

Minnesota Angel Tax Credit Program

2013 Annual Report

Report to the Legislature
as required by M.S. 116J.8737

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Jeffrey M. Nelson
Bob Isaacson
Minnesota Department of Employment and Economic Development

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Minnesota Angel Tax Credit Program

2013 Report to the Minnesota Legislature

Introduction

The Small Business Investment Tax Credit, commonly known as the Angel Tax Credit Program, was enacted into law on April 1, 2010 (Minnesota Statutes 116J.8737) and launched by the Department of Employment and Economic Development (DEED) in July 2010. The program was created to stimulate private investment in emerging businesses and to encourage job creation through the growth of those businesses.

In 2013, the program certified 193 businesses, 128 of which received investments from 452 certified individual investors and 199 investors in certified funds. These businesses received more than \$50.6 million in investment, resulting in \$12.4 million in credits for investors. Details on program activity are presented below.

How it Works

The Angel program encourages growth and job creation by providing tax incentives to encourage investment in early stage companies. Investors in start-up businesses that are focused on developing or using proprietary technology in a high technology field or in specific industry fields receive a 25 percent refundable tax credit (subject to annual maximums of \$125,000 per person or \$250,000 if married filing jointly) for their equity investments in qualified businesses. The granting of these credits supports the success of Minnesota's entrepreneurs, the growth of emerging businesses, and future job creation in Minnesota.

The statute requires that businesses, investors and funds for meet certain criteria in order to participate in the program; some of these requirements were modified by the legislature in 2011 (2011, c. 112, art. 11, s. 2-4) and in 2013 (2013, c. 143, art 6, s 1-3).

For businesses to qualify to participate in the program, they must meet the following requirements:

- Headquartered in Minnesota
- Minimum 51 percent of employees and payroll in Minnesota
- Fewer than 25 employees
- Pay employees wages of at least 175 percent of poverty level for a family of four on an annualized basis (the equivalent of \$19.81/hr in 2013); interns must be paid at least 175 percent of the federal minimum wage (the equivalent of \$12.69/hr)
- Not in operation for more than 10 years (20 years if engaged in the medical device or pharmaceutical fields that require FDA product approval)
- Not have securities that trade on a public exchange
- Not have received previous private equity investments of more than \$4 million
- Not have received private equity investments of more than \$4 million that have qualified for the angel credit
- Primary business activity of using or researching a proprietary technology in a high technology field or in agriculture, tourism, forestry, mining, manufacturing or transportation
- Not be an excluded business type

For investors to qualify to participate in the program, they must meet the following requirements:

- A natural person (not a pass-through or corporate entity)
- An accredited investor or one who will only invest in exempt filings
- Not receive more than 50 percent of annual gross income from the business invested in
- Make a qualifying investment of at least \$10,000

For investment funds to participate in the program, they must meet the following requirements:

- Minimum of three investors
- At least three investors of the fund must be natural persons
- Organized as a pass-through entity
- Make a qualifying investment of at least \$30,000

The process by which businesses, investors and funds receive credits is as follows:

1. All those who wish to participate in the Angel Tax Credit Program—businesses, investors, and funds—must apply to DEED for certification. This certification process ensures that they meet the requirements of the program.
2. Before a qualifying investment is made, the transaction participants must apply for a tax credit allocation. This process ensures that the parties do not exceed their annual or program life limitations for the tax credit and that sufficient tax credits are available for the planned investment.
3. Once the investment is made, the transaction participants must submit evidence of the investment; this evidence provides proof that the investment actually took place and that the investor is entitled to the tax credit.
4. Finally, those who make or receive investments pursuant to the program must file annual reports. These reports ensure compliance with the requirement that the investor hold the investment for three years and with the requirement that the business continue to maintain over 51 percent of its payroll and employees in Minnesota. Failure to meet these requirements results in recapture of the credit.

Businesses in Program

Businesses must be certified by DEED to participate in the program before investors may make investments in the businesses that qualify for the tax credit. Of the 193 businesses that were certified in 2013, 128 received investments. Of these 128, 53 were new to the program in 2013. A total of 248 distinct businesses have benefited from the program since its inception in 2010.

These 248 businesses reported that, in 2013, they received a total of \$36,256,917 in investment outside the program. Details on the business investments made pursuant to the program are below:

	<u>2010*</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Number of businesses certified:	112	176	190	193
Number of businesses in which investments were made:	67	113	117	128
Investment made in businesses qualifying for credit:	\$28,023,232	\$63,148,784	\$46,150,674	\$50,657,447
Credit issued for these investments:	\$7,005,808	\$15,787,156	\$11,415,751	\$12,365,229

*July 1-December 31, 2010

For a list of 2013 certified businesses, see Appendix A.

For a list of 2013 certified businesses that received investments, see Appendix B.

Industry Types

In order to be certified to participate in the Angel Tax Credit Program, a business must be using proprietary technology to add value to a product, process or service in a qualified high-technology field; researching or developing a proprietary product, process or service in a qualified high-technology field; or researching, developing or producing a new proprietary technology for use in the fields of agriculture, tourism, forestry, mining, manufacturing or transportation.

The industries represented by certified business and the corresponding investment are displayed in Table 1 and Table 2. These industry types are those typically used by the angel investment community.

Table 1 - Industries Represented by Businesses Participating in Angel Tax Credit Program, 2013*

Industry Type	Received Investments	Certified Only (No Investment)	Total
Biotechnology	9	9	18
Clean Technology	8	3	11
Consumer Products & Services	7	4	11
Electronics/Instrumentation	3	2	5
Food/Drink	6	0	6
Healthcare Services	4	3	7
Industrial Energy	3	1	4
IT (Information Technology) Services	7	11	18
Internet/Web Services	9	3	12
Marketing/Advertising	1	2	3
Medical Devices & Equipment	24	14	38
Software	40	9	49
Other	7	4	11
TOTAL	128	65	193

* Standardized categories used by the angel investment community; not necessarily reflective of business' primary activity for certification purposes

The top four types of businesses receiving investment in in 2013—software, medical device, biotech, and Internet/Web Services, varied only from 2012 in that Internet/Web Services replaced IT Services.

