LaunchNY

2018 ANNUAL REPORT

Launch NY is a nonprofit venture development organization in Upstate New York. We provide pro bono mentoring and the most active seed fund in New York State for high-growth startups.

LaunchNY

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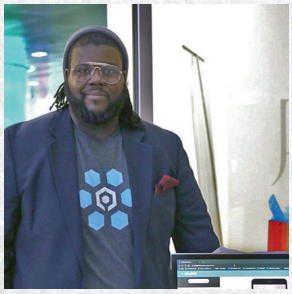
THROUGH OUR WORK MENTORING OVER 950 COMPANIES SINCE 2012 AND COMMITTING OVER $760,000 TO 13 OF OUR REGION'S MOST PROMISING STARTUPS IN 2018 FOR A TOTAL OF $1.5 MILLION IN 33 COMPANIES SINCE 2016, WE HAVE ESTABLISHED THE MOST ACTIVE SEED FUND IN NEW YORK STATE HELPING REGIONAL STARTUPS, NEIGHBORHOODS, AND ECONOMIES ACHIEVE FINANCIAL SUCCESS.



MARNIE LAVIGNE, PH.D.
President & CEO, Launch NY
mlavigne@launchny.org

LETTER FROM CEO

Launch NY saw unprecedented growth in 2018 and experienced a landmark year full of partnerships, projects, and purpose. Through our work last year mentoring more than 250 companies and committing over $760,000 to 13 of our region's most promising startups, we've seen a direct benefit to regional businesses, neighborhoods, and economies. We were proud to receive several high-profile grants and forge collaborations with prominent organizations toward our mission of job and wealth creation through entrepreneurship in Upstate New York.

As the only venture financing Community Development Financial Institution (CDFI) deploying capital in New York State, receiving our second funding award in 2018 from U.S. Department of Treasury in just two years since our designation as a CDFI, we remain the most active seed fund in the state and one of the most active in the country. We completed an impressive 22 transactions in the past year. We have leveraged grant and donation dollars from supporters such as the Ralph C. Wilson, Jr. Foundation (RCWJRF) to invest over $1.5 million in 33 companies since 2016 with a commitment made for a new award of $4.5 million from RCWJRF starting January 2019 to scale the seed fund even more. Additionally, our portfolio is among the most diverse in the country with 24% women-led and/or minority-led companies.

We were pleased to celebrate another 2018 milestone with the creation of the Emerging Cleantech Opportunity (ECO) Incubator through a $1.5 million award to Launch NY from New York State Energy Research and Development Authority (NYSERDA). The ECO Incubator is one of the six NYSERDA incubators for high-growth cleantech companies. The ECO Incubator provides one-on-one mentoring, support, networking events, access to funding, and additional resources which help seed and early stage companies pursuing energy efficiency and sustainability goals. NYSERDA's award was joined by the U.S. Economic Development Administration in order to build a marketplace in the form of an Invest Local Investor Network for returns-oriented investors who want to see their capital grow local startup companies in new economy industries.

On track for introduction in 2019, the new Investor Network will build on the success of the Launch NY Seed Fund in attracting over 130 unique investors in more than 60% of our funding transactions, which has yielded 12 times our capital to help our client companies grow. At the same time, we know there is still a gap in that our entrepreneurs have requested 30 times the capital we have deployed to date. We are thrilled to be introducing new financing programs that will enhance entrepreneurs access not only to risk capital, but also to industry connections and expertise from "smart" investors. The future of Launch NY and our client companies is bright, and we are grateful to our funders and partners for being instrumental in driving the transformation in our region.

Marnie LaVigne, PhD

WHAT WE DO

MENTORSHIP AND SEED FUNDING TO HELP STARTUPS GROW

We have been providing startups with vital guidance, connections to expert resources, and the funding needed to demonstrate proof-of-concept products and processes that will be needed to go to market since 2012.

How have our client companies done? Incredibly well! The 964 businesses mentored by our Entrepreneurs-in-Residence have raised over $435 million in funding, generated nearly $90 million in product revenues, and supported over 3,400 jobs.

