



2021 ANNUAL REPORT



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.



2021-2022
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2021-2022
LAUNCH NY OFFICERS



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Treasurer
Head of Finance, Launch NY



Michael de Freitas, Esq.
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STARTUPS
MENTORED

1,324



FUNDS RAISED
BY MENTORED
COMPANIES

\$1B+



JOBS
SUPPORTED

4,547



MINORITY
AND/OR
WOMEN-LED
PORTFOLIO
COMPANIES

43%



COMPANIES
FUNDED
PER MONTH

2-4

BUILDING MOMENTUM

A LETTER FROM
LAUNCH NY PRESIDENT AND CEO

Launch NY began our work with high-growth potential entrepreneurs in October 2012 providing pro bono mentorship and access to risk capital in the 27 westernmost counties of Upstate New York. Why is this important? As entrepreneur, author, blogger, and venture capitalist Brad Feld said, “For many cities that were once very important and powerful [but] today are struggling, startup communities are a way for them to rejuvenate themselves.”

In our first nine years, Launch NY mentored over 1,300 startup companies, invested \$8.2 million in 77 companies, and became the most active seed funding source in New York State. Companies mentored by Launch NY have created 4,547 local jobs, raised over \$1 billion in capital, and generated more than \$159 million in annual revenues. Seed capital from our #InvestLocal Financing Programs helped to attract 20 times more funding into our portfolio companies. In 2021, Buffalo was ranked the fifth fastest growing startup city in the US based on its growth in venture capital, so we know we’re on the right track when it comes to building a robust regional startup ecosystem. Even the COVID-19 pandemic could not slow us down, as we responded to its continuing effects through availability of 100% virtual services.

But we also know that our entire community is not participating in the startup movement. BIPOC and women entrepreneurs continue to be left behind in the venture capital statistics. In the first half of 2021, startups overall raised a record-breaking \$147 billion — but only 1.2% of it went to Black founders. Venture funding to women-led startups actually decreased during the pandemic—garnering only 2.0% in 2021, down from 2.3% in 2020 and 2.8% in 2019.

As one of a minority of women fund managers in the country, I’m committed to leveling the playing field for underserved, underrepresented founders, so we were incredibly gratified that our diversity, equity, and inclusion program, Founders Go Big, was awarded the 2021 Building Inclusive Economy Award from Local Initiatives Support Corporation (LISC). We also earned an expanded contract for our NYSERDA-sponsored Emerging Cleantech Opportunity (ECO) Incubator as another signature program, as well as new funding from repeat supporters including the Community Development Financial Institution (CDFI) Fund, the Economic Development Administration, and New York State Electric and Gas and Rochester Gas and Electric – all totaling \$3,066,300 in new awards last year.

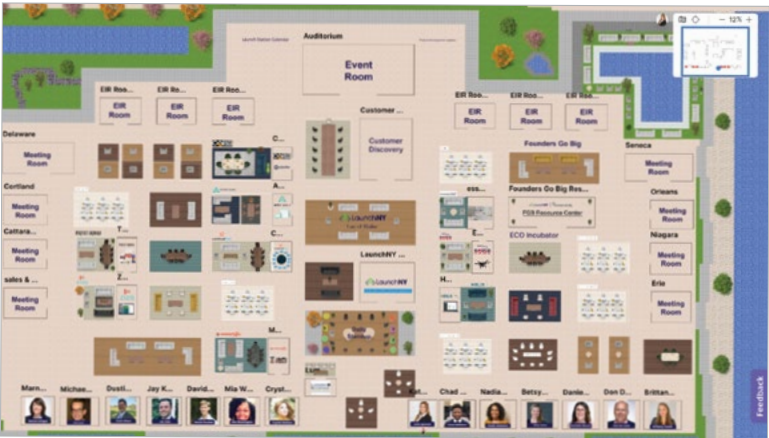
We put our resources to work supporting over 330 active companies, including investing nearly \$3 million in 24 companies, representing a 34% increase since 2020 and bringing our total investments to \$7.7 million. Launch NY grew the accredited investors involved as co-investors in our financing programs to over 186 people. Join me on the pages that follow to glimpse the full picture of exciting developments and rewarding results of 2021 that are creating a new future of inclusive economic prosperity in our community.

Marnie LaVigne, Ph.D.