**Table 2 – Investment in Industries Represented by
Businesses Participating in Angel Tax Credit Program, 2013***

Type of Industry	Total Investment	Total Credits
Biotechnology	\$3,287,995	\$821,997
Clean Technology	\$2,602,214	\$650,558
Consumer Products	\$4,364,000	\$1,016,000
Electronics/Instrumentation	\$1,310,000	\$327,500
Food & Drink	\$1,338,330	\$334,581
Healthcare	\$1,775,000	\$443,750
Industrial Energy	\$425,000	\$106,250
Internet/Web Services	\$3,857,342	\$956,908
IT Services	\$2,292,937	\$573,234
Marketing	\$225,000	\$56,250
Medical Devices	\$981,660	\$2,237,454
Other	\$2,295,502	\$573,877
Software	\$17,067,522	\$4,266,870
TOTAL	\$50,657,447	\$12,365,229

*Standardized categories used by angel investment community; not necessarily reflective of business' primary activity for certification purposes

Location

Of the 128 certified businesses that received investment through the program in 2013, six were located in Greater Minnesota, a decrease from 2012. However, several businesses headquartered in the Twin Cities have operations in Greater Minnesota. Of the 248 unique businesses that have received investment pursuant to the program since its inception in 2010, 18 are headquartered in Greater Minnesota. In addition, 34 businesses that are headquartered in the metro area also report having operations in Greater Minnesota, for a total of 52 businesses with operations in Greater Minnesota. (see the *Business Demographics* section below). Table 3 gives additional detail and Appendix C provides a map of business headquarters distribution.

**Table 3 – Headquarters Location of Businesses Receiving Qualifying Investment
Pursuant to the Angel Tax Credit Program, 2010-2013**

Location	Businesses Receiving Qualifying Investment				Total Investment Made in Businesses			
	2010	2011	2012	2013	2010	2011	2012	2013
Twin Cities <i>(7 county region)</i>	62	100	109	122	\$26,248,232	\$50,260,689	\$43,892,174	\$49,339,446
Greater Minnesota	5	13	8	6	\$ 1,775,000	\$12,888,095	\$ 2,258,500	\$1,318,001
Total	67	113	117	128	\$28,023,232	\$63,148,784	\$46,150,674	\$50,657,447

In 2013, DEED continued to work to increase awareness of the Angel Tax Credit Program in Greater Minnesota by meeting with and presenting to interested business, investor, and economic development groups around the state, and through email and advertising campaigns. These efforts will continue in 2014. See page 10 for more information on these activities.

Business Demographics

Beginning in 2012, the Angel Tax Credit Program began collecting data, via business annual reports, regarding whether businesses that received investment pursuant to the program were minority-owned, women-owned, and whether metro area headquartered businesses had operations in Greater Minnesota. The business annual reports provided these statistics:

	<u>2012</u>	<u>2013</u>
Number of unique businesses*:	199	248
Number minority-owned:	4	8
Number women owned:	6	14
Number metro-headquartered with Gtr MN operations:	25	34

*Some businesses received investments in more than one year; as a result this number is less than the total of how many businesses received investments each year

Job Creation

Businesses provide employment figures at the time of certification and in their year-end annual reports, though only those businesses that received investments pursuant to the program file annual reports. Historically, businesses have reported only on jobs they directly create, meaning only employees that they have on their payroll. Because stakeholders have asked for additional information, DEED has asked businesses, beginning with 2013 business annual reports, to report on the number of contract workers, consultants, agency staffers and others it has indirectly hired. These numbers, although not necessarily as precise as payroll reports, provide a more complete indication of the total number of jobs created by these businesses.

Direct job creation by newly emerging businesses is a long-term proposition, as it is often not economically feasible for early-stage businesses to build large payrolls. The program, pursuant to legislative intent, promotes the creation of good paying jobs: at the time of certification, businesses’ employees must be paid at or above the statutory wage floor of 175% of the poverty level for a family of four (\$41,213 on an annualized basis, or \$19.81/hr in 2013). Table 4 provides employment information related to businesses that received investments pursuant to the program:

Table 4 – Job Creation by Businesses Receiving Qualifying Investment Pursuant to the Angel Tax Credit Program, 2010-2013*

*does not include 22 businesses that failed to file 2013 annual reports as of 3/7/14

	# of Employees at Beginning of Year	# of Employees at End of Year	Total Direct Jobs Created	# of Indirect Hires	Total Jobs Created
2010 Job Creation:	137	195	58	n/a	
2011 Job Creation:	266	441	175	n/a	
2012 Job Creation:	463	616	153	n/a	
2013 Job Creation:	648	705	57	571	628
Total Jobs Created			442	571	1,013
Estimated annual gross wages of direct jobs at: (assuming at wage floor minimum)			\$18,212,522		

Number and Value of Credits Issued

Angel tax credits are issued directly to investors, whether they invest in qualified businesses individually or through an investment fund. 651 credit certificates valued at almost \$12.4 million were issued for 2013 investments. In accordance with the Angel Tax Credit Program statute, any unused credit allocations are rolled forward to the following year's program. Because the 2010 program was in operation for only six months, there was a significant carryover of credits from 2010 to 2011.

Number of individual certified investors who made investments:	452
Number of investors in certified funds who made investments:	<u>199</u>
Total number of investors to whom credits were issued in 2013:	651

Table 5 – Angel Tax Credits Appropriated, Available, and Issued, 2010-2013

2010 credit appropriation:	\$11,000,000
2010 credits issued:	\$7,005,808
2010 credits unused and rolled over to 2011 program:	\$3,994,192
2011 credit appropriation:	\$12,000,000
2011 credits available:	\$15,994,192
2011 credits issued:	\$15,787,196
2011 credits unused and rolled over to 2012 program:	\$206,996
2012 credit appropriation:	\$12,000,000
2012 credits available:	\$12,206,996
2012 credits issued:	\$11,415,751
2012 credits unused and rolled over to 2013 program:	\$791,245
2013 credit appropriation:	\$11,900,000
2013 credits available:	\$12,691,245
2013 credits issued:	\$12,365,229
2013 credits unused and rolled over to 2014 program:	\$356,016
2014 credit appropriation:	\$12,000,000
2014 credits available:	\$12,356,016

In 2013, all available tax credits were allocated as of mid-May, the earliest date in the program's history. An allocation of a tax credit means that an applied for amount of credits are reserved for a proposed investment transaction. These proposed transactions must occur within 60 days or the credit allocation is cancelled; once the program has allocated all the year's tax credits, any unused credits (e.g., unused because the planned investment did not take place) cannot be reallocated and are instead rolled over into the next year. In 2013, the amount of the unused allocations that will be rolled into 2014 is \$356,016.

Recipients of Credits

Investors can participate in the program as individual certified investors, as investors in certified investment funds, or both. Investors must be certified before they make an investment in a certified business for that investment to qualify for the Angel Tax Credit. In 2013, 484 investors were certified, of which 452 actually made an investment in a qualified business. 21 funds were certified in 2013, 20 of which (representing 199 investors) made investments in a qualified business.

