

# Crowdfunding & Data Standards

JUNE 28, 2016 | NEW YORK CITY



Sponsoring organizations

Baruch COLLEGE  
ZICKLIN SCHOOL OF BUSINESS

CFA Institute

xBRL  
US

- Data Standards to Support Funding Portals
- Campbell Pryde

# Standards



## Opportunity

- New Market
  - Learn from the Past
  - Put in place standard mechanisms
  - Eliminate proprietary and costly standards
  - Allows reductions in cost through automation
  - Allows creation of cost effective capital market

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# Standards



## Benefits

- Automate historically manual processes
- Build higher levels of trust through transparency
- Allow algorithms to determine risks
- Requires standardization in 3 area's
  - Performance measurement
  - Security identification
  - Company identification

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# Standards



## CrowdFunding Forms

- Form C

<https://www.sec.gov/cgi-bin/srch-edgar?text=FORM-TYPE%3D%22C%22>

Your search matched 45 documents.

45 are presented. [RSS Feed](#)

No.	Company	Format	Form Type	Filing Date	Size
1000	<a href="#">Allen Hydro Energy Corp (AHEC)</a>	[text] [html]	C	06/21/2016	54058
1000	<a href="#">Beta Bionics, Inc</a>	[text] [html]	C	05/16/2016	79993503
1000	<a href="#">Bloomberg Investment Holdings, LLC</a>	[text] [html]	C	05/16/2016	10491
1000	<a href="#">Bombboard LLC</a>	[text] [html]	C	05/24/2016	1212898
1000	<a href="#">BYS Daily</a>	[text] [html]	C	05/25/2016	554249
1000	<a href="#">Cleveland Whiskey LLC</a>	[text] [html]	C	05/20/2016	144464169
1000	<a href="#">Content Launch Solutions, Inc.</a>	[text] [html]	C	06/20/2016	30624869
1000	<a href="#">Do., LLC</a>	[text] [html]	C	05/16/2016	47969988
1000	<a href="#">EveryFit, Inc.</a>	[text] [html]	C	05/17/2016	43016963
1000	<a href="#">Exemplars Inc.</a>	[text] [html]	C	05/17/2016	45835503
1000	<a href="#">G-RIDE INC.</a>	[text] [html]	C	05/24/2016	593826
1000	<a href="#">GameTree PBC</a>	[text] [html]	C	05/16/2016	5695307
1000	<a href="#">Gigmor, Inc</a>	[text] [html]	C	05/16/2016	4645917
1000	<a href="#">Graphic Armor, Inc.</a>	[text] [html]	C	05/16/2016	42440499
1000	<a href="#">Hawaiian Ola Brew Co.</a>	[text] [html]	C	06/22/2016	41008269
1000	<a href="#">Hops &amp; Grain Production, LLC</a>	[text] [html]	C	06/06/2016	37762587
1000	<a href="#">investFeed Inc.</a>	[text] [html]	C	05/18/2016	46766871
1000	<a href="#">Kibin, Inc.</a>	[text] [html]	C	05/17/2016	39992731
1000	<a href="#">Kindred Brands, Inc.</a>	[text] [html]	C	05/17/2016	34857905
1000	<a href="#">Legion M Entertainment, Inc.</a>	[text] [html]	C	05/16/2016	34128557
1000	<a href="#">MF Fire</a>	[text] [html]	C	05/16/2016	12722330
1000	<a href="#">MobileSpike, Inc.</a>	[text] [html]	C	05/17/2016	60204669
1000	<a href="#">My Trail Company, PBC</a>	[text] [html]	C	05/18/2016	72697961
1000	<a href="#">N1CE USA LLC</a>	[text] [html]	C	05/16/2016	44144261
1000	<a href="#">Native Hostel Austin LLC</a>	[text] [html]	C	05/16/2016	5302448
1000	<a href="#">Nextdoorganics, Inc.</a>	[text] [html]	C	05/17/2016	42790337
1000	<a href="#">NextRX Inc.</a>	[text] [html]	C	05/16/2016	1637173

# Standards



## Form C

- 45 Offerings to date
- 157 employees
- 4.5Mil in Losses

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# Standards



## Form C

- Filer Info
- Issuer Info
- Offering Info
- Annual Report Disclosures
- Signature Info