MENTORSHIP

ACCELERATING THE ENTREPRENEURIAL JOURNEY

Since 2012 we have been providing startups with vital guidance, connections to expert resources, and access to funding required to develop, demonstrate, and grow new products and services. Modeled after best practices among venture development organizations across the country, the process starts with mentorship first. Companies begin with an online application and telephonic intake call, then they are assigned to one of over 30 Entrepreneurs-in-Residence (EIRs) who provide coaching, technical assistance, and preparation for investment capital from Launch NY and other investors. High-growth startups, defined as companies in any industry sector having the potential to reach \$10 million in annual revenue by years 5-7, benefit by working with EIRs using the internationally recognized Business Model Canvas for a minimum of 3 months before doing their first “pitches” for funding. Launch NY also offers specialists through its National Mentor Network that provides targeted consultation on markets, technology, and other business areas. Following funding, Launch NY continues to provide portfolio management mentorship.



Launch Station - Virtual Incubator/Coworking Space

Launch NY offers hybrid options with in-person and digital access designed to fit the environment and client needs. When in-person meetings are not practical, Launch Station offers the unique ability to accommodate private offices and public spaces, where users can stop in to chat with each other just like they would in a typical physical incubator facility. Additionally, Launch NY leveraged large volume video conference platforms to host hundreds of attendees at two investor pitch forums showcasing its portfolio companies. Going forward Launch NY has ensured uninterrupted access to the resources its client companies need on a daily basis.

In response to the COVID-19 pandemic, Launch NY ensured that its clients could access its services anytime anywhere, including availability of 100% remote access and a new virtual incubator and coworking space. Launch Station is an online platform where companies, mentors, investors, partner organizations, and Launch NY staff can interact on a real-time basis in a virtual office location just as if they were physically sharing the same space. This virtual coworking space is the first of its kind in Upstate New York, supported by a \$750,000 federal grant awarded by the U.S. Economic Department Administration earlier in the year.

SEED FUNDING

INVESTING IN LOCAL STARTUPS

Launch NY’s mission includes facilitating access to venture capital for its most promising startup companies particularly during the seed stage, in order to fuel their progress to a seven-figure Series A round of funding. In addition to engaging with individual and institutional investors both within and outside the region on behalf of its client companies, Launch NY provides in-house financing programs that typically serve as “first money in” that sets up portfolio companies to be attractive to other investors. Launch NY has led 70% of its first-time investments, which means creating the terms, documentation, and portfolio management that can be the biggest challenge for companies trying to secure investors.

Launch NY’s Nonprofit Seed Fund, which is capitalized through grants and donations, is designed to yield returns to the fund so it can support future startup companies in an “evergreen” cycle. Within two years of making its first investment in 2016, the fund quickly became the most active seed fund in New York State, and since then it has helped portfolio companies attract 20 times in additional co-investment and follow-on funding from others. In 2019 Launch NY expanded to a family of InvestLocal Financing Programs by introducing its first for profit Limited Partner Fund with over 70 limited partners, which co-invests in tandem with the Launch NY Nonprofit Seed Fund. Startup companies can apply for first-time funding of \$25,000 to \$100,000 and follow-on capital up to several hundred thousand dollars from the funds.

Launch NY also offers Upstate New York’s first and only online returns-based Investor Network, offering investors deal-by-deal investment opportunities for as little as \$10,000 exclusively in local startups. In 2021 the online community grew to 186 accredited investors seeking to make a profit while also making a positive impact on the Upstate New York entrepreneurial ecosystem and regional economy. Select companies from Launch NY’s portfolio are fielded on the platform, providing even more investor access to those who want to support local startups on their journey to growth and larger fundraising rounds.





Arbol, a crowdfunding platform for underresourced college students, established partnerships with 4 WNY colleges, built a waitlist of over 100 college students, and sustained 100% college retention rate for student participants through 2 semesters.
growarbol.com



JECA, maker of a healthy snack bar, moved into their own production facility, adding equipment with scalable capacity that matched demand while minimizing waste.

jecabar.com



Breezi, offering a clean energy solution for predictive maintenance for HVAC equipment, was attracted to expand to Buffalo and co-locate with a contract manufacturing partner while receiving \$100,000 in investment from Launch NY to deliver on product orders.

