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This document outlines the fund investment targets and operating costs. The document includes the following:

Summary of Investment Activities
Investment Assumptions
Investment Schedule
Exit Schedule
Internal Rate of Return Schedule/Calculation
Management Fee

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Summary of Investment Activities

Use of Funds				
Balance	Accelerator	Fund	Mgt Fee	End Balance
\$15,000,000	\$1,200,000	\$1,500,000	\$375,000	\$11,925,000
\$11,925,000	\$1,200,000	\$2,000,000	\$375,000	\$8,350,000
\$8,350,000	\$600,000	\$2,000,000	\$375,000	\$5,375,000
\$5,375,000	\$0	\$2,000,000	\$375,000	\$3,000,000
\$3,000,000	\$0	\$2,000,000	\$375,000	\$625,000
\$625,000	\$0	\$0	\$150,000	\$475,000
\$475,000	\$0	\$0	\$150,000	\$325,000
\$325,000	\$0	\$0	\$150,000	\$175,000
-	\$3,000,000	\$9,500,000	\$2,325,000	-

Investment Schedule					
Year	Q1	Q2	Q3	Q4	Total
2020	\$600,000	\$500,000	\$1,100,000	\$500,000	\$2,700,000
2021	\$1,100,000	\$500,000	\$1,100,000	\$500,000	\$3,200,000
2022	\$1,100,000	\$500,000	\$500,000	\$500,000	\$2,600,000
2023	\$500,000	\$500,000	\$500,000	\$500,000	\$2,000,000
2024	\$500,000	\$500,000	\$500,000	\$500,000	\$2,000,000
Total					\$12,500,000

Operating Budget						
Income	Year 1	Year 2	Year 5	Year 6	Year 7	Year 8
Management Fee	\$375,000	\$375,000	\$375,000	\$150,000	\$150,000	\$150,000
Program Fees	\$80,000	\$80,000	\$0	\$0	\$0	\$0
Total Income	\$455,000	\$455,000	\$375,000	\$150,000	\$150,000	\$150,000
Expenses						
Total Expenses	\$450,000	\$450,000	\$375,000	\$150,000	\$150,000	\$150,000

	
Internal Rate of Return Calculation	
Initial Investment	-15,000,000
Initial Investment	01/01/2020
Cash Flow Frequency	Annually
Discount Rate	0.00%
Date	
01/01/2020	\$0
01/01/2021	\$1,200,000
01/01/2022	\$2,650,000
01/01/2023	\$5,050,000
01/01/2024	\$4,950,000
01/01/2025	\$10,750,000
01/01/2026	\$22,500,000
01/01/2027	\$9,000,000
IRR	29.525%
Gross Return	264%
Net Present Value	\$0.00
Total Invested (-outflows)	-\$15,000,000
Total Returned (+inflows)	\$56,100,000
Net Profit	\$41,100,000
Source: https://financial-calculators.com/irr-calculator	

Investment Assumptions

General Assumptions

Fund assumptions based on venture industry averages and Unbank.Incubate data

The Fund will invest over a 5 year time period

The Fund will operate for 8 years with a 1 year renewal extension option

The Fund will invest in Pre-Seed to Seed FinTech companies

The Fund will operate an accelerator program and venture fund from a single entity

The Fund will dedicate \$3,000,000 to the accelerator

The accelerator will make ~40 investments at \$75,000 per investment

The Fund will make ~ 38 investments at \$250,000

The Fund will invest \$500,000 per quarter

For modeling purposes investments have been standardized to 2 \$250,000 investments per quarter.

An accelerator class will consist of 8 - 10 companies

The remaining fund balance will invest in Pre-Seed to Series A investments

The remaining fund balance is equal to total capital raised less accelerator investments less management fees

Management fees will cover all fund administration and operating costs

The target IRR of the fund is 30%

The fund will only create ROI at time of exit

Exits will consist of: bankruptcy, acquihire, intellectual property sale, stock buyout, company sale and public offering.

Fund investments will consist of follow on funding and investment in network deals.

Follow on funding will be reserved for startups demonstrating high growth potential.

For modeling purposes investments have been standardized to 2 \$250,000 investments per quarter.

Exits are recognized in the fourth quarter.

Accelerator Exit Assumptions

Accelerator exits have been standardized to project fund IRR. These assumptions are as follows:

25% of investments will fail within 24 months and will return 0X to the fund

50% of investments will have an Intellectual Property or Acquihire exit within 12 month resulting in a 2X return to the fund

13% of the investments will have Buyout or Sale exit within 24 months and will have 3X return to the fund

13% of the investments will have a M&A exit within 36 month resulting in a 10X return to the fund.

Fund Investment Assumptions & Calculations

Incubator exits have been standardized to project fund IRR. These assumptions are as follows:

26% of investments will fail within 24 months of investment and will return 0X to the fund

29% of investments will have an Intellectual Property or Acquihire exit within 24 month resulting in a 2X return to the fund

26% of the investments will have Buyout or M&A exit within 36 months and will have 3X return to the fund

19% of the investments will have a 10X or greater exit within 48 month resulting in a 10X return to the fund.

