



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

2019
ANNUAL REPORT



LaunchNY

BOARD OF DIRECTORS

George Chamoun, Chairperson
Chief Executive Officer, ACV Auctions

Jordan Levy, Vice Chairperson
Partner, SoftBank Capital NY
Managing Partner,
Seed Capital Partners
Co-Managing Partner, Z80 Labs

Jennifer A. Beckage, Esq.
CIPP/US, CIPP/E, Director
Managing Director, Beckage PLLC

Maggie M. Dorn, Director
Chief Network Officer, The Motley Fool
Venture Partner, Motley Fool Ventures

Mel Passarelli, Esq., Director
President & CEO, Aspera

Zachary Shulman, Director
Managing Partner,
Cayuga Venture Fund
Director of Entrepreneurship,
Cornell University

LAUNCH NY OFFICERS

Marnie LaVigne, Ph.D.
Secretary
President & CEO, Launch NY

Scott Terhaar, CPA MBA
Treasurer
COO, Launch NY

Michael A. de Freitas, Esq.
Assistant Secretary
Attorney, William C. Moran & Associates



LETTER FROM CEO

While no one could predict the challenging times to come in 2020, perhaps serendipitously Launch NY was in growth mode in 2019. Last year we implemented vital scale up activities that positioned the organization to be stronger than ever in our ability to serve high-growth potential startup companies who solve real problems and create jobs and wealth to transform neighborhoods and local economies. Leveraging our new \$4.5 million award from the Ralph C. Wilson, Jr. Foundation and the second year of our Emerging Cleantech Opportunity (ECO) Incubator Program sponsored by New York State Energy Research and Development Authority (NYSERDA), Launch NY achieved milestones and established new for profit financing capacity for the future through our #InvestLocal Financing Platform. In 2019 we:

- Served our 1,000th company.
- Invested \$855,000 into 24 companies from our nonprofit seed fund, which continued to be the most active in New York State and one of the most active in the country.
- Invested over \$300,000 from our new Limited Partner Fund in 18 companies.
- Built the Investor Network as an online community for deal-by-deal investments for as little as \$10,000 per investor and fielded 12 local businesses including the first widely available Qualified Opportunity Fund in an operating business in our region.
- Engaged over 100 accredited investors in our new #InvestLocal Financing Programs, allowing returns-oriented investors to “do good, while doing well.”

On behalf of our ongoing commitment to building an inclusive entrepreneurial ecosystem, the portfolio supported by Launch NY comprises 27% minority-led and 35% women-led startups. Also, 70% of our companies are located in low income neighborhoods that have the greatest need for economic revitalization. Given our dedication to financing in underserved, low income areas as a Community Development Financial Institution (CDFI), we won funding from U.S. Treasury for the third year in a row. Through a JPMorgan Chase award, we worked with our CDFI partners, PathStone Enterprise Center, Pursuit, and Westminster Economic Development Initiative (WEDI), to create the first local portal, CapitalConnectNY.org, to help business owners access technical assistance and financing. This portal works hand-in-hand with the only digital entrepreneurship publication, UpStartNY.org, featuring WNY entrepreneurs in over 50 issues created by our CDFI consortium and other partners. To cap off 2019 Launch NY also secured new JPMorgan Chase funding to implement our new Founders Go Big diversity and inclusion initiative in 2020.

Launch NY prepared for the road ahead, in 2020 and beyond, with more scale and capacity than ever, and it turns out our community has needed these resources more than ever. Thanks again to all our supporters for making it possible to enable inclusive economic prosperity by serving more than one thousand high-growth potential startups that have attracted \$689 million in capital, generated \$96 million in revenues, and supported 3,725 jobs since 2012.

Marnie LaVigne, Ph.D.

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



Launch NY is proud to be the workhorse in our community that entrepreneurs have come to count on since 2012 based on our pro bono mentoring of over 1,000 companies and >\$2.4 million in investment from the most active seed fund in NYS.





The money is great, but the guidance is even better. I find the relationship with Launch NY most helpful in navigating the startup waters with knowledge and confidence. They open doors to information, support resources, and funding that you really can't open on your own. We are proud to be a Launch NY company. If you are a founder, especially a female founder, get there today!



Antoinette Forth
Co-Founder & COO
Walkabout Workplace
Virtual Office Platform

WHAT WE DO

Since 2012 we have been providing startups with vital guidance, connections to expert resources, and the funding required to demonstrate proof-of-concept and launch new products and services.

In 2019, we reached a milestone of 1,000 businesses mentored in our Entrepreneur-in-Residence Program. These innovative companies have raised over \$689 million in funding, generated nearly \$96 million in product revenues and supported over 3,700 jobs.

