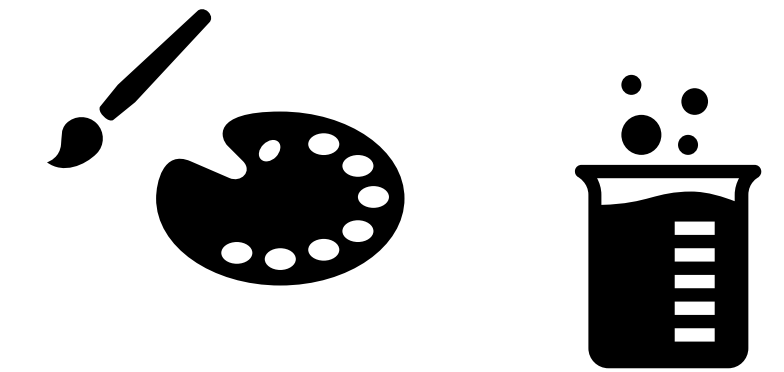
- Debt instrument intended to convert into equity in the future
- Often used in early or bridge rounds to avoid pricing decision
- Typically carries 5-10% interest rate plus other terms (stay tuned)

Hybrid (SAFE)

- Simple Agreement for Future Equity
- Developed by Y-combinator to improve on convertible notes
- Very similar structure but without accruing interest

WHAT'S A STARTUP WORTH?

- Valuation for startups is mostly art, part science
- But the answer is precise...



Valuation = the price a buyer/investor is willing to pay

UNDERSTAND THE LINGO

Pre-money
valuation

Value of
company just
before
investment

= existing shares
x new share
price

“Money”

Amount of
investment in
the “round”

Can be
complicated by
notes, options,
warrants, etc.

Post-money
valuation

Value of
company just
after investment

= new total
shares x new
share price

We typically negotiate pre-money...but post-money determines returns!

VC METHOD VALUATION EXAMPLE

Angel investment ➤ \$1,000,000

Exit Year ➤ Year 5

Required ROI ➤ 8x ROI = \$8M

Exit Year Revenue ➤ \$10M

Comparable transactions ➤ 4x revenue

Company valuation at exit ➤ $4 \times \$10\text{M} = \40M

Required share at exit ➤ $\$8\text{M} / \$40\text{M} = 20.0\%$

Post-Money Valuation ➤ $\$1.0\text{M} / 20.0\% = \5.0M

Pre-Money Valuation ➤ $\$5.0\text{M} - \$1.0\text{M} = \$4.0\text{M}$

Keep in mind:

- Assumes no further dilution
 - Usually a poor assumption!
- Requires adjustment for:
 - notes, options, warrants, etc.
- Take our cap tables course!