We are proud of the diversity of our reach not only in serving all industry sectors, but also supporting 25% women-led businesses and 21% minority-led businesses. As one of fewer than 11% of female-led investment funds in the country, we are serving our most promising entrepreneurs with the most active seed fund in New York State that has already capitalized 33 companies in just over two years. Our nonprofit fund will soon be augmented by our new for profit Invest Local financing programs in 2019 to help entrepreneurs achieve even more growth in their business and in our community.

SINCE 2012

10,000
MENTOR HOURS PROVIDED

$438MM
FUNDING RAISED BY MENTORED COMPANIES

$88MM
REVENUES REPORTED BY MENTORED COMPANIES

964
COMPANIES MENTORED

33
COMPANIES FUNDED FROM LAUNCH NY SEED FUND

WOMEN - LED BUSINESS
24%
235 COMPANIES

MINORITY - LED BUSINESS
21%
207 COMPANIES

3,401
JOBS AMONG MENTORED COMPANIES

LAUNCH NY SEED FUND INVESTMENTS

FY2016

$225,000

TOTAL INVESTED IN 2016

FIRST YEAR OF FUND

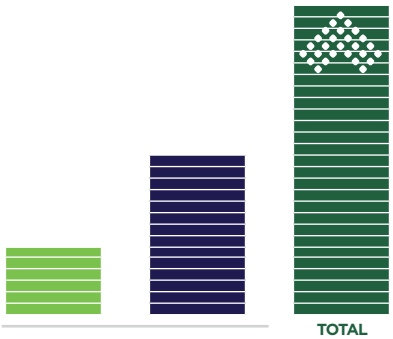
NUMBER OF FOLLOW ON INVESTMENTS	NUMBER OF NEW INVESTMENTS	TOTAL INVESTMENTS SINCE FUND INCEPTION
1	6	7

FY2017

$600,000

TOTAL INVESTED IN 2017

$825,00 SINCE FUND INCEPTION



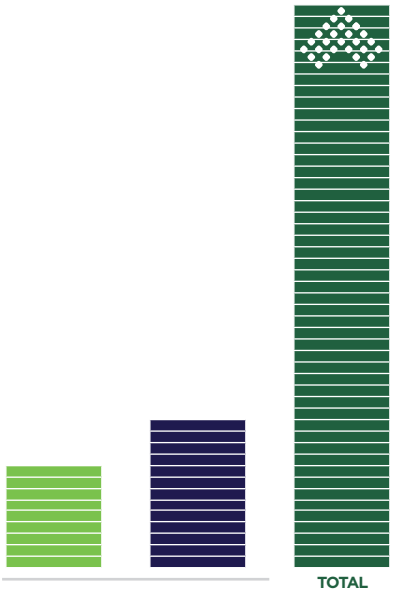
NUMBER OF FOLLOW ON INVESTMENTS	NUMBER OF NEW INVESTMENTS	TOTAL INVESTMENTS SINCE FUND INCEPTION
6	14	27

FY2018

$762,500

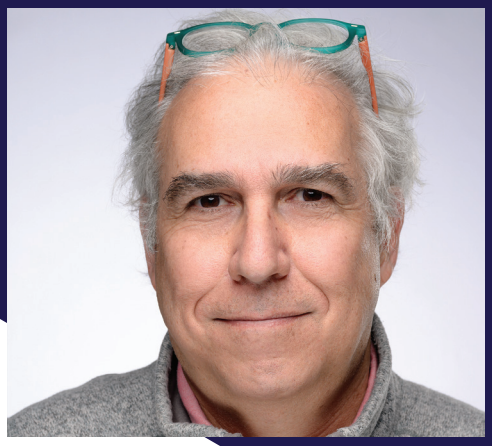
TOTAL INVESTED IN 2018

$1,587,500 SINCE FUND INCEPTION



NUMBER OF FOLLOW ON INVESTMENTS	NUMBER OF NEW INVESTMENTS	TOTAL INVESTMENTS SINCE FUND INCEPTION
9	13	49

MENTORING



KEN ROTHER
Entrepreneur-In-Residence
krother@launchny.org

ENTREPRENEURS-IN-RESIDENCE (EIRs)

Entrepreneurs-in-Residence (EIRs) are experienced business and industry professionals who coach Launch NY clients one-on-one from their locations throughout our 27-county service area. They assist entrepreneurs across all industry sectors using the globally recognized Business Model Canvas,* an innovative tool that enables a startup to visualize, develop, and clearly articulate their business model to investors, customers, and others.

