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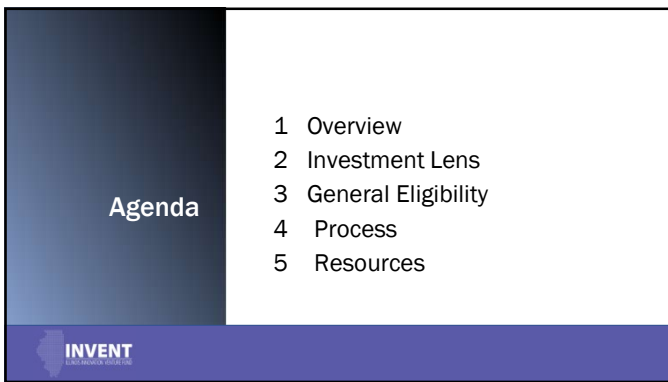
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### What is INVENT?

- The Illinois Innovation Venture Fund (INVENT) is a \$114 million fund that invests in innovative, early and late-stage companies through a direct investment in exchange for equity ownership in a company. It is not a fund of funds where a fund manager invests the capital.
- It is funded through the U.S. Department of the Treasury State Small Business Credit Initiative (SSBCI) and administered by the Illinois Department of Commerce and Economic Opportunity (DCEO).
- INVENT supports founders and companies that have lacked access and exposure to venture capital funding.



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### Investment Focus

Key Sectors aligned with the Illinois Economic Development Plan

- Agriculture / AgTech
- Energy / EnergyTech
- Information Technology
- Life Sciences / Healthcare / MedTech
- Manufacturing / Industry 4.0
- Quantum Information Sciences & Technology
- Transportation / Logistics / Mobility



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## Investment Focus

- **Businesses owned by Socially and Economically Disadvantaged Individuals (SEDI)**
- **Capital Disadvantaged Businesses (CDB) representing**
  - Disproportionately Impacted Areas
  - Historically Underrepresented Groups
- **INVENT is sector agnostic for companies that certify as SEDI-eligible or CDB-eligible**



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## Socially & Economically Disadvantaged Individuals

Businesses owned and controlled by SEDI are defined by the U.S. Department of the Treasury as the following:

- A business enterprise owned and controlled by individuals whose residences are in Community Development Financial Institutions (CDFI) investment areas;
- A business enterprise that will build, open, or operate a location in a CDFI Investment Area; or
- A business that certifies it is owned and controlled by individuals who have had their access to credit on reasonable terms diminished compared to others in comparable economic circumstances, due to their:
  - Membership of a group that has been subjected to racial or ethnic prejudice or cultural bias within American society;
  - Gender;
  - Veteran Status;
  - Limited English Proficiency;
  - Disability;
  - Long-Term residence in an environment isolated from the mainstream of American society;
  - Membership of a Federally or state-recognized Indian Tribe;
  - Long-Term residence in a rural community;
  - Residence in a U.S. Territory;
  - Residence in a community undergoing economic transitions (including communities impacted by the shift towards a net-zero economy or deindustrialization); or
  - Membership of an "underserved community" (Executive Order 13985)



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## Capital Disadvantaged Business

The DCEO expanded on the Treasury definitions to support individuals from two additional groups:

- **Disproportionately Impacted Areas**
- **Historically Underrepresented Groups**

- **Disproportionately Impacted Areas (DIA)**  
A business that certifies that its access to capital has been diminished due to operating in, or its owner or a majority of its owners reside in, an area such as:
  - Communities surrounding predominantly or minority serving institutions (MSIs);
  - Communities undergoing economic transitions;
  - Low- and moderate-income areas;
  - Predominantly minority communities; or
  - Rural communities
- **Historically Underrepresented Groups (HUG)**  
A business that certifies that its access to capital has been diminished due to its owner or a majority of its owners' status such as:
  - First-generation college students;
  - Immigrants;
  - Member of a Federally or state-recognized Indian Tribe;
  - Long-term rural community residents;
  - Parents or caregivers;
  - Persons over the age of 40;
  - Persons with a disability;
  - Racial, ethnic, sexual or gender minorities;
  - Women; or
  - Veterans



