

Crowdfunding Financials

This document is for educational purposes only, not financial advice.

What is a SAFE?

First introduced by the folks at **Y Combinator**, a SAFE is known as a 'Share Agreement of Future Equity'. It means by investing now, you are reserving equity in a company. Equity that is granted once the company completes its next fundraising round. The discount protects your investment if the company is valued lower than expected. Consider it more like insurance than a discount, so you as an investor get a better deal.

Example: \$100 investment, \$4M cap and 20% discount SAFE

By next fundraising round, Scrapp is: **1 Doing great!** or **2 Undervalued**

	Scrapp valuation at \$1M Seed round	Value of your shares (with SAFE discount)	Value of your shares (with valuation cap)	Number of shares you get	The value of your investment is now
1	\$10M \$10 /share	\$8 /share	\$4 /share <small>This is the better price, so I convert</small>	25	2.5x <small>greater in value than the Seed investor for the same amount</small>
2	\$3M \$3 /share	\$2.40 /share <small>This is the better price, so I convert</small>	\$3 /share	~41	1.25x <small>greater in value than the Seed investor for the same amount</small>

What's our valuation cap?

Scrapp's valuation cap is \$4 million. This is considering current market trends and our financial forecast (given our strategy for growth as outlined on our WeFunder page). Once we complete our next fundraising round, we will have a new valuation cap, which is what your share in the company will be worth.

Why use tiered goals?

Firstly we like to set goals and smash them. We've done it this far, and we hope to continue doing so. The other reason is because, for each milestone we hit, we can progress even faster. Our minimum raise is \$50,000 - this is the amount needed to employ our tech duo full-time for a year. Our ideal scenario is a \$200,000 raise - this would allow us a 12-month runway with the entire team working full-time.

1 year milestones

\$50k	\$125k	\$200k
✓ Web portal finished	✓ Full patent application	✓ 3 web portal customers
✓ B-Corps cert.	✓ 5 partnerships	✓ Full time team
✓ 25k app downloads	✓ 50k app downloads	✓ 100k app downloads



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