

Financing Strategies

Bill Macaulay, Tax Partner



Panel Members

Mike Satterfield, Partner, Yaletown Venture Partners

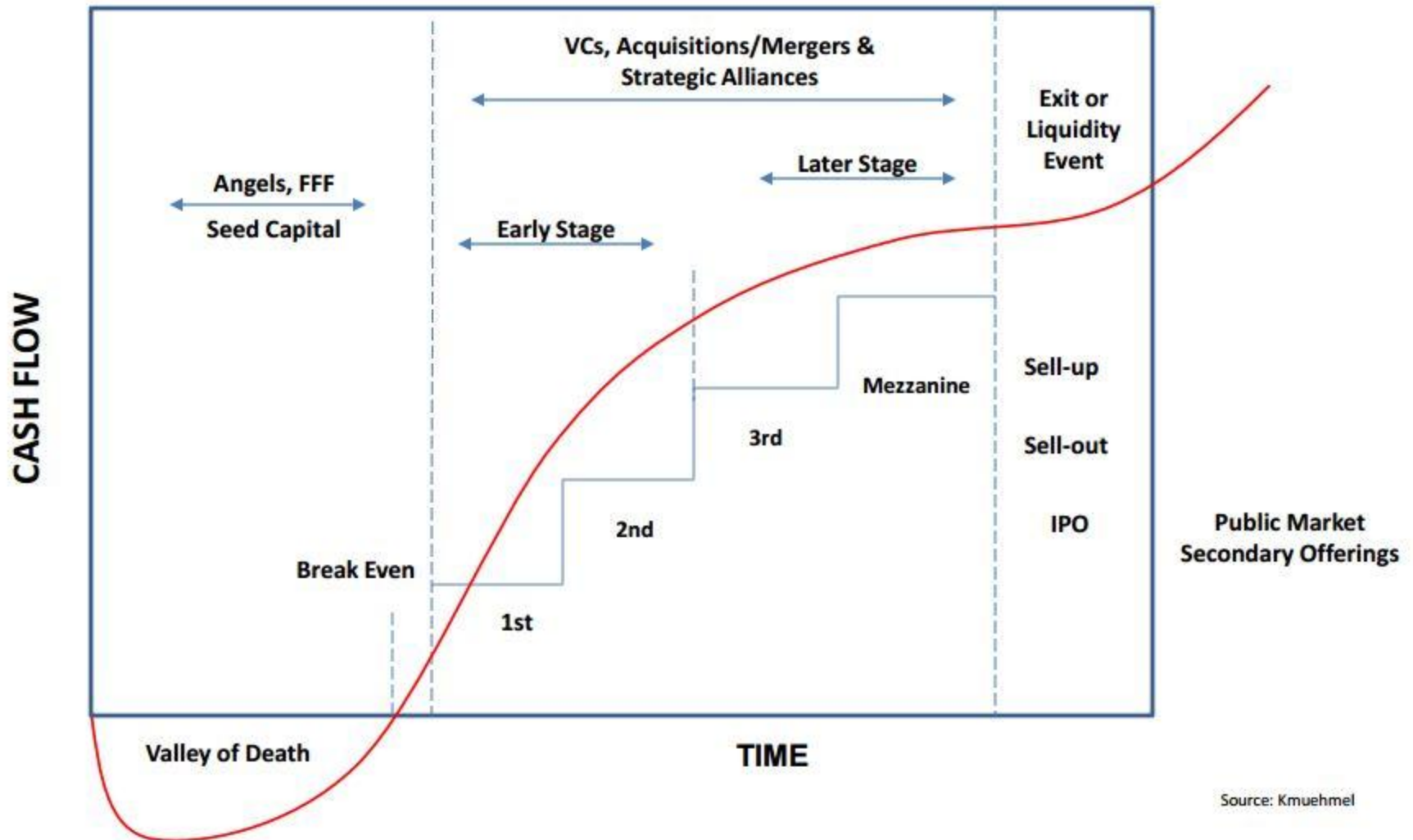
Greg Smith, Managing Partner, Espresso Capital

Michael Volker, Director, Simon Fraser University Innovation Office

Panel Discussion

- Startup financing cycle
- Knowing your end game and capital efficiency
- Capital sources
- Becoming an investment target
- Questions from the floor

Startup Financing Cycle



Source: Kmuehmel

Financial Cycle – Cap Tables

INCORPORATION			
Holder	Common Shares	Total Issued	% Total Issued
Founder 1	500,000	500,000	50%
Founder 2	500,000	500,000	50%
	1,000,000	1,000,000	100%

Pre-money valuation: Nil
Price per share: \$0.00001
Proceeds: \$10.00

SEED ROUND			
Holder	Common Shares	Total Issued	% Total Issued
Founder 1	500,000	500,000	33.33%
Founder 2	500,000	500,000	33.33%
Seed Investors	500,000	500,000	33.33%
	1,500,000	1,500,000	100%

Pre-money valuation: \$1,000,000
Price per share: \$1.00
Proceeds: \$500,000
Post-money valuation: \$1,500,000

Financial Cycle – Cap Tables

SERIES "A" ROUND							
Holder	Common Shares	Series "A" Preferred	Total Issued	% Total Issued	Options	Total Fully Diluted	% Fully Diluted
Founder 1	500,000		500,000	16.67%		500,000	12.50%
Founder 2	500,000		500,000	16.67%		500,000	12.50%
Seed Investors	500,000		500,000	16.67%		500,000	12.50%
"A" Round Investors		1,500,000	1,500,000	50.00%		1,500,000	37.50%
Stock Options					1,000,000	1,000,000	25.00%
	1,500,000	1,500,000	3,000,000	100.00%	1,000,000	4,000,000	100.00%

Pre-money valuation: \$3,000,000
 Price per share: \$2.00
 Proceeds: \$3,000,000
 Post-money valuation, pre-options: \$6,000,000

Knowing your end game and capital efficiency

Capital Sources

Becoming an Investment Target

Questions from the Floor?

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