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# Standards



## Form C - CIK

```
<edgarSubmission xmlns="http://www.sec.gov/edgar/formc" xmlns:com="http://www.sec.gov/edgar/common">
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    <filerInfo>
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        <filerCredentials>
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        </filerCredentials>
      </filer>
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    <flags>
      <confirmingCopyFlag>false</confirmingCopyFlag>
      <returnCopyFlag>false</returnCopyFlag>
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    </flags>
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          <legalStatusOtherDesc/>
          <jurisdictionOrganization>MA</jurisdictionOrganization>
          <dateIncorporation>10-21-2015</dateIncorporation>
        </legalStatus>
      <issuerAddress>
        <com:street1>Business Innovation Center</com:street1>
        <com:street2>8 Saint Mary's Street, Suite 936</com:street2>
        <com:city>Boston</com:city>
        <com:stateOrCountry>MA</com:stateOrCountry>
        <com:zipCode>02215</com:zipCode>
      </issuerAddress>
      <issuerWebsite>http://www.betabionics.org</issuerWebsite>
    </issuerInfo>
    <companyName>Wefunder Portal LLC</companyName>
    <commissionCik>0001670254</commissionCik>
    <commissionFileNumber>007-00033</commissionFileNumber>
    <crdNumber>283503</crdNumber>
  </issuerInformation>
```

Organization

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# Standards

## Form C – Report Disclosures

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▼<annualReportDisclosureRequirements>
  <currentEmployees>10</currentEmployees>
  <totalAssetMostRecentFiscalYear>5015954.00</totalAssetMostRecentFiscalYear> ← Assets
  <totalAssetPriorFiscalYear>0.00</totalAssetPriorFiscalYear>
  <cashEquiMostRecentFiscalYear>1250.00</cashEquiMostRecentFiscalYear>
  <cashEquiPriorFiscalYear>0.00</cashEquiPriorFiscalYear>
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  <actReceivedPriorFiscalYear>0.00</actReceivedPriorFiscalYear>
  <shortTermDebtMostRecentFiscalYear>267070.00</shortTermDebtMostRecentFiscalYear>
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  <longTermDebtMostRecentFiscalYear>0.00</longTermDebtMostRecentFiscalYear>
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  <revenuePriorFiscalYear>0.00</revenuePriorFiscalYear>
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  <taxPaidPriorFiscalYear>0.00</taxPaidPriorFiscalYear>
  <netIncomeMostRecentFiscalYear>-230547.00</netIncomeMostRecentFiscalYear> ← Net Income (Loss)
  <netIncomePriorFiscalYear>0.00</netIncomePriorFiscalYear>
```

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# Standards



## Standard Financial Concepts

- Assets
- Equity
- Cash
- Receivables
- Short Term Debt
- Long Term Debt
- Revenue
- COGS
- Tax Paid
- Net Income

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# Standards



## Standard Financial Concepts

- Doesn't address ongoing reporting
- Financial Reporting Period is not clear
- Other relevant data is not available (Shares Outstanding)
- Reproduces metrics already defined in other SEC reports
- Does not yet allow standardized reporting in XBRL

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# Standards



## Standard Financial Concepts

- Limited search capacity
- Company needs to provide financial statements anyway

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# Standard Financial Concepts



## Benefits

- Allows Searching across many companies
- Improves trust in the market place
- Allows automated ratings to be produced using algorithms
- Company performance is easily compared
- See Data Analysis [Sheet](#)

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# Standard Financial Concepts



## Next Steps

- Allow financial data to be reported in an XBRL format
- Publish private company taxonomy
- Develop software that creates standardized financial data for < \$200

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# Standard Security Identifier



## Issues

- Currently no standard for the security identifier submitted to SEC
- Makes identification of the security difficult
- Different issuers create their own identifier

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# Standard Security Identifier



## Options

- Use a UUID as the identifier
- Use a Public Key as the identifier
- Agreed upon algorithm
- Use algorithm from other field (Digital rights)
- CUSIP
- ISIN
- Portal (or agent) generates identifier

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# Standard Security Identifier



## Next Steps

- Create working group to consider the options
- Engage regulators
- Include proposed identifier on SEC form C
- Encourage all funding portals to adopt
- Create mechanism to publish identifiers

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# Organizational Identifier



## Status

- Currently required to use the CIK
- SEC will move towards LEI
- LEI is relatively expensive for crowdfunding
- Could cost \$100 a year

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# Organizational Identifier



## Options

- Create low cost LEI issuer
- Lobby for low cost LEI
- Continue use of CIK

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