breezi-pro.io



HELIXIntel, a software company tackling the challenge of equipment maintenance, formed a strategic partnership with Hartford Steam Boiler Insurance for co-marketing and customer support, and closed a nearly \$6MM fundraising round.

helixintel.com



Circuit Clinical, a clinical trials management platform ensuring inclusive access, grew to over 50 employees in Buffalo as it accelerated its expansion nationwide with a \$29MM Series C raise, that included \$415,000 as the largest single investment from Launch NY's Investor Network, bringing Launch NY's total investment in the company from all InvestLocal programs to nearly \$1.2MM.

circuitclinical.com

EXPLORE

Our assistance starts with your exploration. We'll help you understand how to use the Business Model Canvas, your target market, and product-market fit.

START

Now's the time to define your business model and advance your product. We'll work with you to set priorities in developing your product and business.

DEMONSTRATE

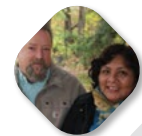
This is your proof-of-concept phase. We'll support you through vital steps in demonstrating the viability of your product and business model, while supporting your fundraising efforts.

LIFTOFF

Your product and plans are in place, and your people are poised to take your product to full launch. We'll help you respond to market feedback, operational and technical needs, and strategic opportunities.

GROW

You're doing it! You're delivering your product and making some serious revenues. We'll help you respond to your ever-increasing demands, team-building needs, fundraising goals, and plans for growth.



Happeas, maker of a plant-based spread/dip, began the process of bringing their products to market in grocery stores. In 2021, they completed their HPP food safety testing, and they continued to work towards their shelf stabilization certification.

happeascompany.com



812 Inventions, maker of the Dipit® ultimate finger food container, completed the Founders Go Big program in record time as they prepared to pitch for funding to take their proprietary product from a small scale demo site to high volume customers.

dipitbrand.com



An initial investment from Launch NY in Ellicottville Greens supported the growth of their container-based method for growing lettuce, sold to local grocers and restaurants, as they attracted new investors providing a new round of funding. In 2021, they raised \$1MM in a deal led by Varia Ventures partners.

ellicottvillegreens.com



Braidbabes, a mobile hair braiding service, utilized funding from Launch NY and co-investors to expand their services from Buffalo to Nashville, Tennessee.

braidbabes.com



Casana, a home healthcare products company including its heart scanning toilet seat, raised \$30MM in a Series B funding round, expanded their team from 15 to nearly 40 employees, and launched clinical studies partnerships with Massachusetts General Hospital and The Villages, which is the largest elderly community in the US.

casanacare.com

FOUNDERS GO BIG

CREATING HIGH-GROWTH BUSINESSES



TOTAL FGB COMPANIES SERVED

48



ANNUAL COMPANY REVENUES

\$1.6MM



JOBS SUPPORTED BY FGB COMPANIES

65



HOURS MENTORED

385

JPMorgan Chase's funding spurred Launch NY to introduce the Founders Go Big (FGB) initiative in 2020 to enhance the engagement of underrepresented and underserved founders in creating high-growth potential businesses. Leveraging Launch NY's longstanding history of serving over 40% women- and/or minority led companies through its mentorship and financing programs, the goal of FGB is to build individual company successes while creating a community in which all individuals can be empowered to transform the local economy. Through a hybrid of virtual and in-person methods, FGB ramped up in 2021 to a total of 48 companies served with a variety of programming and technical support, including customer discovery workshops, CEO roundtables, Industry specific introductions, and one-on-one coaching through a diversified Entrepreneur-in-Residence and National Mentor Network pools. Additionally, the program introduced its Ask the Expert series along with other expanded outreach methods and content to connect with those who traditionally have been underserved by entrepreneurship service organizations supporting scalable businesses.

Understanding that underrepresented founders often lack access to what is known as "friends and family" capital to give them a head start on building their business, FGB provides a dedicated "Starter Funding" pool which offers up to \$25,000 in funding for underrepresented founders to achieve targeted steps in making businesses investment-ready for larger funding from Launch NY and others. In 2021 Launch NY made the first investment in FGB company Anaghe Atelier, a fashion apparel company, to support the addition of equipment, labor, and marketing resources, and we have numerous others coming through the pipeline for much needed financial assistance to take their next steps.



"I'm often behind the sewing machine, making sure we can meet our clients' expectations. Thanks to Launch NY and FGB, now I can have more help, which will also allow me to rev up our outreach and production capabilities."

