



**Venture Capital
Authority**

Venture Capital Authority Annual Report 2023

Thea Chase, Chair
Nikhil Mankekar, Vice Chair
Lena Giacomini, Treasurer





Venture Capital Authority

Colorado Office of Economic Development and International Trade (OEDIT)
Business Funding and Incentives
Venture Capital Authority
1600 Broadway, Suite 2500
Denver, CO 80202

Thea Chase, Chair
Nikhil Mankekar, Vice Chair
Lena Giacomini, Treasurer

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Jan 31, 2024

Colorado Office of the State Auditor (OSA)

State Services Building

1525 Sherman St., 7th Floor.

Denver, CO 80203

To whom it may concern:

This letter contains the Venture Capital Authority's annual report on the "Venture Capital Program" in accordance with C.R.S. 24-46-206 and documents implementation of the legislative declaration in C.R. S. 10-3.5-102.

Thank you for your time and attention in this matter. Please contact Sonya Guram, staff for the Venture Capital Authority at (720) 541-1030, if you have any questions pertaining to this report.

Sincerely,

DocuSigned by:

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Thea Chase

Board Chair, Venture Capital Authority



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SUMMARY

This report contains the Venture Capital Authority's mission and goals, along with program results for the life of the program through the calendar year 2023.

In 2005, the Venture Capital Authority was created and given the authority to issue tax credit certificates - for a total value of fifty million dollars to qualified taxpayers. The VCA successfully completed the sale of these tax credits with no individual transaction completed for less than eighty cents on the dollar. The insurance companies fulfilled their contract to purchase annual premium tax credits through the contract period (2014). The funds received from the sale of the tax credits created the initial certified capital of approximately \$46,000,000 which has been invested and revolved in line with the statutory directives providing seed and early-stage investment capital to qualified businesses.

Additionally, the VCA has increased its assets under management with funds from the State Small Business Credit Initiative (SSBCI)¹ which was reauthorized and amended under the American Rescue Plan Act of 2021 (ARPA). In August 2022, the US Department of Treasury approved the State's application to deploy funds through the Colorado Venture Capital Authority to enable additional joint public-private investment funds focused on "seeding" small businesses with high-growth potential. The Venture Capital Authority, through Limited Partnership Agreements with Fund Managers, continues to operate under the statutory parameters but focuses these Federal funds to invest in businesses owned and controlled by socially and economically disadvantaged individuals (SEDI-owned businesses) and in very small businesses (VSBs) throughout Colorado.

The VCA has committed a cumulative \$109,640,668 in certified capital towards 8 funds with the goal of investing seed capital in businesses that are headquartered and have principal business operations in Colorado. The VCA works to deploy capital across the state including rural, urban distressed, and the balance of the state. The recent 4 Fund Partnerships were formed to deploy SSBCI federal capital. In 2023, 26 businesses received investments that supported 233 new and/or retained jobs across the State of Colorado.

¹ The SSBCI provisions are codified at 12 U.S.C. § 5701 et. seq.

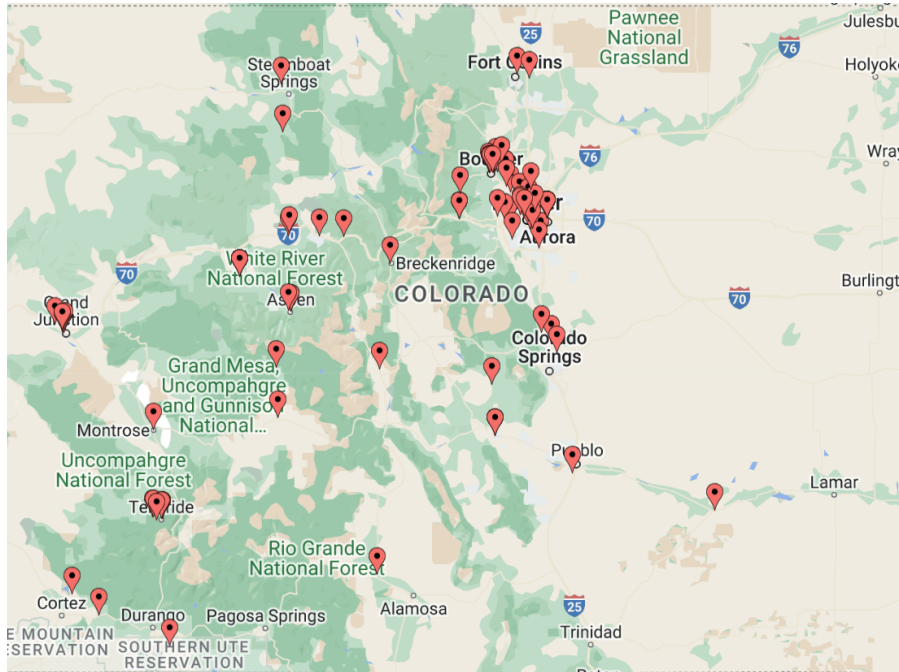


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Portfolio Company Locations Across Colorado



