

Edison Innovation VC Growth Fund

For more
information
on the Edison
Innovation VC
Growth Fund,
visit
[www.njeda.com/
VCGrowthFund](http://www.njeda.com/VCGrowthFund)

*All fees are non-refundable.

If You Are:

A venture capital (VC) supported New Jersey-based technology company with minimum trailing 12 month commercial revenues of \$500,000 derived from core business activities, such as the sale of technology products.

You Can Apply For:

Growth capital through the Edison Innovation VC Growth Fund.

In The Amount Of:

Up to \$1,000,000.

To Be Used For:

Key hires, product rollout, product enhancement, and marketing/sales.

Benefits:

The Edison Innovation VC Growth Fund leverages institutional venture backed investments in support of early-stage, emerging technology businesses in a less dilutive manner than equity.

Financing Instruments:

Hybrid instrument in the form of subordinated convertible debt with warrants.

- **Subordination** - the EDA will subordinate its lien position to any current senior bank debt, file a UCC 1 filing statement on the assets of the company, and require a negative pledge and a "springing lien" on the Intellectual Property. In addition, the EDA will allow future automatic subordination of 25% of the commitment amount for new senior debt. Any amounts above this 25% require the prior written consent of the EDA.
- **Convertible** - the EDA will have the right to convert its debt to equity, in a future financing round under the same terms as any other investor in the round.
- **Warrants** - the EDA will receive warrants in consideration for the financing. The warrants will have a 10-year life and be on the EDA's standard warrant form. The amount of warrant coverage is based upon the risk profile of the company and determined at the time of commitment. The strike price on the warrants is the same per share price of the VC match funding.

Note – there are no personal guarantees required as part of this financing.

Interest Rate:

Fixed interest rate for a five-year term, based on risk profile and location of the company, ranging from 4-10%.

continued

Repayment:

Customized, based upon the stage of the company and the proforma financials, with the ability to defer principal and/or interest up to two years, with a back ended full payout of principal plus interest by maturity in year five.

Requirements:

- Company must be structured as a C-Corporation or a LLC with Unit Structure.
- Company must employ 75% of its W-2 employees in New Jersey or commit to growing 10 high-paying jobs over two years (minimum salary of \$75k).
- Company must have minimum trailing 12 month commercial revenues of \$500,000 derived from the core technology business revenues
- Company must be a developer/owner of protected proprietary technology.
- Company must have a full-time management team with domain experience.
- Company's founders/management team must have equity in the company (sweat equity not considered).
- Company must occupy physical commercial office space.
- 1:1 fresh matching funds from venture capital firm received within 90 days prior to application.

Program Details:

- Funding under the Edison Innovation VC Growth Fund is subject to an entity maximum of \$1,000,000 inclusive of the Edison Innovation Commercialization Fund, Edison Innovation Growth Fund, Springboard 1 or 2, Edison Innovation R&D Fund, Edison Innovation R&D Fund Wraparound, Technium, and Edison Innovation Angel Growth Fund.
- Financing under the Edison Innovation VC Growth Fund is subject to available funding.

Fees:

- Application fee: \$2,500
- Commitment fee: 0.75% of loan amount
- Closing fee: 0.75% of loan amount
- Commitment extension fee: \$750
- Warrants for consideration in the financing. The warrants will have a 10-year life and coverage is based on the risk profile of the company and determined at the time of commitment.

Division of Taxation Tax Clearance Certificate required. Certificates may be requested through the State of New Jersey's Premier Business Services (PBS) portal online

Under the Tax & Revenue Center, select Tax Services, then select Business Incentive Tax Clearance.

If the applicant's account is in compliance with its tax obligations and no liabilities exist, the Business Incentive Tax Clearance can be printed directly through PBS.

Please note: It is the applicant/client's responsibility to maintain a current and clear tax clearance certificate. If a current and clear certificate is not evidenced to EDA at time of closing, EDA will not proceed with closing.