Anthony Boyd
Founder, Anaghe Atelier
Fashion Clothing Manufacturer



INCLUSIVE ECONOMY BUILDING EFFORTS

LAUNCH NY HONORED WITH 2021 BUILDING INCLUSIVE ECONOMY AWARD

Launch NY's Founders Go Big Program was awarded the 2021 Building Inclusive Economy Award, presented by Local Initiatives Support Corporation (LISC) Western New York, which works with community partners to bring local neighborhood ideas to life by creating great places to live, work and raise a family. The award recognizes an organization, individual, project, or program that improves economic outcomes in equitable ways and accompanies a \$5,000 grant.

Launch NY is an active collaborator with LISC as well as other business support organizations, including the Western New York Community Development Financial Institution (CDFI) Collaborative, which continues to offer CapitalConnectNY.org as a one stop portal for any entrepreneur to apply and be connected with the right resource. Launch NY seeks to highlight the availability and viability of the high-growth potential pathway as the sole equity capital provider in the collaborative.

Launch NY has long been committed to supporting underrepresented founders pursuing big ideas with over 40% comprising its portfolio. Also, as a women-led organization and fund, Launch NY is seeking to leverage the role models both among its team and its client companies to pave the way for more FGB companies to succeed.



"As a woman-led SaaS company and proud Launch NY portfolio company, we have experienced an incredibly high level of support and engagement from the EIRs, the CEO, and the staff. One of the most interesting strengths of this organization has been their ability to organically evolve their mentoring approach in lock-step with the growth of our company. They are both creative and quality-focused."

Carley Hill
CEO and Founder, CAHill TECH
Workplace Training & Safety Company

EMERGING CLEANTECH OPPORTUNITY (ECO) INCUBATOR



FUNDS
RAISED BY ECO
COMPANIES

\$224MM+



TOTAL ECO
COMPANIES
SERVED

33



ANNUAL
COMPANY
REVENUES

\$15.5MM+



JOBS
SUPPORTED BY
ECO COMPANIES

266

Since 2018 Launch NY has among six New York State Energy Research and Development Authority (NYSERDA) 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. Launch NY's advisory board comprises representation from both the public and private sector, including NOCO whose diversification from its fossil fuel industry history to cleantech-oriented business lines is a model of powerful corporate partnership in new economy innovation. We actively pursue and welcome engagement with stakeholders who want to build a robust climate tech community, particularly as we seek to support the aggressive goals of New York State's cutting edge legislation in this arena.



“Dimien's recent pivot into batteries was not without challenges. The support of ECO through their team and expansive EIR network made our hard technology pivot much easier. That support later positioned our team to pitch and successfully capture investment from Launch NY! The pitch, due diligence, and funding process of Launch NY was streamlined, easily managed, and closed quickly.”

Brian Schultz
CEO and Founder, Dimien
Battery Technology Company

INNOVATION & SUSTAINABILITY THROUGH PARTNERSHIP

Both the ECO Incubator and FGB programs have highlighted the critical role of partnership and collaboration across the local entrepreneurial ecosystem and beyond. Creating an extended network of resources has meant being able to accelerate companies accessing expanded coaching, referrals, demonstration sites, talent pipelines, funding, and more. Last year was a significant year for new awards, particularly those involving work with other key organizations. Launch NY received two awards from the U. S. Economic Development Administration, which are the sixth and seventh grants earned from this federal funding entity, as a continuous funder since 2010 during the planning stages that established Launch NY. The new funding includes a \$750,000 SPRINT Challenge program award, in collaboration with Cornell University and NYSERDA to support Launch NY's new digital platforms for its client services, e-learning, and investment programs, and a \$750,000 award through the U.S. Economic Development Administration's Build to Scale Program with Upstate Venture Connect, Endeavor Western New York, and NYSERDA for its new Fast Forward, portfolio management program. Launch NY also won its 4th award from New York State Electric & Gas and Rochester Gas and Electric to showcase ecosystem partner resources throughout the region.

Building on its work as a Community Development Financial Institution (CDFI) with dozens of collaborators, Launch NY also received \$952,000 as part of the US Treasury's CDFI Rapid Response Program to support operations and investments into companies in low-income areas, including many of ECO Incubator and FGB clients companies. For the fifth year in a row since being designated as a CDFI, Launch NY also received \$225,000 from the CDFI Fund.