We are proud of our diversity not only in serving all industry sectors, but also in having a portfolio comprising 35% women-led businesses and 27% 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 provided capital to 49 companies in just over three years. In 2019 we built on our financing success by expanding our financing programs to an entire family of #InvestLocal options.



Walkabout Workplace - Virtual Office Space



1,056

STARTUPS MENTORED

\$689MM

FUNDS RAISED BY
MENTORED COMPANIES

\$96MM+

COMPANY PRODUCT REVENUES

3,725

JOBS SUPPORTED

45% Minority and/or
Women-Led Companies

Most Active Seed Fund

IN NEW YORK STATE

2-4 Companies Funded Per Month

Nonprofit Seed Fund

SINCE 2016

49 Portfolio Companies

\$42MM+ Funds Raised by Portfolio Companies

17x LNY's Investments

For Profit LP Seed Fund

SINCE FEBRUARY 2019

18 Portfolio Companies

1,000+

Startups
Mentored

MENTORING

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 startups to visualize, develop, and clearly articulate their business model to investors, customers, and others.

Since 2012, EIRs have provided nearly 12,000 hours of pro bono assistance to entrepreneurs. These EIRs work to prepare high-growth startups for launching and building their business. Launch NY clients are connected to partner resources in the region as well as our National Mentor Network of 2,000 industry, technical, and business experts who provide in-depth consultation and guidance. Launch NY's pro bono mentoring means that our most promising entrepreneurs can establish their new enterprises right in our backyard, shaping our new economy.

“

Launch NY has provided top-notch mentorship, through their Entrepreneur-in-Residence Program that few minority tech startups receive within their first two years of development.

”

Derrick Parson
Founder & CEO
GRASPIE

Workforce Training Software



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

2019 SUMMARY



ONLINE APPLICATIONS

Companies Apply for Program Services

222

Applications Received



CLIENT INTAKE CALLS

Qualify Companies for Services

155

Intake Calls Conducted



MENTORSHIP

2,000 Hours in Mentoring Services

198

Companies Mentored



LAUNCH NY SEED FUND APPLICATIONS

EIR Support for Submissions

59

Companies Applied

upstartny
Powered by Launch NY



CAPITAL
CONNECT NY



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

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 that 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 local companies 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.

In 2019, Launch NY joined with CDFI partners, PathStone Enterprise Center, Pursuit, and Westminster Economic Development Initiative (WEDI), to create CapitalConnectNY.org. CapitalConnectNY.org is committed to increasing business opportunities for low income, minority, women, and immigrant entrepreneurs. It provides a one-stop portal for business owners seeking funding or advice to help their business grow.

#INVESTLOCAL FINANCING PROGRAMS

INVEST LOCAL



**LNY
Nonprofit
Seed Fund**



**LNY
Limited Partner
Fund**



**LNY
Investor
Network SPVs***



**LNY
Qualified
Opportunity
Fund SPVs***

*Special Purpose Vehicles

THE #INVESTLOCAL PLATFORM WAS CREATED IN 2019 TO BUILD UPON THE MOST ACTIVE SEED FUND IN NY STATE.

NONPROFIT SEED FUND



Launch NY's Nonprofit Seed Fund is the cornerstone of the new #InvestLocal 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 with cumulative investments of more than \$2.4 million in 49 companies since 2016.

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 17 times more capital from other funders.

NONPROFIT AND LP SEED FUND INVESTMENTS BY YEAR

FY2019: \$1,160,000

Number of New Investments: 16
 Number of Follow on Investments: 9
 Total Investments Since Fund Inception: 74