Investment Schedule

	2020							2021							
	Q1	Q2	Q3	Q4				Q1	Q2	Q3	Q4				
Accelerator	\$600,000						Accelerator	\$600,000							
Fund	\$500,000	\$500,000	\$500,000	\$500,000		Fund	\$500,000	\$500,000	\$500,000	\$500,000					
Total	\$600,000	\$500,000	\$1,100,000	\$500,000	\$2,700,000	Total	\$1,100,000	\$500,000	\$1,100,000	\$500,000	\$3,200,000				
Accerator	2022							2023							
	Q1	Q2	Q3	Q4				Q1	Q2	Q3	Q4				
	\$600,000														
	\$500,000	\$500,000	\$500,000	\$500,000				Fund	\$500,000	\$500,000	\$500,000	\$500,000			
Fund	\$1,100,000	\$500,000	\$500,000	\$500,000	\$2,600,000	Total	\$500,000	\$500,000	\$500,000	\$500,000	\$2,000,000				
Fund	2024														
	Q1	Q2	Q3	Q4											
	\$500,000	\$500,000	\$500,000	\$500,000				Fund							
Total	\$500,000	\$500,000	\$500,000	\$500,000	\$2,000,000	Total									

Total Invest	\$12,500,000
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Investment Distribution Model

The following is a summary of the investment outcome distribution for IRR Calculation

Accelerator					Return Distribution			
	Companies	Return Multiple	Time	2020	2021	2022	Total	%
Fail	10	0X	24	4	4	2	10	25%
IP/Acquire	20	2X	12	8	8	4	20	50%
Buyout/M&A	5	3X	24	2	2	1	5	13%
10X Return	5	10X	36	2	2	1	5	13%
Total	40							100%

[illegible]

Exit Schedule

	2020	2021	2022	2023	2024	2025	2026	2027	2028	
Accelerator	\$0	\$1,200,000	\$1,650,000	\$2,550,000	\$1,950,000	\$750,000	\$0	\$0	\$0	\$8,100,000
Fund	\$0	\$0	\$1,000,000	\$2,500,000	\$3,000,000	\$10,000,000	\$22,500,000	\$9,000,000	\$0	\$48,000,000
Total	\$0	\$1,200,000	\$2,650,000	\$5,050,000	\$4,950,000	\$10,750,000	\$22,500,000	\$9,000,000	\$0	\$56,100,000


Accelerator Exit Worksheet

	Inv #	Return	Time	2021	2022	2023	2024	2025
IP/Acquirehire	20	2X	12	\$1,200,000	\$1,200,000	\$600,000	\$0	\$0
Buyout/M&A	5	3X	24	\$0	\$450,000	\$450,000	\$450,000	\$0
10X Return	5	10X	36	\$0	\$0	\$1,500,000	\$1,500,000	\$750,000
Total	30			\$1,200,000	\$1,650,000	\$2,550,000	\$1,950,000	\$750,000
Total							\$8,100,000	

Fund Exit Worksheet

Investment	Return	Years	2020	2021	2022	2023	2024	2025	2026	2027	2028
11	2X	2	\$0	\$0	\$1,000,000	\$1,000,000	\$1,500,000	\$1,000,000	\$1,000,000	\$0	\$0
10	3X	3	\$0	\$0	\$0	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$0
3	10X	4	\$0	\$0	\$0	\$0	\$0	\$2,500,000	\$2,500,000	\$2,500,000	\$0
3	20X	4	\$0	\$0	\$0	\$0	\$0	\$5,000,000	\$5,000,000	\$5,000,000	\$0
1	50X	4	\$0	\$0	\$0	\$0	\$0	\$0	\$12,500,000	\$0	\$0
28			\$0	\$0	\$1,000,000	\$2,500,000	\$3,000,000	\$10,000,000	\$22,500,000	\$9,000,000	\$0
Total										\$48,000,000	

IRR Schedule & Calculation

	
Internal Rate of Return	
Initial	-15,000,000
Initial	01/01/2020
Cash Flow	Annually
Discount Rate	0.00%
Date	
01/01/2020	\$0
01/01/2021	\$1,200,000
01/01/2022	\$2,650,000
01/01/2023	\$5,050,000
01/01/2024	\$4,950,000
01/01/2025	\$10,750,000
01/01/2026	\$22,500,000
01/01/2027	\$9,000,000
01/01/2028	\$0.00
IRR	29.525%
Gross Return	264%
Net Present Value	\$0.00
Total Invested (- outflows)	-\$15,000,000
Total Returned (+inflows)	\$56,100,000
Net Profit	\$41,100,000
Source: https://financial-calculators.com/irr-calculator	

Management Fees

Projected		Management Fee							
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Fund Target	15,000,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$150,000	\$150,000	\$150,000
Mgt Fee Year 1-	2.5%								
Mgt Fee Year 5-	1.00%								
Carry	20.00%								

Partner compensation - Paid in monthly instalments

Role	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
General Partner	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Partner 1	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	0	0	0
Partner 2	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	0	0	0
Partner 3	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000			
Associate/Admi	\$60,000	\$50,000	\$50,000	\$50,000	\$50,000	\$25,000	\$25,000	\$25,000
Operations	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000	\$25,000	\$25,000	\$25,000
Total	\$375,000							

Carry Ownership

General Partner	50%
Partner 1	15%
Partner 2	15%
Partner 3	10%
Advisor/Employ	10%
Total	100%