“The support that Feedback Solutions has received from Launch NY and ECO has been invaluable! The seed investment, mentorship, EIR support, and networking opportunities with the other portfolio companies was very timely and has set us up for further investment and customer traction success in 2022.”

David Whalley
President and CEO, Feedback Solutions
Ventilation Optimization Sensor Technology Company

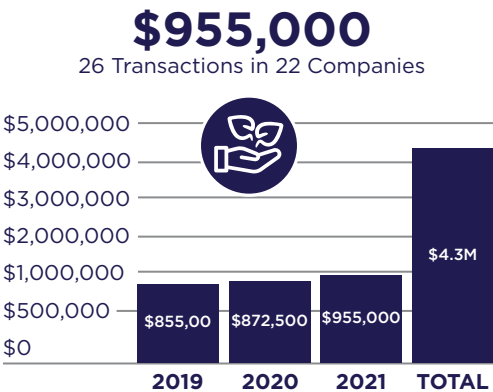
#INVESTLOCAL

FINANCING PROGRAMS

NONPROFIT SEED FUND

Launch NY's Nonprofit Seed Fund was established in 2016 as a single member-owned entity that was designed to create an "evergreen" self-sustaining source of equity capital to fuel startups during their proof-of-concept and early growth phases. Capitalized at \$7 million to date, typically making five-figure investments in 2-4 companies each month as the most active seed fund in NYS, the fund continues to grow toward a target of \$15 million from grants and donations, including those dedicated to funding underrepresented founders and businesses in low income areas.

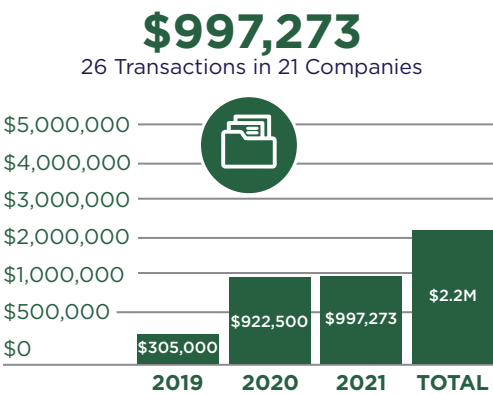
AMOUNT INVESTED BY LNY'S NONPROFIT SEED FUND



LIMITED PARTNER FUND

The Limited Partner (LP) Fund is Launch NY's for profit fund, introduced in February 2019 and closed in 2020 at \$5.425 million as a co-investment vehicle with the Nonprofit Seed Fund, effectively doubling the capital injected into Launch NY portfolio companies, while providing the opportunity for future returns to more than 70 LPs through a typical 10-year structure. Our LPs are like-minded individuals, businesses, and philanthropic organizations who care about innovation, regional economic prosperity, and our startup ecosystem.

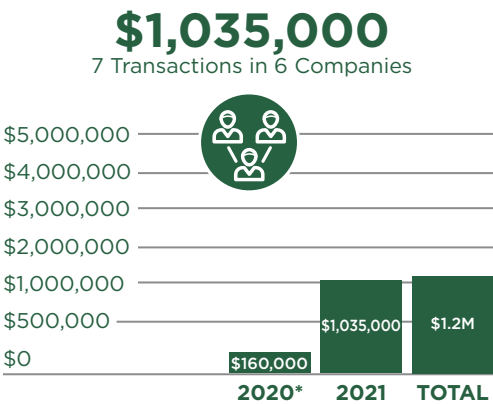
AMOUNT INVESTED BY LNY'S LIMITED PARTNER FUND



INVESTOR NETWORK

The Investor Network is the first and only on-demand digital marketplace solely featuring investment opportunities in startup companies in Upstate New York from Launch NY's portfolio. Making its first investments in 2020, the Investor Network affords hundreds of accredited investors direct access to review due diligence for companies of their choice from the convenience of their laptop, tablet, or smartphone, then invest as little as \$10,000 to six figures through a Special Purpose Vehicle (SPV) in the form of an LLC organized and managed by Launch NY. The largest SPV to date closed in 2021 for \$415,000 in Circuit Clinical.

