

## InvestAL FAQs

### **Where does InvestAL's capital come from?**

The State of Alabama was awarded up to \$98 million in capital from the United States Department of the Treasury. Of this investment, up to \$25 million is allocated to venture capital funds. Innovate Alabama is the manager of this program, and is responsible for distributing these funds on behalf of the State of Alabama. Innovate Alabama receives the funds in 3 tranches and can only access the next tranche once it successfully invests 80% of the venture and debt capital and passes Treasury compliance audits.

### **What is InvestAL's investment thesis?**

InvestAL's investment thesis is industry agnostic. We are looking for high growth, venture backable startups that have traction in disrupting industries, supply chains, communities and beyond; and can demonstrate a realistic path to revenue, sustainability and profitability. Our check sizes range from \$5,000 - \$1,000,000.

### **What is the process of getting a potential investment from InvestAL's venture capital fund?**

To start the process, you complete this [application](#) of which you will attach your (a) pitch deck, (b) term sheet/investment agreement for the round of financing you are currently raising, (c) your most recent capitalization table; and (d) verification that you have registered your offering with the Alabama Securities Commission (ASC) and United States Securities and Exchange Commission (SEC). If your firm is claiming an [exempt](#) transaction, verification of the exemption claimed and notice filing(s) to SEC, ASC, and any other states, is required. Please contact your securities attorney about the registration or notice filing requirements.

After you submit your application, our team reviews the materials and will reach out if we are interested in learning more. To learn more, we would invite you to give a formal pitch to a member of our investment team. After your pitch, we caucus amongst ourselves, refer back to the materials you submitted or ask for additional information, as we work to make a decision. If we decide to invest, we will inform you via email. This email will also include a list of governance documents and certifications you must complete to move forward. You must also sign a side letter committing you to follow Treasury's guidelines, including your commitment to provide quarterly and annual reports. If we decide not to invest, we will inform you as well.

### **How long does the process of getting a potential investment from InvestAL's venture capital fund take?**

The entire process from application to investment (if InvestAL decides to invest) is approximately 45 days; and longer depending on the complexity of the investment opportunity.

### **Are there any requirements for startups in order to qualify for funding from InvestAL?**

Yes, startups must have fewer than 500 employees, be actively raising a round of funding that is less than \$20M, and have an office location in Alabama. In order to qualify to receive funding, the startup also must be organized as a C-Corporation, have the 1:1 financing requirement, and have registered the offering with the ASC and the US SEC (or are claiming an exemption and made timely notice filing(s) to regulators). We encourage you to familiarize yourself with [Treasury's guidelines](#), particularly pages 27 and 28.

### **What does the 1:1 financing requirement mean and where can I learn more about it?**

In order to receive a direct investment from Innovate Alabama as a part of the InvestAL SSBCI 2.0 program, your startup must meet the 1:1 financing requirement (or "match") and 90-day rule. Essentially, you must have raised \$1 of private capital for every \$1 Innovate Alabama decides to invest. We encourage you to familiarize yourself with [Treasury's guidelines](#), particularly pages 27 and 28.

## InvestAL FAQs (continued)

### **What is the "90 day rule for investment" and where can I learn more about it?**

In order to receive investment from Innovate Alabama as a part of the InvestAL SSBCI 2.0 program, your startup must meet the "90-day rule." Essentially, our investment must align with the closing of your other investors, or within 90 days of that close. If it is not within 90 days we cannot invest. We encourage you to familiarize yourself with [Treasury's guidelines](#), particularly pages 27 and 28.

### **Do I have to register my offering with the Alabama Securities Commission and United States Securities and Exchange Commission?**

Yes, in order to raise investment capital from InvestAL, you must register your offering with the Alabama Securities Commission (ASC) and United States Securities and Exchange Commission (SEC). If you are claiming an [exempt](#) transaction, verification of the exemption claimed and timely notice filing with regulators must be provided. Please talk to your securities attorney about the registration or notice filing requirements.

### **What if I have filled out the Application to Pitch, but I have not heard back from InvestAL?**

Our investment team is reviewing all the pitch decks, term sheets, and supporting data from all of the founders that are seeking investment. If our investment team wants to learn more, we will reach out to schedule a formal pitch. If you do not hear from us directly on next steps, it means we are not interested in learning more at this time. We encourage you to explore additional programs from [Innovate Alabama](#) if InvestAL is not a good fit for your startup at this time.