Table 6 – Investors and Funds Participating in the Angel Tax Credit Program, 2010-2013

Investor Participation:	2010	2011	2012	2013
Number of individual investors certified	275	623	511	484
Number of individual investors who made investments	258	563	465	452
Funds Participation:				
Number of investment funds certified	5	21	19	21
Number of investment funds that made investments	4	21	17	20
Number of investors in funds that made investments	32	195	191	199

The Angel Tax Credit is a refundable credit, meaning that if an investor has limited or no Minnesota state tax liability, the difference or the whole credit amount is refunded to the investor. This feature of the program, which was unique until Oklahoma added a similar provision, provides the opportunity for non-Minnesotans to make equity investments in Minnesota businesses and be eligible for the credit. Wisconsin and North Dakota, and possibly other states with similar programs, are considering making their angel tax credits refundable. The average investment per investor in 2013 was \$80,665, including those investors who invested through a fund.

	2010	2011	2012	2013
Average investment per investor:	\$96,300	\$83,310	\$73,723	\$80,665
Average credit amount per investor:	\$24,075	\$20,827	\$18,236	\$19,690

Minnesota's Angel Tax Credit Program spurs substantial investment in Minnesota businesses by non-Minnesotans. In 2013, non-Minnesotan investors accounted for 29 percent of overall investment, an increase from 28% in 2012, 27% in 2011, and 22% in 2010. Non-Minnesotan investors include several from other countries, including the Switzerland and India. See Table 7 for additional information.

**Table 7 – Location of Investors Making Qualifying Investment
in Qualified Businesses in the Angel Tax Credit Program, 2013**

	Minnesotans		Non-Minnesotans	
Number of Investors ¹	431	69%	197	31%
Amount of Investment ²	\$35,924,020	71%	\$14,733,427	29%

¹Includes individual investors and fund investors

²Includes individual investments and fund investments

For a list of 2013 certified investors, see Appendix D.

For a list of 2013 certified funds, see Appendix E.

Number and Value of Credits Revoked

Investors may have their Angel Tax Credits revoked and recaptured if they do not meet all program requirements as stated in law. In 2013, no credits were revoked due to investors or businesses not meeting the following program requirements.

- No credits were revoked due to investors failing to hold their investment for three years (exceptions to this requirement are delineated in the following bullet point).
- \$504,048 in credits for investments were exempted from the three-year investment holding requirement for meeting one of the four allowed exemptions. These exemptions are:
 1. The investment became worthless (10 investments, \$91,250 in credits)
 2. 80% of the business assets were sold (none)
 3. The business was sold (12 investments, \$406,548 in credits)
 4. The business' common stock began trading on a public exchange (3 investments, \$6,250 in credits)

In addition, death of the investor also necessitated exemption from the three-year requirement (2 investments, \$27,500 in credits)

- No businesses were subject to a penalty of the amount of credits issued for investments made in that business because it failed to maintain its headquarters and at least 51% of its employees and payroll in Minnesota. The penalty amount declines 20% for five years; at that time the penalty ends.
 - In 2012 one business maintained its headquarters in Minnesota but over 51% of its employees and payroll were outside the state. The amount of credit paid as a penalty in 2013 was \$19,250.

Program Financing and Costs

The Angel Tax Credit Program's operations are funded by program fees. Fees are collected at the time of certification application and upon submission of annual reports. Fee income in 2013 was derived from these sources:

Investor certification fees (\$350):	\$169,400
Fund certification fees (\$1,000):	\$21,000
Business certification fees (\$150):	\$28,950
Annual Reports (\$100):	<u>\$172,400</u>
Total	\$391,750

Total program administration costs in 2013 were approximately \$300,000 which reflects staffing needs, continued enhancement of the program's operations tracking database, development of online e-form applications, and miscellaneous expenses such as travel and printing. The program used 1.7 FTE staff in 2013, plus one temporary staff person for the December-February busy period. Costs are anticipated to grow in 2014 with additional online e-form development and increased staffing needs.

Staff	\$194,844
Database development	\$ 88,927
Miscellaneous (e.g., travel, printing, postage)	<u>\$ 15,727</u>
Total	\$299,498

Program Initiatives

Legislation

From its inception, the program has worked closely with stakeholders in the angel community to maximize emerging business growth in Minnesota. The community recommended minor adjustments to the program in 2011, and the department proposed and helped pass these changes:

- a lower, separate wage minimum for interns
- modified the membership requirements for funds, allowing funds to have non-natural person members
- increased the maximum equity qualification limitation for businesses from \$2 million to \$4 million

In 2013, the department proposed, with community support, and the legislature passed four additional changes:

- increasing the years in operation maximum for medical device and pharmaceutical business requiring lengthy FDA approval from 20 years, up from 10 years for other businesses
- disqualifying business whose securities are publicly traded
- disqualifying investments that take place within 180 days of a liquidation event
- permitting the department to make public basic contact and descriptive information about businesses certified to participate in the program

Because the program's enabling legislation sunsets the program at the end of 2014, the 2014 legislature will need to consider extending the program.

Greater Minnesota

Due to low levels of participation by Greater Minnesota businesses in the Angel Tax Credit Program, in 2012 the program drafted a marketing plan to ensure that businesses, economic development agencies and professionals, and angel communities in Greater Minnesota were aware of the program. The implementation of this plan began in 2012 and continued throughout 2013.

The marketing plan employed a four prong strategy involving presentations, email campaigns, collaborations, and advertising:

1. **Presentations**
Throughout the year we gave presentations at several different Greater Minnesota angel events, providing angel tax credit program information to businesses, investors, economic developers, and other stakeholders from all corners of the state.
2. **Email campaigns**
Informative emails were sent to individuals and organizations so that various communities who may not have heard of the program could become familiar with it. Recipients included economic developers, chambers of commerce, community banks, business attorneys, medical device industry participants, venture capitalists, and Minnesota Cup participants.
3. **Collaborations**
We publicized the program in Greater Minnesota using a number of different venues. These included Small Business Development Center's annual conference, where information about the program was presented and program materials shared with attendees, materials distributed at the Economic Development Association's (EDAM) summer conference, news releases issued regarding the program, and materials about the program provided to LifeScience Alley and the BioBusiness Alliance for their events.
4. **Advertising campaign**
Advertisements regarding the program were placed in Greater Minnesota newspapers, trade publications, and on related websites to increase awareness about the program by businesses outside the metro area. The ads were placed in three consecutive months (November and December 2012, January 2013) to coincide with the 2013 certification process. The ad placement included 285 general newspapers and their 56 websites, the BusinessNorth monthly business newspaper, the Minnesota High Tech Association's TechTuesday email weekly newsletter, The Farmer monthly magazine, and Engineering Minnesota monthly magazine. The variety of these venues corresponds to the industries included in the Angel Tax Program; overall circulation of these publications exceeds 1.5 million. The cost of the ad campaign was \$14,221 and was reflected in the 2012 report.