Since 2012, EIRs have provided over 10,000 hours of pro bono assistance to entrepreneurs. These EIRs work to prepare companies for launching and growing their business. Launch NY clients are connected to partner resources in the region as well as our National Mentor Network of 2000 industry, technical, and business experts that provide in-depth consultation and guidance. Launch NY's pro bono mentoring means that our most promising entrepreneurs can build and grow their new enterprises right in our backyard, shaping our new economy.

IN 2018

ONLINE APPLICATIONS
Companies Apply for Program Services

180
Applications Received

CLIENT INTAKE CALLS
Qualify Companies for Services

141
Intake Calls Conducted

MENTORSHIP
3,500 Hours in Mentoring Services

266
Companies Mentored

LAUNCH NY SEED FUND APPLICATION
EIR Support for Submissions

43
Companies Applied

*Alex Osterwalder, The Business Model Canvas, Business Model Foundry, http://businessmodelgeneration.com/canvas/bmc

AS AN ENTREPRENEUR-IN-RESIDENCE WHO STARTED AND EXITED TECH COMPANIES, I'VE BEEN ON BOTH SIDES. I CAN EMPATHIZE WITH THE ENTREPRENEURS JUST STARTING TO GET THEIR IDEA OFF THE GROUND, AND I CAN GIVE CRUCIAL ADVISEMENT THAT I COULD HAVE USED WHEN MY IDEA WAS IN THE GROWTH STAGE.

TELLING THE STORIES OF THE PEOPLE WHO ARE CHANGING WESTERN NEW YORK THROUGH ENTREPRENEURSHIP

upstartny
Powered by Launch NY

CERTIFIED CDFI U.S. Department of the Treasury

After Launch NY was designated as a Community Development Financial Institution (CDFI) by U.S. Department of Treasury in 2017, based on financing businesses in low income neighborhoods, we led the formation of a CDFI Consortium including three other CDFIs in the region who provide debt capital to small businesses. This powerful collaboration joined forces among local stakeholders to create the first digital entrepreneurship publication in the region, UpstartNY.org, to share the untold stories of startups and entrepreneurs who are transforming our community. UpstartNY explores the struggles, pivots, and successes of startups in the region to inspire future entrepreneurs of grassroots to high-growth startups and small businesses, attract investment and talent to Western New York, and highlight the vast network of business support resources.

LINDSAY KARAS STENCEL, ESQ.
COO & Fund Manager, Launch NY
lstencel@launchny.org

FUNDING

"OUR DEAL FLOW AND NEED FOR SEED AND EARLY STAGE CAPITAL IN UPSTATE NY REMAINS SIGNIFICANT. IT IS EXCITING TO HELP FILL THAT GAP BY HAVING MORE CAPITAL TO DEPLOY. WE LOOK FORWARD TO MAINTAINING OUR BRISK INVESTMENT PACE AND CONNECTING MORE INVESTORS THAN EVER WITH OUR INNOVATIVE STARTUPS."

LAUNCH NY SEED FUND

Launch NY's nonprofit Seed Fund is the cornerstone of the new Invest Local Financing Programs introduced in early 2019. The nonprofit fund is built by grants and donations, with all returns coming back to the fund to support future startups. This fund continues to be the most active seed fund in New York State and one of the most active in the country. In 2018, Lindsay Karas Stencel, Launch NY's COO and Fund Manager, was recognized as Early Stage Dealmaker of the Year by the Upstate Capital Association of New York.

Launch NY client companies can apply for funding after a minimum of three months receiving Entrepreneur-in-Residence mentorship, after which they undergo robust due diligence and investment committee review, followed by portfolio management by Launch NY's team. We invest between $25,000 to $100,000 per company to provide "proof-of-concept" capital and accelerate progress that has attracted 12 times more capital from other funders.