COLORADO FUND I

Colorado Fund I, L.P. was formed in June 2005 and was the initial fund for the Venture Capital Authority. The VCA committed approximately \$21.8M. The geographic focus of the fund was Qualified Investments in Businesses in Urban Distressed, Rural, and Statewide Qualified Businesses as defined in the VCA Statute. The VCA contributed for investments, management fees, and expenses, of \$25.6M over the life of the fund. The Fund and its affiliates invested in 13 qualified businesses; \$13.4M Statewide, \$5.4M Rural, and \$5.4M in Urban Distressed Qualified Businesses. The Fund was successfully dissolved subject to the terms and conditions of the Partnership Agreement. The VCA received \$38.9M in proceeds from the partnership.

COLORADO FUND II

Colorado Fund II, L.P. was formed in January 2010 and was the second fund in which the Venture Capital Authority engaged as a limited partner. The geographic focus of the fund was Qualified Investments in Businesses in Urban Distressed, Rural, and Statewide as defined in the VCA Statute. The VCA committed \$25.4M as a limited partner. The Fund and its affiliates invested in 19 qualified businesses; \$13.3M Statewide, \$4.7M Rural, and \$9.4 in Urban Distressed Qualified Businesses. The Fund is currently in a divestment period subject to the terms and conditions of the Partnership Agreement. The VCA has received \$9.4M in proceeds from the partnership to date.



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GREATER COLORADO VENTURE FUND I

Greater Colorado Venture Fund I, L.P. was formed in July 2018 and is the third fund in which the Venture Capital Authority has invested as a limited partner. The geographic focus of the fund is Qualified Rural Businesses as defined in the VCA Statute. The VCA has contributed a cumulative \$13.3M as a limited partner. As of 10/31/2023, the Fund has deployed \$17.7M to 29 Qualified Rural Businesses and has supported 433 new and/or retained FTEs. The VCA has received \$5.5M in proceeds from the partnership.

FIRSTMILE VCA 2020 FUND

FirstMile VCA 2020, L.P. was formed in February 2021 as the fourth fund in which the Venture Capital Authority has partnered. The Fund's focus is on founder-driven businesses and seed-stage investments in Colorado technology businesses. The VCA has contributed a cumulative \$9M as a limited partner. As of 10/31/2023, the Fund has deployed \$6M to 18 Qualified Businesses, including \$325k in Rural and \$1M in Urban Distressed Businesses. This supported 86 new and/or retained FTEs.

GREATER COLORADO VENTURE FUND II

Greater Colorado Venture Fund II, L.P. was formed in October 2022 as the fifth fund in which the Venture Capital Authority has partnered. The Fund was selected to deploy SSBCI capital. GCVFII, like GCVFI, invests in early-stage startups primarily in Qualified Rural Businesses. This fund's mission is to inspire innovation in places formerly overlooked by established venture capital firms. The VCA has committed a cumulative \$12.5M as a limited partner. As of 10/31/2023, the Fund has deployed \$3.9M in 5 Colorado Businesses and supported 64 new FTEs.

NCTF-COLORADO PARALLEL FUND I

NCTF - Colorado Parallel Fund I, L.P. was formed in October 2022 as the sixth fund in which the Venture Capital Authority has partnered. The Fund was selected to deploy SSBCI capital. The fund's focus is on investing in startups and scale-ups owned and/or operated by business leaders of color including businesses located in Colorado's Urban Enterprise Zones, SEDI-owned businesses, and in VSBs throughout the state as defined in the VCA Statute and the SSBCI Guidelines. The VCA has committed a cumulative \$7.1M as a limited partner. As of 10/31/2023, the Fund has deployed \$289k in 3 businesses, including \$159k in Urban Distressed Businesses, and supported 8 new FTEs.



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AVESTA COLORADO FUND I

Avesta Colorado Fund I, L.P. was formed in February 2023 as the seventh fund in which the Venture Capital Authority has partnered. The Fund was selected to deploy SSBCI capital. The fund's focus is on Colorado-based seed-stage startups that help address the challenges of climate change and inequality including businesses located in Colorado's Urban Enterprise Zones, SEDI-owned businesses, and in VSBs throughout the state as defined in the VCA Statute and the SSBCI Guidelines. The VCA has committed a cumulative \$3.6M as a limited partner. As of 10/31/2023, the Fund has deployed \$100k to 1 Colorado SEDI-Owned Business and supported 6 new FTEs.