In 2014 we will continue our awareness building efforts to seek more utilization of the program by Greater Minnesota businesses.

Partnerships

The department has developed strong partnerships with a number of organizations that promote angel investing and business development within Minnesota. One such partner is the Minnesota Angel Network (MNAN), which develops angel networks throughout the state, often working with community-based organizations such as the Southern Minnesota Initiative Foundation. MNAN also participates with

networks in other states to encourage interstate investment and deal syndication. MNAN has developed processes to assist businesses to position themselves to receive investment – including investments through the Angel Program – and has opened four business intake centers in Greater Minnesota to specifically assist non-metro area businesses. The department also actively works with AngelPolleNation, Gopher Angels, The Collaborative, MOJO Minnesota, the U of M Venture Center, the MN Cup, the MN High Tech Association, and other organizations seeking to facilitate the growth of the angel investment community in Minnesota.

Closing

If you have any questions or comments regarding this report, please contact Jeff Nelson, Angel Tax Credit Program Coordinator, at 651.259.7523 or jeff.m.nelson@state.mn.us, or Bob Isaacson, Director of the Office of Business Finance, at 651.259.7458 or bob.isaacson@state.mn.us.

Appendix A

Minnesota Angel Tax Credit List of Qualified Businesses

The following businesses have been certified as Qualified Businesses under Minnesota Statute 116J.8737. This certification solely means that Minnesota Department of Employment and Economic Development (DEED) has found that each business meets the qualifications specified in Subdivision 3 of the statute and that each business is therefore eligible to participate in DEED's Angel Tax Credit Program.

2013 Qualified Business

3D Sports Technology, Inc	ABS Corporation
Accelerated Innovations, LLC	Adestinn LLC
Advanced Healing Systems, Inc.	Algaedyne Corporation
Alignamite, LLC	Andas, Inc.
Anser Innovation, LLC	Appraisaltool
Apruve, Inc.	AquaMedix, LLC
Argos Risk, LLC	Aria CV, Inc.
Asset Record Company	AsystMe, LLC
AUM Cardiovascular, Inc.	Avabar, LLC
Awear Technologies, LLC	Bioactive Regenerative Therapeutics, Inc
BioHaptix	BioMagnetic Sciences, LLC
BiteSquad.com LLC	BookBottles, LLC
BreathableBaby, LLC	Brilliant Nations Corporation
ByME, Inc.	CALLAY, Inc.
Canopy Co.	Card Cells, LLC
Cardia Access, Inc.	Cardialen, Inc
Cardio Flow, Inc	CaringShare, Inc.
CaSTT, Inc.	Celcuity, LLC
Chitogen, Inc.	Clinical Healthcare Corporation
Cloud Sports Data, LLC	Cognific, LLC
Conservis Corp.	Cora Cove, Inc.

DealCurious, LLC
Diagnostic Biosensors, LLC
Digital Dental Solutions, Inc.
Dreamgard, Inc.
DTP, LLC
eLumen Collaborative, LLC
Empathic Clinical Suite, LLC
Energy Technology Unlimited of Minnesota, LLC
Estate Map
Exablade Corp.
Exsulin Corporation
Fision Holdings, Inc.
Fitness On Request, Inc
Foodsby, LLC
Fortiori Design, LLC
Funktion, Inc
General Blood, LLC
Globaltech Energy, LLC
Helix, LLC
Horse Sense Shoes, LLC
ImBio, LLC
Inclined Biomedical Technologies, LLC
Innovation Frontier, LLC
Invenshure, LLC
IVDesk Holdings, Inc.
Labels 2 Learn, LLC

LeagueSafe, LLC
Linkformer, Inc.
Living Greens Farm, Inc.
Logistics2, Inc

Defiant Bicycles, LLC
Diesel Technical Innovations
Drazil Foods, LLC
Drive Power
Echobit, LLC
EmboMedics
Energy Resource Insights, LLC
Epacca, Inc.

Event Content
Exosite, LLC
FABtec medical, Inc
Fitness Formulary, LLC
Flywheel Exchange, LLC
For My Children
Fragrance Marketing Group, LLC
G Medix, LLC
Globaltech Energy International
Heilux, LLC
Heroic, Inc.
Hot Dang
ImmuMed, Inc
IndusTrack LLC
Instant Wireless Interpretation
IrriGreen, LLC
KG Technology Associates, Inc.
Laboratory Automation and Biotechnology, LLC
LifeGRID Licensing, Inc.
Lite Run, LLC
LocaLoop, Inc.
Luminat, LLC

Machine Magic, LLC
Markupr.net, Inc
Mednology Solutions, LLC
Mill Creek Life Sciences, LLC
MinuteBids, Inc.
MNY Group, LLC
Mylceberg, LLC
Nascent Surgical, LLC
NeoCardial Technologies, LLC
Nimbelink, LLC
No Sweat, LLC
Novu, LLC
Once Innovations, Inc.
Open Door Foods, LLC
Packet Power, LLC
Patient Readiness Institute, Inc.
Phraxis Inc.
Plug Technologies, Inc
Precioustatus, LLC
Primmo Apps, Inc.
Raffity International, LLC
Recombinetics, Inc.
Repixx Inc
Revolution Fuels, Inc.
Rock Your Block, LLC
Rubigo Therapeutics, Inc
Salus Devices, LLC
Seeing Is Doing Technologies
Sensurion, Inc
Sheer Wind, Inc.
SMART Signal Technologies, Inc.
Spinal Ventures
Machine Safety Management
Matrix MedTech, Inc
Metamodix, Inc.
Minnesota GTL, LLC
MircoPulse, Inc.
MobileRealtyApps.com, LLC
Naiku, Inc.
National Renewable Solutions
Newton Medical, LLC
Nirva Medical, LLC
Nomolos, Inc.
Nu-Tech Foods Inc.
One Way Hub, LLC
Otterology, LLC
Patent Buddy
Peytant Solutions, Inc
Play From Scratch, LLC
Preceptis Medical, Inc.
PrestigeWare Incorporated
QFO Labs, Inc.
Real Time Translation, Inc.
Referral Buzz, LLC
Respithera, LLC
riteSOFT, LLC
RowBot Systems, LLC
SafeKey Corporation
ScyFIX, LLC
Seeonic, Inc.
Seryx BioMedical, Inc.
Smart Packaging, LLC
SoGoConnect, LLC
Spinethera

Squarex, LLC
Standard Health Inc.
Storyworks OnDemand
SynGas Technology, LLC
Tarsier, Inc.
The Pure NRG, LL
Thrill On, LLC
TruHealth, LLC
VedaloHD Performance Eyewear, Inc.
Version Sports, LLC
Vios Medical, Inc.
Volerro Corporation
WPO, Inc
Zurich Medical, Inc.