2018
LAUNCH NY SEED FUND BY THE NUMBERS

$20MM IN WORKING CAPITAL RAISED BY LNYSF PORTFOLIO COMPANIES, 12 TIMES LNYSF FUNDING

130 UNIQUE INVESTORS PARTICIPATING IN FUNDING ROUNDS WITH LAUNCH NY

60% OF INVESTMENTS FROM LNYSF INCLUDED CO-INVESTORS

43 APPLICATIONS

13 NEW PORTFOLIO COMPANIES

LNYSF INVESTED **$762.5K** FOR $1,587,500 SINCE INCEPTION

TOP INDUSTRY SECTORS:

BIOMEDICAL | CLEAN TECH | CONSUMER GOODS & SERVICES | FOOD | IT / WEB TECHNOLOGY

2018 INVESTMENTS

SMALL, YET MIGHTY DOLLARS

With our pro bono mentoring and carefully timed investments, we help build investment-ready startups and support company growth through our first-time and follow-on funding.

LNY SEED FUND INVESTMENTS BY MONTH

$50K ORTHOFIT	**$50K** GRASPIE	**$50K** ECOLECTRO	JANUARY 2018
$30K GCLIPROW	**$25K** EMPEQ	**$25K** PELITEX	FEBRUARY 2018
		$50K THE PERFECT GRANOLA	MARCH 2018
		$25K 3AM INNOVATIONS	APRIL 2018
		$15K SIMPLEFUND	MAY 2018
$50K EAGLEHAWK	**$25K** OFF DUTY BLUE	**$12.5K** PELITEX	JUNE 2018
		$25K HUNTING TACTICAL	AUGUST 2018
$50K RU'S PIEROGI	**$30K** K-NEESIO	**$50K** IONICA	SEPTEMBER 2018
	$50K CONTINUAL CARE SOLUTIONS	**$25K** EMPEQ	OCTOBER 2018
	$50K EAT ME ICE CREAM	**$25K** PATIENT PATTERN	NOVEMBER 2018
	$25K ORTHOFIT	**$25K** GRASPIE	DECEMBER 2018

NEW COMPANY FUNDING | FOLLOW-ON FUNDING

ECO INCUBATOR

PAUL TYNO
Program Director, ECO Incubator, Launch NY
ptyno@launchny.org

> AT THE ECO INCUBATOR, WE WORK TO FOSTER COLLISIONS AMONG THE REGIONAL ENERGY CLUSTER INCLUDING START-UPS, ANCHOR INSTITUTIONS, INDUSTRY PRACTITIONERS, AND INVESTORS TO HELP ENTREPRENEURS REACH THEIR FULL POTENTIAL.

EMERGING CLEANTECH OPPORTUNITY (ECO) INCUBATOR

In April of 2018, Launch NY was named as one of six New York State Energy Research and Development Authority's (NYSERDA), for high growth cleantech incubators. The Emerging Cleantech Opportunity (ECO) Incubator builds on Launch NY's robust infrastructure to provide specialized services for companies seeking to meet aggressive clean energy goals. The ECO Incubator offers industry-specific one-on-one mentoring, networking events, access to funding, and additional NYSERDA resources to help early-stage companies achieve key milestones and accelerate their time to market.

IN 2018

eco
Emerging Cleantech Opportunity Incubator

ECO COMPANIES HAVE RAISED OVER
$65.86MM

13
CLIENT COMPANIES ON-BOARDED

210+
MENTOR HOURS PROVIDED

PORTFOLIO COMPANIES

WE WERE ONE OF FIVE FINALISTS IN GENIUS NY, THE WORLD'S LARGEST BUSINESS ACCELERATOR COMPETITION FOR UNMANNED SYSTEMS. WITH LAUNCH NY, WE GOT THE EXPOSURE AND BACKING WE NEEDED TO GROW OUR VENTURE TO A NEW LEVEL.

PATRICK WALSH
Founder, EagleHawk

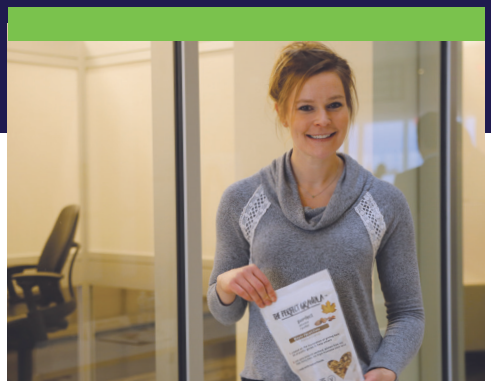
eco
Emerging Cleantech Opportunity Incubator