COLORADO ONE FUND

Colorado ONE FUND, L.P. was formed in June 2023 as the eighth fund in which the Venture Capital Authority has invested as a limited partner. The Fund was selected to deploy SSBCI capital. The fund targets early-stage investment into small disruptive companies developing innovative critical technologies in aerospace, defense, and homeland security, with a focus on underserved companies including Colorado's Urban Enterprise Zones, SEDI-owned businesses, and in VSBs throughout the state as defined in the VCA Statute and the SSBCI Guidelines. The VCA has committed a cumulative \$17.5M as a limited partner. As of 10/31/2023, the Fund has deployed \$650k in 1 Colorado SEDI-Owned Business and supported 6 new FTEs.

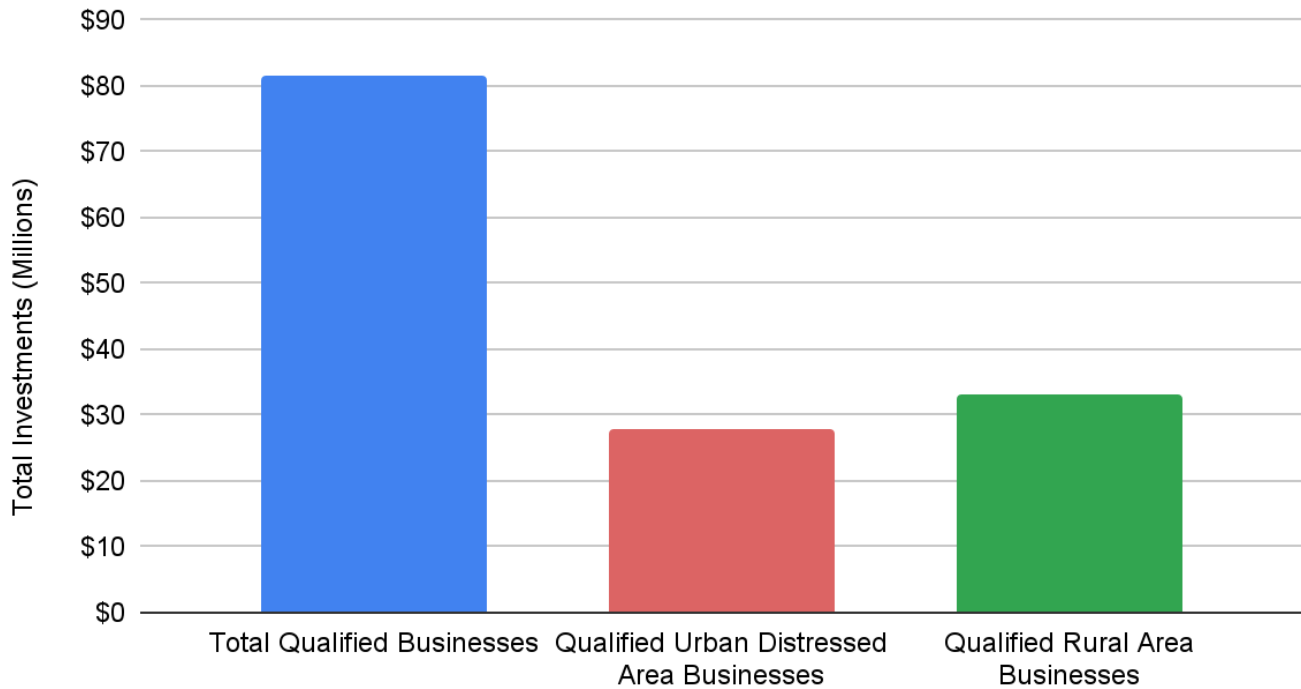


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VCA to Date of Qualified Businesses Metrics



Looking Forward

Through the State Small Business Credit Initiative (SSBCI) the VCA received an allocation of \$19M from the first tranche. As of 10/31/2023, 97% of tranche 1 capital has been obligated through commitments to fund partnerships. As of Q3 2023, 6 investments have been made with SSBCI funds totaling \$1.2M. 91% of invested capital qualified as SEDI-owned and 83% VSBs. Additionally, 77% percent of this capital went to businesses located in Colorado's Urban Distressed areas. In anticipation of Colorado's second tranche of SSBCI funding, contingent on review and approval, the VCA Board plans to hold a second request for proposal, through a competitive selection process, to partner with additional fund managers that understand the CO landscape with urban distressed and rural areas and have pipelines to SEDI-led companies.