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**Investment Type**

- Check sizes will range from \$10,000 to \$6 million
- Investments can be in the form of:
  - Preferred and common equity agreements
  - Simple Agreement for Future Equity (SAFE) agreements
  - Convertible notes



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**3 General Eligibility**

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**Investment Eligibility**

- Fundraising round up to \$20 million
- The company and its affiliates has less than 750 employees
- It is in good standing with the Illinois Secretary of State
- Its principal place of business (HQ) is in Illinois\*
- At least 51% of the employees are based in Illinois
- The company is structured as a C-corporation, or is a Limited Liability Company that will convert to a C-corporation
- Has potential for increasing jobs or capital investment in Illinois

\*10% of the SBFO funds can be allocated to an out-of-state business that will move its headquarters to Illinois within two years of receiving funding and has at least 51% of its employees based in Illinois.



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### Private Capital Match

- SSBCI fund participation must have private capital at risk. There is a minimum \$1 match requirement to DCEO's investment.
  - Emphasis on public-private partnership
- The private capital match must be an investment entity (Venture Capital Fund, Angel Fund, Family Office, Investment Partnership, or LLC), Venture Arm of a Corporation, an Organized Investment Syndicate, CDFI, or an Accredited Investor.
- Funds raised from employees, friends, family, crowdfunding platforms, 401Ks, IRAs, infinite banking, other personal vehicles or other government funds are not acceptable private capital match.



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### If a company is interested

- A company will submit an Expression of Interest form via the DCEO website.
- The INVENT team will review the general eligibility items and will meet the company to further discuss the business.
- A company is evaluated based on a variety of factors including investment stage, the founding team, the business model, financials, market opportunity and impact in Illinois.
- The INVENT team will review the companies with an internal Investment Committee and the DCEO director for determination.



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**5 Resources**

INVENT  
ILLINOIS NETWORK OF VENTURE CAPITALISTS

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### Supplementary resources available to businesses

#### Tax incentives

<p>Angel Investment Tax Credit Program</p>	<p>Tax incentive program encouraging investments in innovative, early-stage companies by providing investors in registered businesses with a state tax credit equal to 25% of their investment.</p>
<p>Economic Development for a Growing Economy (EDGE)</p>	<p>The Economic Development for a Growing Economy ("EDGE") program provides annual corporate tax credits to qualifying businesses to support job creation and capital investment. It provides credits for new jobs created in the state.</p>

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### Supplementary resources available to businesses

#### Grants

<p>SBIR/STTR State Matching Program</p>	<p>Grant program providing a state match of up to \$50K to companies that have received a Phase I award through a federal SBIR or STTR program.</p>
<p>Federal Grant Support Program</p>	<p>If you apply for a federal grant, you can apply to DCEO to provide you with a matching grant. If awarded, you'll receive a commitment letter that you can include in your federal application. This program requires a 1:1 private match.</p>

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**Supplementary resources available to businesses**

Loans	
 <p>Advantage Illinois (AI)</p>	Loan programs which help Illinois' small businesses get access to capital and term loan financing at lower rates by partnering with approved lenders on loan participations and guarantees.
 <p>Illinois Climate Bank Finance Program</p>	Loan program providing access to capital for the start-up and/or expansion of ventures directly involving environmentally-supportive, "green" businesses, including those that address the adverse impacts of climate change.

**INVENT**  
ILLINOIS INNOVATION VENTURES

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<p><b>Thank You</b></p>	<p><b>Questions?</b></p> <p>For more information, visit - <a href="https://DCEO.Illinois.gov/IllinoisInvent.html">DCEO.Illinois.gov/IllinoisInvent.html</a></p>
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**INVENT**  
ILLINOIS INNOVATION VENTURES

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