FY2018: \$762,500

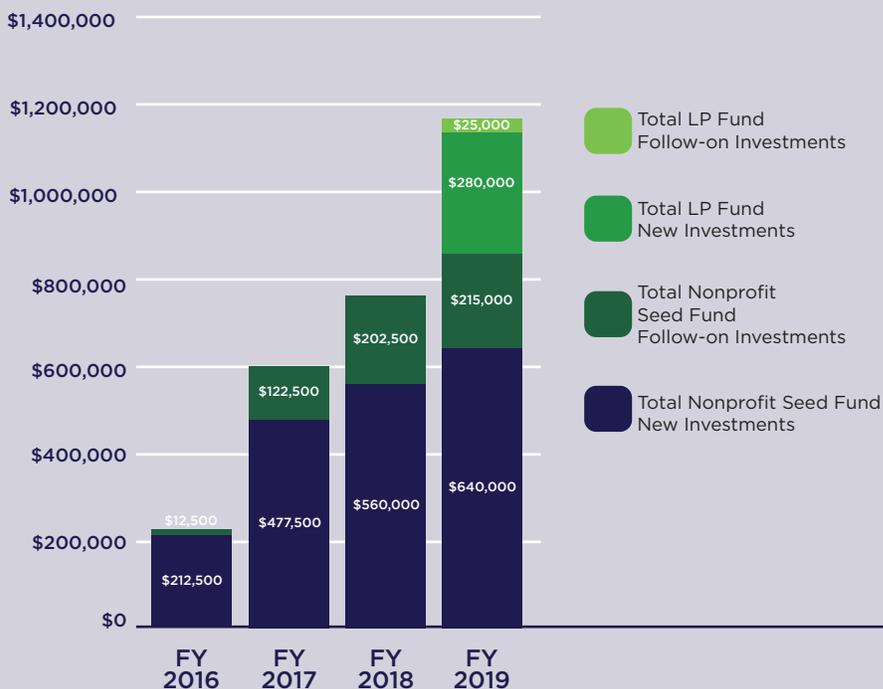
Number of New Investments: 13
 Number of Follow on Investments: 9
 Total Investments Since Fund Inception: 49

FY2017: \$600,000

Number of New Investments: 14
 Number of Follow on Investments: 6
 Total Investments Since Fund Inception: 27

FY2016: \$225,000

Number of New Investments: 6
 Number of Follow on Investments: 1
 Total Investments Since Fund Inception: 7





Launch NY's seed funding was pivotal in helping us expand our delivery services into new markets in New York and beyond. Their leadership, mentorship, and backing helped us get the traction we needed as a startup to grow and attract other investors.



Alex Hagen
President & Founder
ShrubBucket
Online Gardening Products

#INVESTLOCAL FINANCING PROGRAMS

INVEST LOCAL



**LNY
Nonprofit
Seed Fund**



**LNY
Limited Partner
Fund**



**LNY
Investor
Network SPVs***



**LNY
Qualified
Opportunity
Fund SPVs***

*Special Purpose Vehicles

THE #INVESTLOCAL PLATFORM WAS CREATED IN 2019 TO ENGAGE RETURNS ORIENTED INVESTORS WHO WANT TO “DO GOOD, WHILE DOING WELL.”

LIMITED PARTNER FUND



The Limited Partner Fund is a new for profit fund, introduced in February 2019, that allows accredited investors to add their investment dollars to nonprofit investments from like minded businesses and philanthropists around the region. These dollars work together to spark startup growth in the new economy and generate returns for investors simultaneously.

LIMITED PARTNER COMPANIES:

3AM Innovations	Ecoelectro	Re-Nuble
3D Usher	Empower Equity	ShrubBucket
Antithesis Foods	Halomine	SunDensity
Circuit Clinical	Heart Health Intelligence	The Perfect Granola
Dimensional Energy	Material Exchange	Tuzag
EagleHawk One	Patient Pattern	Willow

INVESTOR NETWORK



The Investor Network is the first and only on-demand digital marketplace exclusively featuring investment opportunities in startup companies in Upstate New York. Introduced in June 2019, accredited investors can review due diligence for companies of their choice from the convenience of their laptop, tablet, or smartphone, then invest as little as \$10,000 through a Special Purpose Vehicle (SPV) in the form of an LLC organized and managed by Launch NY.

INVESTOR NETWORK COMPANIES:

3AM Innovations	Material Exchange	SunDensity
3D Usher	MemoryFox	ShrubBucket
EagleHawk One	Patient Pattern	The Perfect Granola
GRASPIE	Pelitex	Tuzag

QUALIFIED OPPORTUNITY FUND



Launch NY offers Opportunity Funds designed to stimulate startup activity in low income areas known as Opportunity Zones as part of an unprecedented tax incentive introduced via the 2017 Tax Cuts and Jobs Act. Accredited investors in the Launch NY Investor Network can invest as little as \$10,000 from eligible capital gains in qualified companies to defer and mitigate tax payment on the gains, while eliminating future tax burdens on any appreciation on the investment. By managing all the processes, Launch NY makes it convenient to tap this powerful new tax incentive program while using capital gains to support local startups.

QUALIFIED OPPORTUNITY FUND COMPANIES:

3AM Innovations



EMERGING CLEANTECH OPPORTUNITY (ECO) INCUBATOR

“ SunDensity is delighted to be part of the Launch NY ECO Incubator since 2019. They were very helpful in preparing us to raise our seed funding. Working with our Launch NY mentor EIR, we developed our due diligence package and pitch deck which led to raising \$2.5MM. Thank you Launch NY for preparing us and making us successful. We are proud to be part of the Launch NY and ECO Incubator portfolio. ”

Nish Sonwalker, Ph.D.
Founder & CEO
SunDensity
Photonic Smart Coating

In April of 2018, Launch NY was named as one of six New York State Energy Research and Development Authority Incubators for high growth cleantech businesses. 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.