AMOUNT INVESTED BY LNY'S INVESTOR NETWORK



FY2021: \$2,987,273

Number of New Investments: 23
Number of Follow-on Investments: 29
Number of Investor Network Investments: 7
Total Investments Since Fund Inception: 218

FY2020: \$1,955,000

Number of New Investments: 37
Number of Follow-on Investments: 23
Number of Investor Network Investments: 5*
Total Investments Since Fund Inception: 159

FY2019: \$1,160,000

Number of New Investments: 16
Number of Follow-on Investments: 10
Total Investments Since Fund Inception: 94

FY2018: \$762,500

Number of New Investments: 13
Number of Follow-on Investments: 9
Total Investments Since Fund Inception: 50

FY2017: \$600,000

Number of New Investments: 14
Number of Follow-on Investments: 7
Total Investments Since Fund Inception: 28

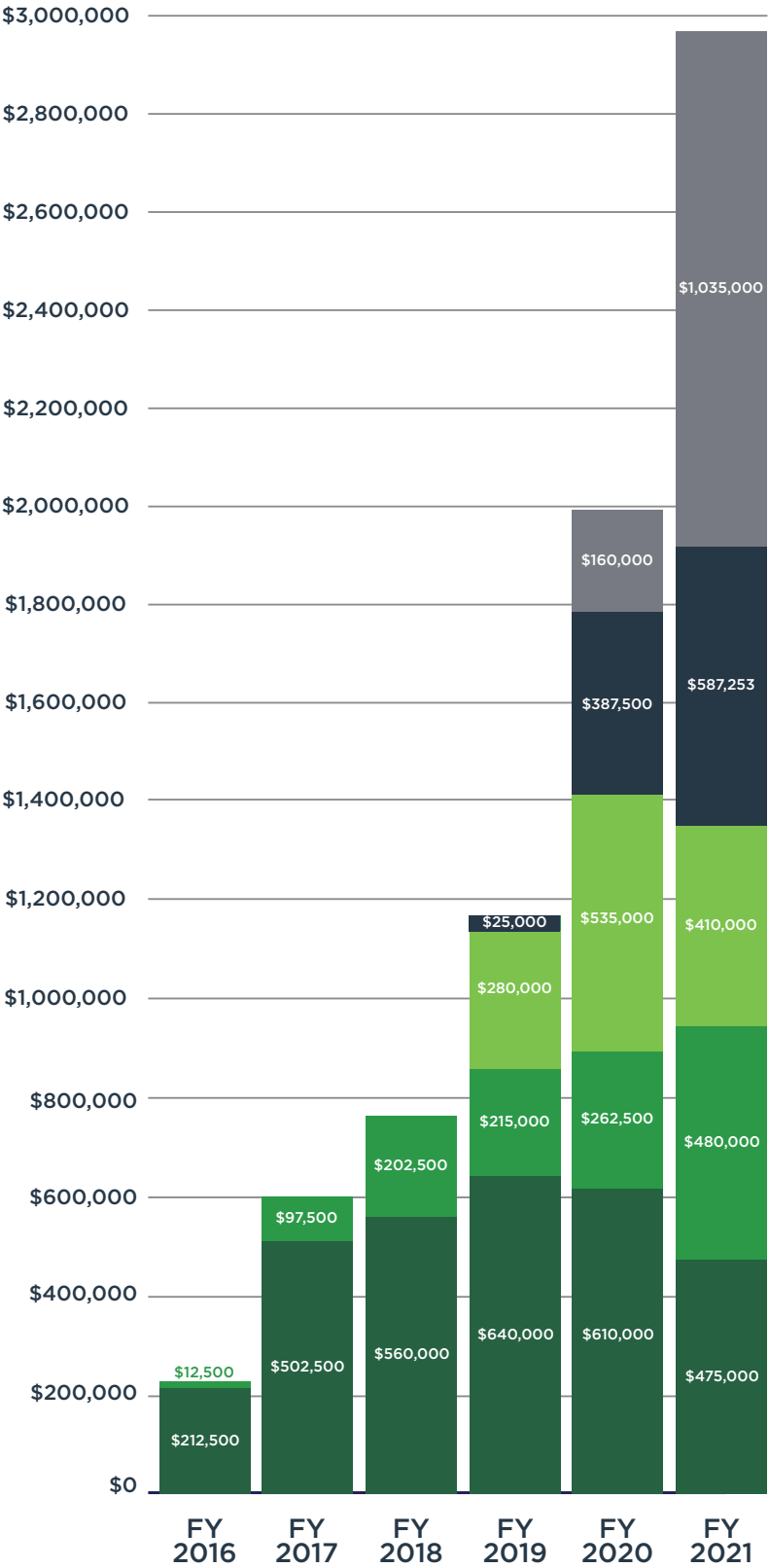
FY2016: \$225,000

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

- Total Investor Network Commitments*
- Total LP Fund Follow-on Investments
- Total LP Fund New Investments
- Total Nonprofit Seed Fund Follow-on Investments
- Total Nonprofit Seed Fund New Investments