St. Teresa Medical, Inc
Sterilucent, Inc.
Streamline, Inc
Synphage, LLC
The Learning Bank, LLC
Third Iron, LLC
TRT Technologies, LLC
VaporLok Technology, LLC
Verde Environmental Technologies, Inc.
Verterra Energy
Vital Simulations, LLC
Workface, Inc.
Zift Medical

Appendix B

Minnesota Angel Tax Credit List of Credits Issued

The following businesses have received investments that have qualified for Angel Tax Credit certificates under Minn. Stat. 116J.8737. Issuance of these certificates solely means that Department of Employment and Economic Development (DEED) has found that the investment meets the qualifications specified in the statute and that the qualified investor or qualified fund's investor are being awarded tax credits under DEED's Angel Tax Credit Program. Minn. Stat. 116J.8737, Subd. 8, paragraph (a) makes this public data.

Businesses Receiving Investments through the Angel Tax Credit Program in 2013

Business Name	Final Investments	Tax Credit Amount
3D Sports Technology, Inc	\$254,440	\$63,610
ABS Corporation	\$115,000	\$28,750
Accelerated Innovations, LLC	\$800,000	\$200,000
Adestinn LLC	\$820,000	\$205,000
Alignamite, LLC	\$12,500	\$3,125
Anser Innovation, LLC	\$175,000	\$43,750
Apruve, Inc.	\$150,000	\$37,500
AquaMedix, LLC	\$10,000	\$2,500
Argos Risk, LLC	\$1,185,000	\$221,250
Aria CV, Inc.	\$210,000	\$52,500
Asset Record Company	\$350,000	\$87,500
AsystMe, LLC	\$60,000	\$15,000
AUM Cardiovascular, Inc.	\$554,986	\$138,746
Avabar, LLC	\$322,500	\$80,623
Awear Technologies, LLC	\$10,000	\$2,500
BiteSquad.com LLC	\$1,000,000	\$250,000
BreathableBaby, LLC	\$278,002	\$69,502
Brilliant Nations Corporation	\$25,000	\$6,250
ByME, Inc.	\$225,000	\$56,250
Card Cells, LLC	\$262,500	\$65,625
Cardia Access, Inc.	\$250,000	\$62,500
Cardialen, Inc	\$616,000	\$157,500
Cardio Flow, Inc	\$435,000	\$108,750
CaSTT, Inc.	\$321,840	\$80,459
Celcuity, LLC	\$1,000,000	\$250,000
Cloud Sports Data, LLC	\$822,317	\$205,578

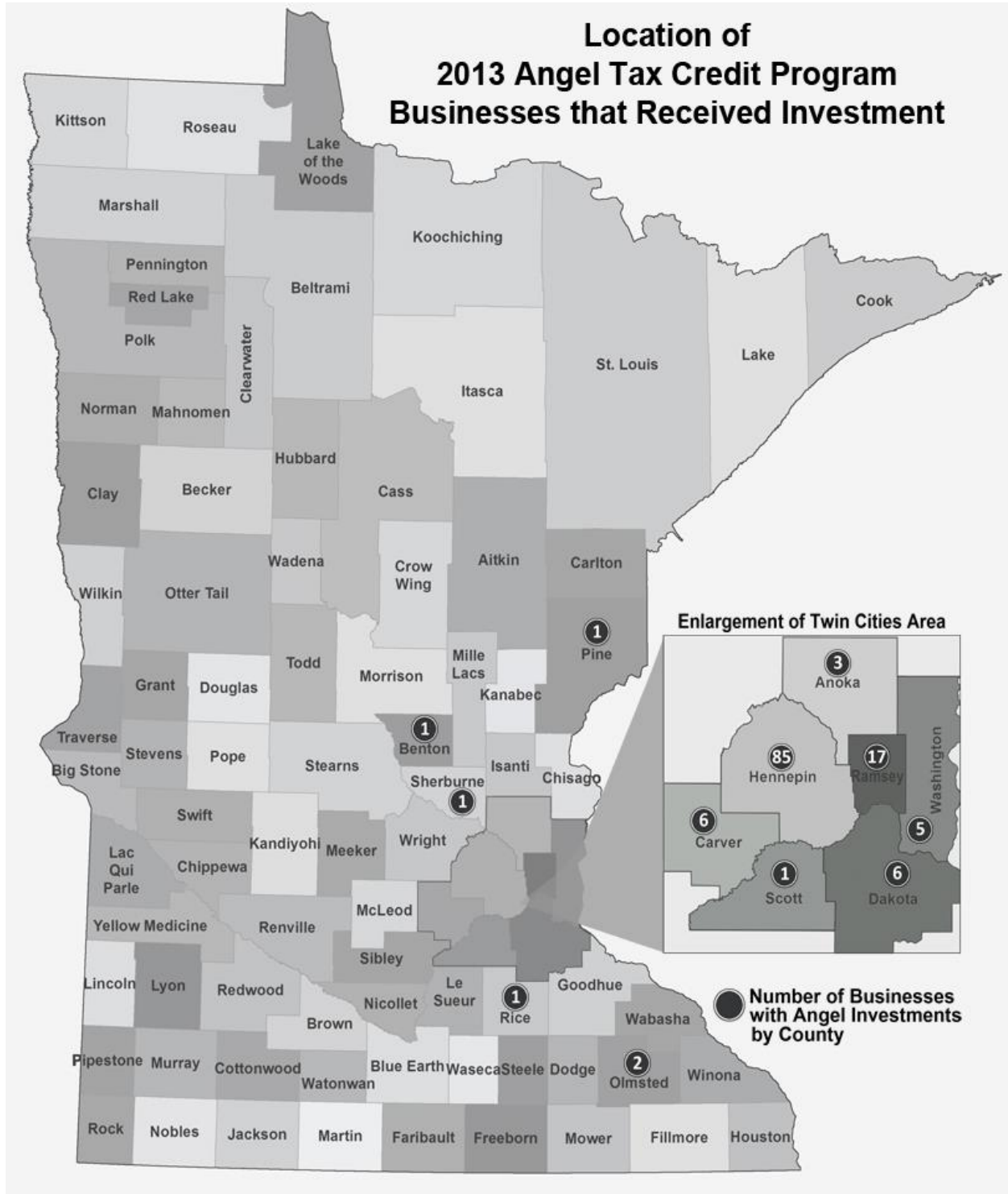
Conservis Corp.	\$1,842,154	\$460,539
Cora Cove, Inc.	\$45,000	\$11,250
DealCurious, LLC	\$185,872	\$46,362
Defiant Bicycles, LLC	\$60,000	\$15,000
Digital Dental Solutions, Inc.	\$275,000	\$68,750
Drazil Foods, LLC	\$149,997	\$37,497
Dreamgard, Inc.	\$517,188	\$125,000
Drive Power	\$225,000	\$56,250
DTP, LLC	\$1,175,000	\$293,750
eLumen Collaborative, LLC	\$1,000,000	\$250,000
Empathic Clinical Suite, LLC	\$1,050,829	\$146,807
Energy Resource Insights, LLC	\$25,000	\$6,250
Energy Technology Unlimited of Minnesota, LLC	\$500,002	\$124,998
Epacca, Inc.	\$25,000	\$6,250
Event Content	\$225,000	\$56,250
Exosite, LLC	\$1,638,213	\$409,557
Fision Holdings, Inc.	\$900,000	\$225,000
Fitness Formulary, LLC	\$75,000	\$18,750
Fitness On Request, Inc	\$575,000	\$143,750
Foodsby, LLC	\$175,000	\$43,750
For My Children	\$60,000	\$15,000
Fragrance Marketing Group, LLC	\$60,000	\$15,000
G Medix, LLC	\$25,000	\$6,250
Globaltech Energy International, LLC	\$12,000	\$3,000
Heilux, LLC	\$200,000	\$50,000
Heroic, Inc.	\$25,000	\$6,250
Hot Dang	\$300,000	\$75,000
ImBio, LLC	\$1,029,995	\$257,497
Inclined Biomedical Technologies, LLC	\$32,500	\$8,125
IndusTrack LLC	\$377,937	\$94,484
Invenshure, LLC	\$150,000	\$37,500
IrriGreen, LLC	\$75,000	\$18,750
IVDesk Holdings, Inc.	\$460,000	\$115,000
Labels 2 Learn, LLC	\$50,000	\$12,500
Laboratory Automation and Biotechnology, LLC	\$30,000	\$7,500
LeagueSafe, LLC	\$100,000	\$25,000
Living Greens Farm, Inc.	\$1,225,000	\$306,250
LocaLoop, Inc.	\$1,533,970	\$377,242
Logistics2, Inc	\$218,512	\$54,628
Luminat, LLC	\$555,000	\$138,750