EAGLEHAWK

Buffalo, NY I Sector: Drone Technology / Cleantech I Employees: 9

EagleHawk is a drone powered technology company revolutionizing the way commercial roofs are inspected and managed. In just two years, EagleHawk has inspected over 1000 roofs and 15 million square-feet of rooftop, while helping customers detect unknown issues, mitigate risk, and reduce roof maintenance costs. EagleHawk has found that nearly 80% of the 700 buildings they've inspected show evidence of leaking. This is a major problem as most are unaware to the extent their roof issues and roof replacements are often the single largest maintenance expense for facilities, which can cost millions of dollars for large buildings. EagleHawk's founders Patrick Walsh and Will Schulmeister are experienced drone operators with advanced degrees in engineering and geographic data science.

PORTFOLIO



MICHELE LIDDLE
Founder, The Perfect Granola

> LAUNCH NY GOT US OVER THAT HURDLE. WE SAW THAT WE NEEDED TO REBRAND, AND WITHOUT LAUNCH NY'S HELP WE WOULD NOT HAVE BEEN ABLE TO DO IT. WITHOUT THEIR SEED FUNDING, OUR COMPANY WOULD NOT HAVE TAKEN OFF.

THE PERFECT GRANOLA

Location: Rochester, NY I Sector: Food I Employees: 4

The Perfect Granola, a Rochester-based granola and granola bar company that donates a percentage of its profits to community organizations and hires at risk students, is now available at about half of the country's Walmart, Wegmans, Hannaford, ShopRite, and Tops Stores among many other retailers. Launching in June 2016, the company became fast growing with a social purpose. While volunteering at the local food pantry, Michele saw firsthand the need for healthy and gluten free foods on the shelves. She also learned about childhood poverty rates, homelessness, and poor graduation rates and felt compelled to do something to help. The Perfect Granola was created on the foundation of giving back and is creating a better world through food and love. In 2018, Liddle launched her second company, Perfect Foods & Manufacturing, which will be a manufacturing facility to create new and innovative products for both The Perfect Granola and other companies.

COMPANIES

"LAUNCH NY PROVIDED US WITH THE CAPITAL AND SUPPORT TO CONTINUE GROWING OUR BUSINESS AND DELIVERING ON OUR MISSION TO USE CHEMISTRY AS A TOOL TO DECARBONIZE THE TRANSPORTATION, ENERGY AND MANUFACTURING SECTORS OF THE ECONOMY."

DR. GABRIEL G. RODRIGUEZ-CALERO
Founder, Ecolectro

ECOLECTRO

Location: Ithaca, NY I Sector: Chemicals / Cleantech I Employees: 12

Ecolectro is a specialty chemicals company with an exclusive license from Cornell University for a family of Anion Exchange Materials. Their mission is to use chemistry to decarbonize industry, energy production, storage, and transportation sectors. The company's first application of their proprietary technology is to reduce the cost of renewable hydrogen by 50% or more with 3 times the durability, while being cost-competitive with conventional hydrogen production methods. Ecolectro also provides non-fluorochemical solutions to materials, moving companies further along in their sustainability initiatives without sacrificing performance and cost.

ecolectro

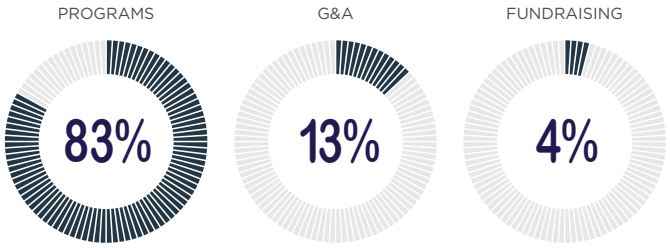
2018 FINANCIALS

2018 FINANCIALS

EXPENSES

PROGRAM	$1,241,367
G&A	$188,892
FUNDRAISING	$52,936
TOTAL EXPENSES*	$1,483,195

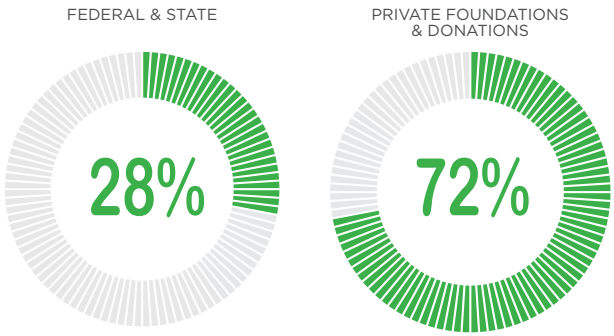
*Exclusive of seed fund investments made in 2018.
Launch NY Seed Fund investments are categorized as long-term note receivables through convertible debt notes.



