

Equity and Venture Capital

Introduction

The T2RERC would like to thank the Association of Small Business Development Centers for compiling the information contained in this fact sheet. For additional assistance for your business, as well as for information more specific to your state or region, please visit the Web site of the Association of Small Business Development Centers [<http://www.asbdc-us.org/>]. Its "Lead Centers" link provides access to the Web site for the SBDC serving your state or territory.

The organizations described in this fact sheet can assist small manufacturers and/or inventors to gather information on potential investors. Each organization is national in scope.

Equity and Venture Capital

Equity capital or financing is money raised by a business in exchange for a share of ownership in the company. Ownership is represented by holding shares of stock outright or having the right to convert other financial instruments into stock of the private company. Venture capitalists will play an active role in the company and exert control where they deem appropriate in order to realize a return on their investments. They can operate as private investors or as companies. A Small Business Investment Company (SBIC) is a private investment company licensed by the Small Business Administration to provide small businesses with debt and equity financing.

NASBIC [<http://www.nasbic.org/>]

The National Association of Small Business Investment Companies is the professional association of the Small Business Investment Company (SBIC) industry. It offers a searchable list [http://www.nasbic.org/membership/member_contact.cfm] of its member companies.

NVCA [<http://www.nvca.com>]

The National Venture Capital Association is a member-based trade association. It offers an alphabetical list [<http://www.nvca.com/members.html>] of its members.

NAIC [<http://www.naicvc.com/>]

The National Association of Investment Companies focuses on providing sources of investment to ethnically-diverse, privately-held businesses. Its members [http://www.naicvc.com/teampublish/about/72_878_3244.cfm] include private equity firms, SBA-backed SBICs, and government-chartered investment companies.

Angel Capital

Angel investors are individuals of high net worth who make private investments in startup companies and expect high returns on their investment. Many angel investors desire to play an active business role in exchange for providing equity capital.

Active Capital [<http://activecapital.org/>]

This the Angel Capital Electronic Network, where "entrepreneurs seeking private investment up to \$5 million [may] list their businesses for viewing by accredited investors." A company pursuing funding from this source must have a business plan. This Network is affiliated with independent operators in selected US states and Puerto Rico.

Angel Capital Association [<http://www.angelcapitalassociation.org>]

This association is a joint effort between angel investment groups in North America and the Ewing Marion Kauffman Foundation. It is dedicated to providing the industry with standards and benchmarks and is endorsed by 46 regional angel capital organizations. The ACA provides a list [<http://www.angelcapitalassociation.org/directory.cfm>] of other angel groups throughout the US and Canada.

Community Development Institutions

Community Development Financial Institutions or CDFIs are specialized financial institutions that promote community and economic development. They include community development banks, credit unions, loan funds, venture capital funds and micro enterprise loan funds. CDFIs provide a range of products and services that help revitalize economically distressed communities.

CDVCA [<http://www.cdvca.org>]

The Community Development Venture Capital Alliance is the trade association for the CDVC industry. It counts more than 100 members.

NFCDCU [<http://www.natfed.org>]

The National Federation of Community Development Credit Unions is a network of 225 CDCUs throughout the US. It publishes a list [<http://www.natfed.org/i4a/pages/index.cfm?pageid=267>] of its Federation Policy Members.

CDFI Fund [<http://www.cdfifund.gov/>]

A complete listing [http://www.cdfifund.gov/docs/2003_certification_byorgname.pdf] of the 643 Certified Community Development Financial Institutions in the U.S. as of November 2003, compiled by the Department of the Treasury.