Machine Safety Management, Corp.	\$168,000	\$42,000
Markupr.net, Inc	\$955,000	\$238,750
Matrix MedTech, Inc	\$100,000	\$25,000
Mednology Solutions, LLC	\$93,800	\$23,450
Metamodix, Inc.	\$450,000	\$112,500
Mill Creek Life Sciences, LLC	\$125,000	\$31,250
MinuteBids, Inc.	\$75,000	\$18,750
MNY Group, LLC	\$686,000	\$171,500
MobileRealtyApps.com, LLC	\$860,000	\$215,000
Mylceberg, LLC	\$50,000	\$12,500
Naiku, Inc.	\$89,559	\$22,382
Newton Medical, LLC	\$400,000	\$100,000
Nimbelink, LLC	\$63,000	\$15,750
Nirva Medical, LLC	\$50,000	\$12,500
No Sweat, LLC	\$40,000	\$10,000
Novu, LLC	\$2,265,000	\$566,250
Nu-Tech Foods Inc.	\$400,000	\$100,001
Once Innovations, Inc.	\$1,868,000	\$467,000
Open Door Foods, LLC	\$50,000	\$12,500
Otterology, LLC	\$349,997	\$87,495
Packet Power, LLC	\$100,000	\$25,000
Patient Readiness Institute, Inc.	\$100,000	\$25,000
Phraxis Inc.	\$150,000	\$37,500
Plug Technologies, Inc	\$500,000	\$125,000
Preceptis Medical, Inc.	\$795,000	\$198,750
Precioustatus, LLC	\$100,000	\$25,000
Primmo Apps, Inc.	\$15,000	\$3,750
QFO Labs, Inc.	\$135,000	\$33,750
Raffity International, LLC	\$90,000	\$22,500
Recombinetics, Inc.	\$685,500	\$171,375
Revolution Fuels, Inc.	\$250,000	\$62,500
riteSOFT, LLC	\$99,999	\$24,999
RowBot Systems, LLC	\$300,000	\$75,000
Rubigo Therapeutics, Inc	\$50,000	\$12,500
Salus Devices, LLC	\$40,000	\$10,000
ScyFIX, LLC	\$127,602	\$31,901
Seeonic, Inc.	\$500,000	\$125,000
Sensurion, Inc	\$1,100,000	\$275,000
Sheer Wind, Inc.	\$412,212	\$103,052
Smart Packaging, LLC	\$400,000	\$100,000

Spinal Ventures	\$130,000	\$32,500
Spinethera	\$160,000	\$40,000
Squarex, LLC	\$1,000,000	\$250,000
St. Teresa Medical, Inc	\$450,000	\$112,500
Standard Health Inc.	\$105,800	\$26,450
Sterilucent, Inc.	\$600,000	\$150,000
Storyworks OnDemand	\$50,000	\$12,500
Streamline, Inc	\$240,000	\$60,000
SynGas Technology, LLC	\$520,000	\$130,008
Tarsier, Inc.	\$75,000	\$18,750
The Learning Bank, LLC	\$350,000	\$86,431
The Pure NRG, LL	\$100,000	\$25,000
Third Iron, LLC	\$400,391	\$100,098
Thrill On, LLC	\$480,000	\$120,000
TruHealth, LLC	\$280,000	\$70,000
Verde Environmental Technologies, Inc.	\$650,000	\$162,500
Version Sports, LLC	\$33,333	\$8,333
Verterra Energy	\$300,000	\$75,000
Vios Medical, Inc.	\$1,250,000	\$212,500
Vital Simulations, LLC	\$395,000	\$98,750
WPO, Inc	\$50,000	\$12,500
Zift Medical	\$500,000	\$125,000
Total	\$50,657,447	\$12,365,229

Appendix C

Minnesota Angel Tax Credit Map of 2013 Business Distribution



Appendix D

Minnesota Angel Tax Credit List of Qualified Investors

The following investors have been certified as Qualified Investors under Minnesota Statute 116J.8737. This certification solely means that Minnesota Department of Employment and Economic Development (DEED) has found that each investor meets the qualifications specified in Subdivision 3 of the statute and that each investor is therefore eligible to participate in DEED's Angel Tax Credit Program.