The ECO Incubator supports clients across a wide range of industry sectors including advanced manufacturing, demand management and energy efficiency, energy storage, energy transmission and distribution, financial technology (fintech), power generation, sustainability and waste management, and transportation.





\$89MM+
FUNDS RAISED BY
ECO COMPANIES

20
CLIENT COMPANIES
ON-BOARDED

\$7.3MM+
ANNUAL COMPANY
REVENUES

160+
JOBS CREATED



Launch NY and its support in the form of investment was a programmatic development that has helped us to professionalize our own fundraising efforts. Not only that, but their confidence in our business model has created a network of startups in the Finger Lakes region, beneficial to our market presence.

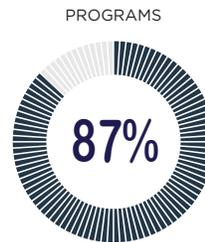


Tinia Pina, Founder, Re-Nuble
Agtech Company

2019 FINANCIALS

EXPENSES

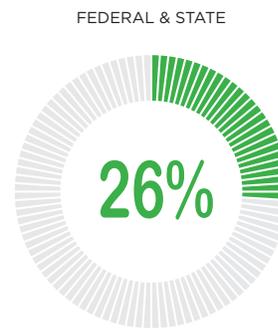
PROGRAM	\$1,615,647
G&A	\$182,355
FUNDRAISING	\$59,341
<hr/>	
TOTAL EXPENSES*	\$1,857,343



*Exclusive of seed fund investments made in 2019. Launch NY Seed Fund investments are primarily categorized as long-term note receivables through convertible debt notes.

REVENUES

FEDERAL & STATE	\$972,188
PRIVATE FOUNDATIONS & DONATIONS	\$2,764,156
<hr/>	
TOTAL REVENUES	\$3,736,344



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 capital directly into startup businesses. Since receiving CDFI designation, Launch NY has been awarded funding three years running for a total of \$560,000 from the CDFI Fund to fill regional gaps in access to "proof-of-concept" venture funding.

OUR SUPPORTERS

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

PLATINUM SUPPORTERS



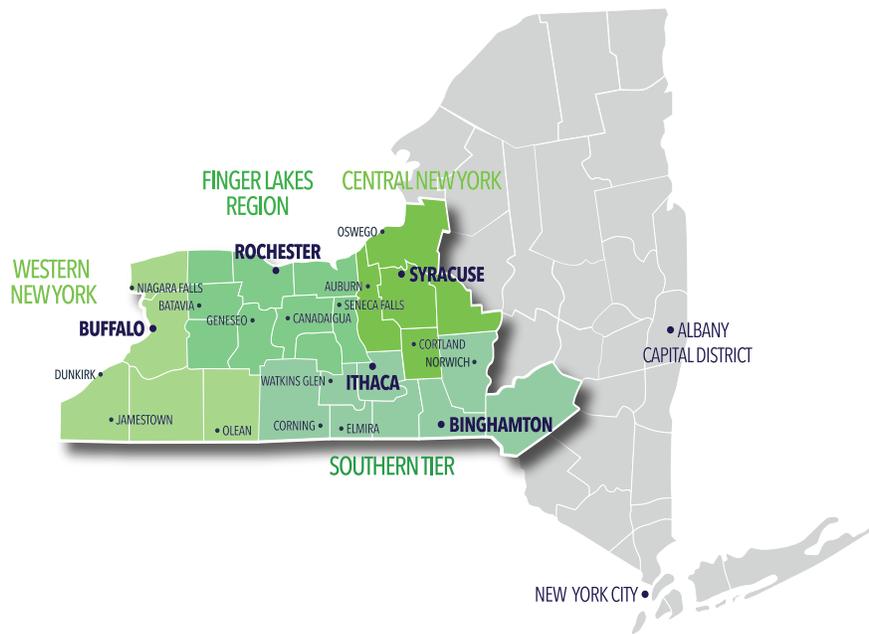
GOLD SUPPORTERS

JPMORGAN CHASE & Co.



FOUNDERS' CIRCLE MEMBERS





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 over 1,000 startup businesses, comprising over 3,700 jobs in Central New York, the Finger Lakes, the Southern Tier, and Western New York.



77 Goodell Street • Suite 201

Buffalo, NY 14203

LaunchNY.org