#INVESTLOCAL

FINANCING PROGRAM INVESTMENTS BY YEAR



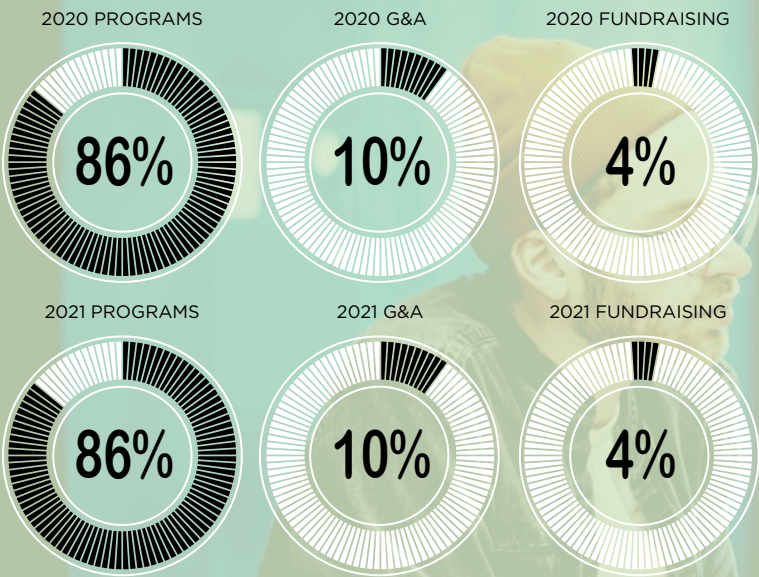
*Includes one Qualified Opportunity Fund

2021 FINANCIALS

EXPENSES

	2020	2021
PROGRAM	\$1,599,720	\$1,670,909
G&A	\$192,204	\$199,281
FUNDRAISING	\$64,792	\$62,790
TOTAL EXPENSES*	\$1,856,716	\$1,932,980

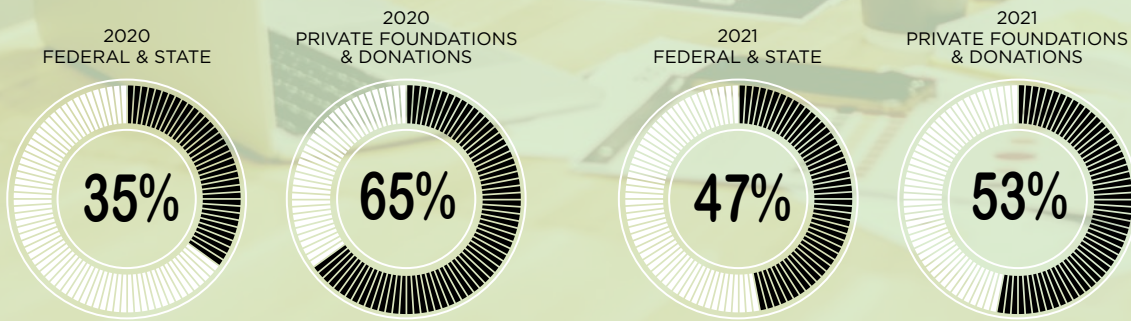
*Exclusive of Seed Fund investments made in 2020.
Launch NY Seed Fund investments are primarily categorized as long-term note receivables through convertible debt notes.



REVENUES

	2020	2021
FEDERAL & STATE	\$1,234,704	\$1,384,013
PRIVATE FOUNDATIONS & DONATIONS	\$2,235,861	\$1,682,872
TOTAL REVENUES	\$3,470,565	\$3,066,885

Note: This also includes other revenues such as interest.



OUR SUPPORTERS

PLATINUM SUPPORTERS



GOLD SUPPORTERS

JPMORGAN CHASE & CO.