2013 Qualified Investors

Abrar, Fozia A Farah	Addicks, Mark	Albers, Janice
Alchits, Gily	Allaei, Arash	Allaei, Daryoush
Alldredge, Barbara	Altman-Segal, Robert	Ament, Dan
Amplatz, Kurt	Anderson, Erik	Anderson, Jeffrey
Anderson, Karl	Anderson, Thomas	Arneson, Thomas
Arvidson, Curt	Asuncion, Errol	Baarsch, Katherine
Bachman, James	Bachman, Sharon	Badola, Sanjeev
Baker, Jason	Bankwala, Zehyani	Baratz, Stanford
Bares, Charles	Bares, Keith	Barnum, Toni
Barrett, Matthew	Bartsch, Dawn	Bartsch, Eric
Baschnagel, Steve	Baumgartner, Robert	Becker, Terry
Bencina, Janez	Bennett, Brian	Benson, Dawn
Benson, Lloyd	Berger, Lawrence	Bevacco, Marc
Bianco, Jeffrey	Birr, Betty	Bispala, Brian
Blanchard, III, John	Blank, John	Bodin, Robert
Boehmer, Edward	Bollinger, Michael	Boor Boor, Fariborz
Borman, Mark	Bosch, Daniel	Bottorff, Leslie
Brandt, Larry	Branson, Lindley	Breakey, James
Brink, David	Brown, Michael	Brown, Troy
Brust, Thomas	Cachat, Michael	Cannon, Edward

Cannon, Matthew	Carlson, Brent	Chapman, Kirsten
Chawhan, Neil	Chester, Sheldon	Chevallier, Jean
Chung, Won	Clark, Gary	Cleet, James
Cocalides, Stylian	Cochrane, Richard	Cochrane, Richard
Coffey, Gary	Corbin, Robert	Cornelius, William
Cotter, Daren	Cowen, Garrison	Cowles, III, John
Creamer, Nichole	Crosby, Christopher	Curtis, Paul
Dahl, Brian	Dahle, Mary	Dale, Michael
D'Amico, Dominic	Dandiker, Yogendra	Dasani, Kumar
Davisson, Andria	DeJong, John	Dekko, Jeffrey
Denzer, Patrick	Dietz, Steven	Dillon, Craig
Dominski, Paul	Dozak, Delwin	Drake, James
Drennon, Richard	Drumm, Bryan	Dudley, Willard
Dunie, Matthew	Ehlers, Gary	Ehrman, Rick
Einerson, Donald	Einess, Jon	Einess, Ward
Ekelund, Julie	Endres, Leon	Endres, Thomas
Erb, John	Erdem, Cem	Erkel, Robert
Ettel, Diana	Evensen, Nancy	Everson, Lenore
Fandrei, Philip	Fankhauser, Daniel	Farris, Jennifer
Fette, Michael	Fink, Kenneth	Fitzgerald, John
Flaherty, Ed	Flint, Robert	Flowers, Jr., Lewis
Foley, Sarah Marie	Foss, Richard	Frederickson, Daniel
Frey, Katherine	Furst Jr, Robert	Gal, David
Ganz, Robert	Garen, Scott	Garrity, Thomas
Scherer, Gary	Gehrke, Jordan	Gentry, Staley
Genuardi, Anthony	Gerhardt, Donald	Gilbert, Matthew
Gilbertson, David	Gillen, Jacob	Gilliland, James
Gisser, Barry	Goggin, Patrick	Golden, Marshall
Goode, Lawrence	Gotlieb, David	Goyal, Sanjjiv

Grajcarova, Katarina	Gramse, Michael	Gray, Timothy
Greder, Jr., Vernon	Greenberg, Dean	Greene, R. Hunt
Griep, John	Griswold, Robert	Grossfield, Marc
Grunewald, Jonathon	Gundry, Deborah	Gustafson, Marc
Hagen, Russell	Halla, Donald	Halper, David
Hamed, Suleiman	Hanenberger, Mark	Hartman, Robert
Hatfield, Allen	Haugan, Todd	Haugerud, Renee
Haughey, Matthew	Hauser, Peter	Hayden, Jr., Henry
Hays, James	Heegaard, Eric	Heegaard, Jeffrey
Heegaard, Lucy	Heegaard, Roger	Heegaard, William
Heinemann, Gregory	Heinemann, Mark	Hellervik, Lowell
Henderson, Alfred	Hendry, Bruce	Herberger, Judd
Herreid, II, Warren	Heupel, Kenneth	Heupel, Willis
Hill, Andrew	Hill, Stephen	Hixon, Bryon
Ho, Jeffrey	Hoeschler, James	Hoiland, Dean
Holloway, Gary	Hopfenspirger, Larry	Howell, James
Huebsch, Timothy	Hugo, John	Hunt, Marlene
Hurst, Jerome	Hussey, Todd	Hutson, Jr, Harold
Ibsen, Craig	Ingwersen, Larry	Jacobsen, David
Jarrett, William	Johander, Michael	Johander, Thomas
Johnson, Chad	Johnson, Charles	Johnson, David
Johnson, Julie Ann	Johnson, Michael	Johnson, Roderick
Johnson, Thad	Joing, Scott	Jordahl, Gerald
Jordahl, Juel	Jordan, Patricia	Joshi, Amol
Jowers, Russell	Kallok, Michael	Kardell, Aaron
Karkela, Larry	Katalinich, Steve	Kelsey, Randall
Kelsey, Sarah	Kennedy, Thomas	Ketelsleger, Kevin
Khanolkar, Anant	Kieffer, Tom	Kill, Robert
Kinsey, Barry	Klinefelter, Gary	Klondas, Elizabeth