REVENUES

FEDERAL & STATE	$701,681
PRIVATE FOUNDATIONS & DONATIONS	$1,848,158
TOTAL REVENUES	$2,549,839

Note: This also includes other revenues such as interest.



COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION

The United States Department of the Treasury's Community Development Financial Institutions (CDFI) designation is awarded to organizations dedicated to delivering responsible, affordable financial solutions to create economic revitalization in low to moderate income communities. Launch NY is among only 17 venture financing CDFIs in the country and is the only CDFI in New York State deploying its own capital. Since receiving CDFI designation, Launch NY was awarded $168,000 two years running from the CDFI Fund to fill regional gaps in access to "proof-of-concept" venture funding.

WE WOULD LIKE TO THANK THE FOLLOWING FUNDERS FOR THEIR GENEROUS SUPPORT

With invaluable support, we continue to meet the essential needs of the region's most promising seed stage companies by evolving our mentoring services and growing our one-of-a-kind seed funding programs.

PLATINUM SUPPORTERS

RALPH C. WILSON, JR. FOUNDATION

JOHN R. OISHEI FOUNDATION

NEW YORK STATE OF OPPORTUNITY. NYSERDA

GOLD SUPPORTERS

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ECIDA

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CERTIFIED CDFI U.S. Department of the Treasury

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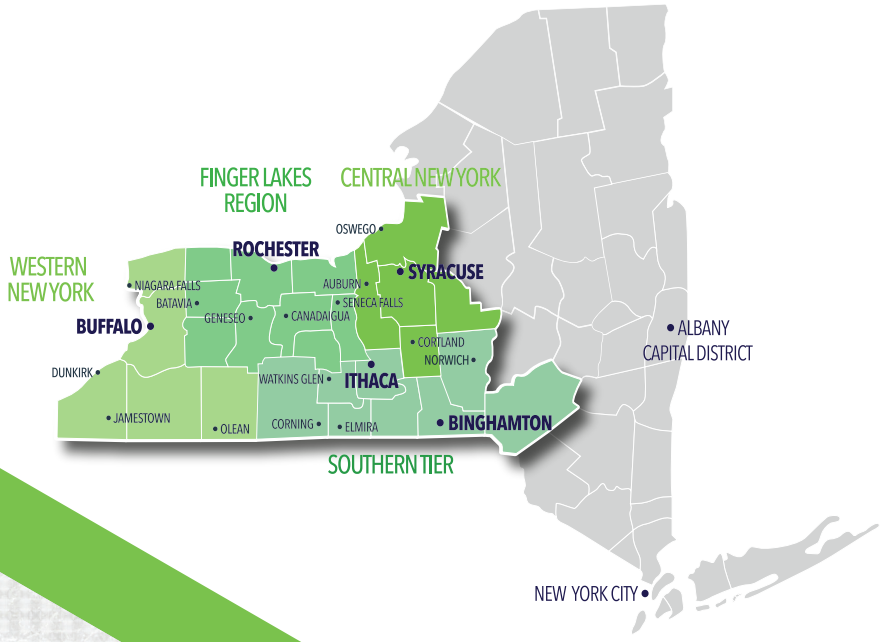
BANKING | INSURANCE | INVESTMENTS

EMPLOYEE BENEFITS

43x79 Venture Group

LaunchNY

Launch NY is a United States Treasury-designated Community Development Financial Institution (CDFI) and 501(c)(3) nonprofit venture development organization that was established in 2012 to identify, support, and invest in high-growth, high-impact companies that create jobs, wealth, and economic prosperity, while catalyzing the entrepreneurial culture of Upstate New York through regional collaboration with ecosystem partners in our 27-county service area. We have served nearly 1,000 startup businesses, comprising over 3,400 jobs in Central New York, the Finger Lakes, the Southern Tier, and Western New York.



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