

Welcome to The Innovator



Welcome to the Q3 2021 issue of **The Innovator**, a quarterly newsletter for **iiM, LLC**. What is **iiM**? We are a funding platform for early-stage companies in the animal health, agriculture, and human health verticals. In this newsletter, we intend to share educational information, ideas, and a perspective on the investments we are making. If you do not want to receive this publication, please let us know and we will remove you from the list of recipients. Please enjoy this issue of **The Innovator**.

Lydia Kinkade, iiM Managing Director

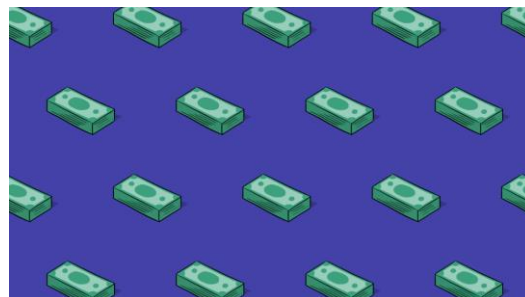
You Keep Hearing About Rolling Funds and Syndicates – Here’s How They Work

By Sophia Kunthara – *Crunchbase News*

Investing in startups is getting easier, thanks to relaxed regulations and new platforms. Rolling funds and syndicates in particular are two investment vehicles that have gained steam, with at least 51 listed on venture investing platform AngelList, and companies like dating app Snack launching their own syndicates.

Since rolling funds and syndicates have grown in popularity over the past year, we thought we’d break them down and explain how each works, and how those looking to invest in startups can get involved.

Syndicates allow Accredited Investors to pool money through a special purpose vehicle and invest it in a single company, while rolling funds basically enable the fund manager or lead investor to launch multiple funds back-to-back, according to Ken Nguyen, CEO of New York-based investment platform Republic.



Read more at <https://news.crunchbase.com/news/you-keep-hearing-about-rolling-funds-and-syndicates-heres-how-they-work/>

Venture Investing Terminology

There are many terms in the venture capital world that can be confusing. As we look at various companies and meet with their founders, you may hear us use some of this terminology. Here are a few such terms and what they mean.

Redemption Rights – The right of the investor to require the company to repurchase the investor’s stock for a price specified in the corporate charter. Redemption rights usually are not exercisable until five years or longer after the investment. Redemption rights are rarely exercised, but they give investors leverage to ensure their investment will eventually become liquid through sale of the company if an IPO hasn’t occurred by a specified date.

Rule 506(b) – A legal “safe harbor” that allows issuers of non-public stock to sell interests to accredited investors without having to register with the SEC. Under this provision, issuers cannot engage in “general solicitation”, such as advertising.

SAFE – A SAFE or safe stands for a “simple agreement for future equity.” This document was authored by Y Combinator lawyer Carolynn Levy and open sourced. It was created and published as a simple replacement for convertible notes. In practice a SAFE enables a startup company and an investor to accomplish the same general goal as a convertible note, though a SAFE is not a debt instrument. A SAFE is an agreement that can be used between a company and an investor. The investors invest money in the company using a SAFE. In exchange for the money, with a SAFE, the investor receives the right to purchase stock in a future equity round (when one occurs) subject to certain parameters set in advance in the SAFE.

Senior Liquidation Preference – An entitlement given to a certain class of shareholders that gives them a higher liquidation preference over other shareholders. Also known as Stacked Preference.

This Startup Has Good News You’ll Want to Hear - and Read All About

Originally published by WRAL TechWire by Bryant Haskins, NCBiotech writer — April 2, 2021

RESEARCH TRIANGLE PARK – If your child has ever suffered from a painful earache, and that includes most parents, you’ll be delighted to hear about PhotoniCare. (Note – PhotoniCare is an iiM portfolio company.)

The Champaign, Illinois startup recently expanded to North Carolina, where it has set up shop at the North Carolina Biotechnology Center’s Landing Pad.

PhotoniCare has received U.S. Food and Drug Administration clearance to market its OtoSight Middle Ear Scope. OtoSight is a patented hand-held device that uses near-infrared light waves (optical coherence tomography, or OCT) to provide a uniquely important view of the tissue of the middle ear behind the eardrum.

The device allows medical practitioners to more-accurately determine the presence or absence of fluid in the middle ear and visualize the type of fluid causing the ear infections that plague more than 80% of children. These infections are a leading cause of hearing loss, surgery and antibiotic use. The problem also affects adults.



Read more about iiM Portfolio Company PhotoniCare at <https://www.wraltechwire.com/2021/04/02/this-startup-has-good-news-youll-want-to-hear-and-read-all-about/>

A Look at a Portfolio Company

We are pleased to currently have 14 companies in the iiM portfolio with due diligence underway for additional investments.

One of our more recent portfolio companies is **Centese**, with operations in Omaha, NE.

CENTESE

Centese has developed Thoraguard, a medical device that ensures chest tube and drainage line patency. Active system monitoring promptly identifies drainage-related issues and activates alarms to notify clinical staff for intervention. Thoraguard transforms surgical drainage in cardiothoracic surgery with digital intelligence. By delivering precise data monitoring and automated chest tube clearance in a digital system, Thoraguard is designed to improve clinical decision-making and patient safety.

Thoraguard is the first and only automated clog clearance system. It digitally measures and displays air leak rate and 24-hour trends. It also digitally measures and displays hourly drainage volume and trends. The system actively monitors and notifies the care team in the event of an unexpected disruption. Thoraguard is a compact, all-in-one system specifically developed for both cardiac and thoracic surgery.



iiM made an initial investment in **Centese** with a convertible note in March 2020.

<https://centese.com/>

About iiM

iiM (Innovation in Motion) is a funding platform for early-stage companies in the Animal Health, Human Health and Agriculture verticals. The company invests \$100,000 - \$500,000 in selected companies. **iiM** is building a diversified portfolio of companies – currently there are 14 with commitments to fund at least two more – with a target of at least 30 to 40 portfolio companies. A professional staff guides 30 investors making investments across the United States and Canada.

The **iiM Syndicate** entitles its members to participate in all the **iiM** meetings and pipeline calls; review prospective investments; view due diligence materials and invest only in those companies that each member chooses. And an investment can be as little as \$5,000.

Why a syndicate? Syndicate members invest alongside **iiM Investor Members** to produce a cumulative capital investment that is meaningful to new portfolio companies. Further, if the capital commitment is large enough, **iiM** may be in a position to lead the investment round and secure even better terms and conditions for all investors. In one investment, Investor and Syndicate members pooled capital totaling \$530,000 to invest in a Series A Preferred Stock round. Syndicate members must be Accredited Investors and pay \$2,500 per year to participate.

If you are interested in attending an **iiM** meeting or want more information about the **iiM Syndicate**, please contact **Lydia Kinkade**, Managing Director, at lkinkade@iimkc.com or (913) 671-3325. The **iiM** website is www.iimkc.com.