Kluis, Alan	Klym, Norman	Knights, Brad
Knights, David	Knights, Joshua	Knoblauch, Joseph
Koch, Michelle	Kramp, Richard	Kroll, Mark
Kullmann, Patrick	Kvittem, Eric	LaBerge, Thomas
Lacey, Michael	LaFrence, Andrew	Lamers, Philip
Lamontagne, Raymond	LaPorte, Steven	Laughlin, Craig
LaVelle, Benjamin	Lawyer, Joseph	Leonard, Gary
Lerum, Stephen	Lesher, Cynthia	Lettmann, John
Levey, Richard	Lilly, John	Lindsay, Bill
Lindsay, Joy	Lineer, Jonathon	Loomis, Jason
Loosbrook, Dean	Lothenbach, Robert	Low, Walter
Lund, Joshua	Maas, Brian	Maas, Dennis
Machmeier, Bruce	MacLeod, William	Maguire, Charlotte
Mahdi, Dhiaa	Mahle, Stephen	Mahoney, Thomas
Makowski, John	Manicka, Nisha	Manthey, Stephen
Marren, John	Marsh, Robert	Martin, James
Marvin, John	Marvin, Susan	Mataczynski, Craig
McCartney, Charles	McCullough, Greg	McDermott, Francis
McDonough, Thomas	McGuigan, Bill	McGuire, Thomas
McPhee, Scott	Melling, Daniel	Melling, Duane
Mercer, Jacob	Mershon, William	Meyer, Glen
Michel, Eduard	Miller, David	Miller, John
Missling, Jeffrey	Mitchell, Charles	Molhoek, Robert
Mooty, David	Mortenson, Mark	Mowell, John
Munn, David	Murphy, Andrew	Murphy, David
Murphy, Peter	Myhre, Jeff	Nagel, Theodore
Nauss, Darren	Neeser, Michael	Neisen, Dan
Nelson, Glen	Ness, Nancy	Newlin, Grant
Newman, Edward	Nickels, Kevin	Nielsen, Steve

Noble, Michael	Nordrum, David	Nouri, Mohamed
Novak, Jay	O'Dell, Jeffrey	O'Donnell, Daniel
O'Neill, Brian	O'Neill, Edward	Opperman, Vance
Paddock, Bruce	Palmer, David	Paparella, Michael
Patel, Chandrakant	Patel, Jay	Patel, Mahesh
Patel, Rajendra	Patel, Rakesh	Patel, Vikas
Pavelski, Jeremie	Pavelski, Richard	Paxton, Michael
Peariso, Michelle	Pedersen, Bradley	Perkins, Michael
Perrin, Robert	Perrine, Richard	Petersen, Gary
Peterson, Lia	Peterson, Matthew	Peterson, Tom
Petro, Christopher	Petrucci, Gary	Phillips, Dean
Pincumbe, Mark	Pitera, Gino	Plaia, Christa
Ploen, Mark	Pogge, Philip	Pool, Clark
Priest, John	Raatikka, Amy	Reed, D'Aundre
Reedy, David	Rehemtulla, Alnawaz	Rehnberg, Kevin
Reuter, Mark	Riess, Allen	Rimarcik, John
Rittman, Nash	Robbins, Mark	Roberts, Nicholas
Roberts, Steven	Rogers, John	Roots, Richard
Rosario, Darlene	Ross, Brian	Roth, Damon
Rowe, Stanton	Rowley, Thomas	Rudolph, R. John
Runck, Ronald	Rupprecht, Andrew	Ryan, Pat
Ryberg, Roger	Sadegh, Ali	Sadler, David
Salehi-Moshaei, Kian	Salovich, Elmer	Scandurra, John
Scanlan, Kevin	Schell, Jr., James	Schmidt, Perry
Scholz, Carla	Schriver, Robert	Schwartz, Robert
Scott, Donald	Segredo, Raul	Seiberlich, James
Seifert, James	Senkler, Robert	Senske, James
Shapiro, Lawrence	Shapland II, James	Sher, Michael
Sill, Steven	Silva, William	Simenstad, Mark

Simmons, Patrick	Simon, Steven	Sinderson, Mark
Singh, Ravi	Slade, James	Smith, Douglas
Smith, Stephen	Snow, Michael	Sollender, Elyse
Sprenger, Leon	St. Germain, Paul	Stafford, Jed
Stenoien, Daniel	Sterner, Steve	Stoering, Clayton
Sullivan, Brian	Sullivan, David	Sullivan, Patrick
Sullivan, Thomas	Sutton, Robert	Swansen, Russell
Swanson, Thomas	Sweetser, Philip	Swenson, Michael
Tabachnick, Ritchie	Taffe, David	Taffe, Kevin
Taillefer, Patrick	Talcherkar, Nakul	Tangwall, Gary
Thomas, Abbott	Thomas, John	Garjcarova, Katarina
Thornton, Taige	Thorsland, Michael	Toles, William
Tompkins, Rod	Toussi, Farnam	Trott, Karl
Tyler, David	Ulstad, Vincent	Valdivia, Tomas
Van Tassel, Robert	Vavra, Tom	Villas, John
von Kuster, Paul	Ward, Scott	Watson, Hugh
Weber, Robert	Weber, Ryan	Weinand, Skyler
Weisman, William	Weiss, Keith	Welsh, Timothy
Wender, Justin	Wentland, Arnold	Wheeler, Margaret
Wheeler, Steven	Wicka, James	Wicka, John
Wicka, Thomas	Wildfang, Karl	Wilens, Michael
Wilson, Robert	Wilson, Scott	Wirth, Steven
Witt, Bob	Wong-Millette, Diana	Woodburn, Jr., James
Wright, Michael	Wrightsman, LeRoy	Wrightsman, Mark
Yevzlin, Alexander	Yoch, E. Ted	Zelickson, Brian
Zenz, Steven	Zortman, Jeffrey	Zosel, Timothy

Appendix E

Minnesota Angel Tax Credit List of Qualified Funds

The following funds have been certified as Qualified Funds under Minnesota Statute 116J.8737. This certification solely means that Minnesota Department of Employment and Economic Development (DEED) has found that each fund meets the qualifications specified in Subdivision 3 of the statute and that each fund is therefore eligible to participate in DEED's Angel Tax Credit Program.

2013 Qualified Funds

3C Capital Partners, LLC	Royal Street Corp.
Atlas Capital/ Verde, LLC	SD Group
Atlas Capital/Anser, LLC	Simmons Capital Group
Bermuda Group, LLC	STB Investments, LLC
Cardialen Angels III, LLC	The Whittemore Collection, Ltd.
Circle Investments, LLLP	Two Bridges Capital, LLC
FH Investments, LLC	Wildwood Investors, LLC
Fountain Hills Investments, LLC	Wolszon Family Partnership
G.D.O., Inc. d/b/a Gradient Technology	
Invenshure Fund I, LP	
Leavitt Investments, L.P.	
MPC Scherer, LLC	
Omphalos Venture Partners, LLC	