



Regulation CF Offering: Engagement Steps

At Stony Hill Advisors, we understand the complexities and challenges associated with Regulation CF (crowdfunding) offerings. Our team of seasoned professionals is dedicated to guiding clients through the intricacies of the fundraising process, ensuring compliance with regulatory requirements while maximizing opportunities for success. Below, we outline the step-by-step approach we take to assist clients in navigating Regulation CF offerings.

Understanding Regulation CF: Empowering Small Business Financing

Regulation CF, or Regulation Crowdfunding, is a regulatory framework established by the Securities and Exchange Commission (SEC) in 2015 under the JOBS Act. This framework facilitates capital raising for small and emerging businesses by allowing them to offer and sell securities to the public through crowdfunding platforms. The objective is to democratize access to capital, enabling a broader investor base to participate in the growth of innovative startups and small businesses.

Key features of Regulation CF include:

- **Increased Access to Capital:** Regulation CF enables small and startup businesses to raise capital by offering and selling securities to the general public. This expands the pool of potential investors beyond traditional sources, such as venture capitalists or angel investors.
- **Crowdfunding Platforms:** Issuers looking to raise funds under Regulation CF must do so through registered crowdfunding platforms, which act as intermediaries between the businesses seeking funding and the investors. These platforms facilitate the offering process and provide a space for companies to connect with a broad range of investors.
- **Investor Protections:** To protect investors, Regulation CF imposes certain limitations on the amount of money that both accredited and non-accredited investors can invest in a given 12-month period. The limits are designed to mitigate the risk associated with investing in startups and small businesses.
- **Disclosure Requirements:** Companies conducting Regulation CF offerings are required to provide certain disclosures about their business, financial condition, and the terms of the offering. These disclosures are included in a document known as Form C, which must be filed with the SEC and made available to potential investors.
- **Financial Review Requirements:** The financial reporting requirements for Regulation CF offerings vary depending on the amount a company seeks to raise. Offerings under \$107,000 have reduced financial reporting obligations,

while offerings between \$107,000 and \$535,000 require financial statements reviewed by an independent public accountant. Offerings exceeding \$535,000 require audited financial statements.

- Ongoing Reporting: After a successful crowdfunding campaign, companies are required to provide ongoing updates to investors, including annual reports and, in some cases, more frequent financial statements, depending on the amount raised.
- Regulation CF has been instrumental in democratizing the fundraising process for small businesses, allowing them to tap into a wider pool of potential investors.

Step 1: Initial Consultation Our process begins with a comprehensive initial consultation to grasp the client's business, goals, and funding needs. During this phase, we also assess the client's eligibility and suitability for a Regulation CF offering, considering factors such as financial health, business model, and growth projections.

Step 2: Regulatory Compliance Review Navigating the regulatory landscape is paramount in Regulation CF offerings. We conduct a thorough review of relevant securities laws and regulations to ensure our clients' compliance with the specific requirements of Regulation CF. Identifying potential risks, we provide strategic recommendations to mitigate compliance challenges effectively.

Step 3: Business Valuation and Offering Structure Working closely with our clients, we determine an appropriate valuation for the business and assist in structuring the Regulation CF offering. This includes defining the offering size, setting the share price, and establishing investor-friendly terms to optimize fundraising success.

Step 4: Preparation of Offering Materials Stony Hill Advisors collaborates with clients to prepare compelling and informative offering materials, including the filing of Form C with the SEC. Our focus is on ensuring all required disclosures are accurately presented, instilling confidence in potential investors.

Step 5: Marketing and Investor Outreach A targeted marketing strategy is essential in reaching potential investors. We develop and implement comprehensive plans that leverage both traditional and digital channels, facilitating investor outreach and engagement to build trust and confidence.

Step 6: Platform Selection Selecting the right crowdfunding platform is a critical decision. We assist our clients in choosing an appropriate platform that aligns with their objectives, ensuring seamless integration between business goals and the capabilities of the chosen platform.

1370 NC 24-87 STE 153 - CAMERON, NC 28326

PHONE: 910-476-7404 – EMAIL: INFO@STONYHILLADVISORSINC.COM

Step 7: Campaign Management

Stony Hill Advisors implements a comprehensive campaign management strategy. This includes regular updates, communications, and engagement with investors. We monitor the progress of the offering, making data-driven adjustments to optimize results.

Step 8: Closing the Offering

Guiding clients through the closing process is a crucial aspect of our service. We ensure compliance with regulatory requirements for the issuance of securities, facilitating the distribution of securities and the transfer of funds to the client.

Step 9: Post-Offering Compliance

Our commitment extends beyond the offering period. We provide ongoing support in post-offering compliance, including reporting obligations and investor relations. Our team assists clients in navigating any post-offering challenges or inquiries from regulatory authorities.

By choosing Stony Hill Advisors, clients benefit from a comprehensive and collaborative approach to Regulation CF offerings. Our team's expertise and dedication ensure a smooth and successful fundraising process, allowing clients to focus on what matters most—the growth and success of their business.

Why Stony Hill Advisors, Inc.

Stony Hill Advisors has an in-house team that is fully versed on exempt offerings under Regulation CF. Our culture thrives on the fusion of expertise, innovation, and collaboration. We are dedicated to your business's transformation and success, with a commitment to integrity and excellence at our core.

Stony Hill Advisors is a team of experienced professionals with over a Century of combined experience in the business world. We have extensive knowledge and expertise in creating businesses, acquiring existing opportunities, exiting current endeavors, and investing in businesses. Our advisors, skilled in valuing and preparing businesses for transition, can assist clients with strategic and exit planning.

With a wealth of experience in operating both public and private entities, our advisors understand the nuances of operating a business and the difficulties of managing the transition simultaneously with operations.

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