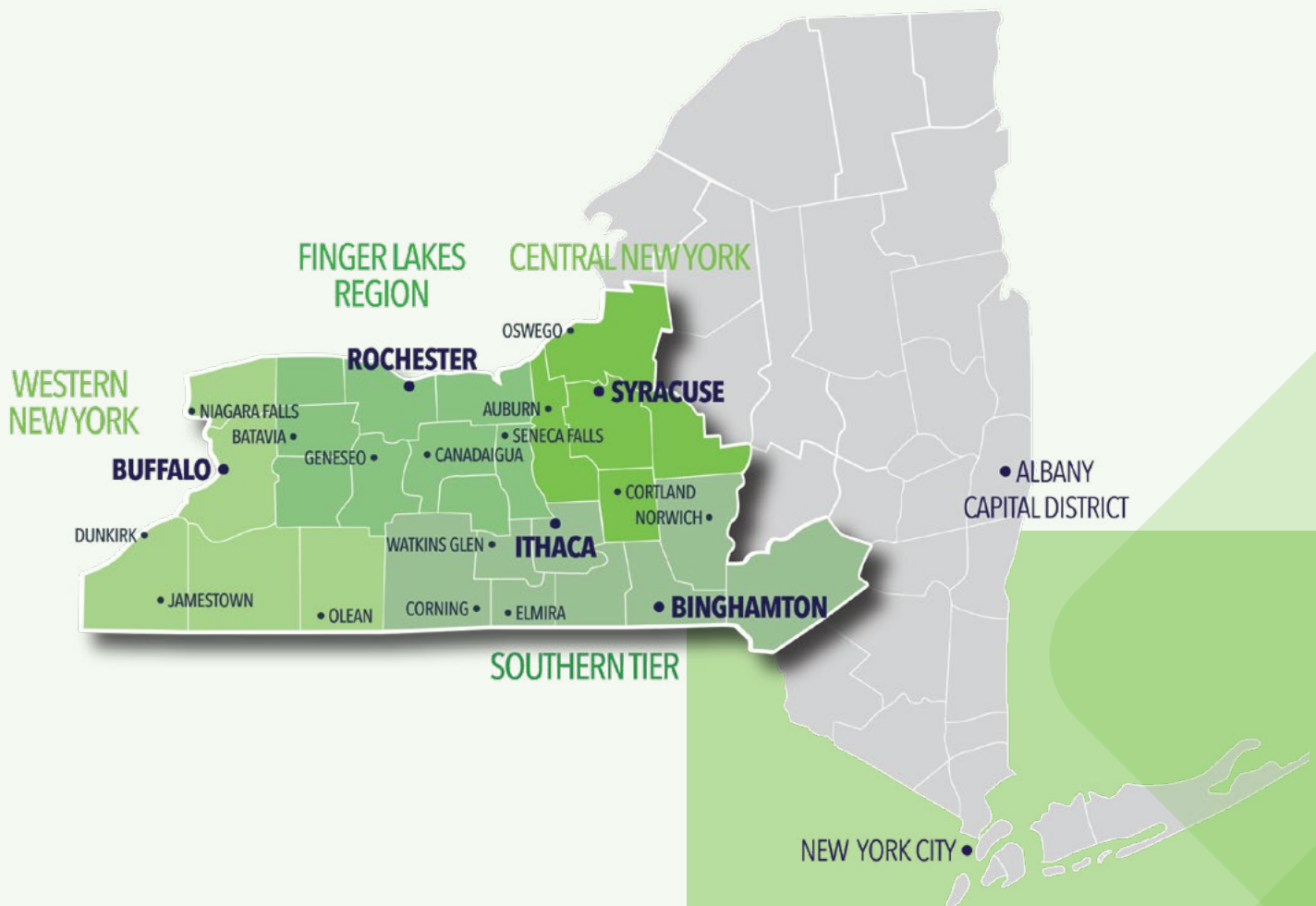
FOUNDERS' CIRCLE MEMBERS



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 16 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 five years running for a total of \$1,161,000 from the CDFI Fund to fill regional gaps in access to "proof-of concept" venture funding.

FUELING THE STARTUP ECOSYSTEM IN THE 27 WESTERNMOST COUNTIES OF UPSTATE NEW YORK



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LaunchNY.org