

Josh Saturday 10AM

Valuation ladder, negotiation moves, and the case for \$1.5M+ post-money

THE BIG FRAME

The valuation, why it preserves a Round 2, and what's in it for Josh.

Josh has not seen any specific offer yet. He saw the Preview Brief which explicitly deferred the financial structure. Saturday's meeting is the FIRST time Josh sees a number. The number you walk in with anchors the negotiation. You will also discuss this with Colin today as a thought partner before Saturday so the position is sharpened.

Target post-money valuation: \$1.5M. This is the position you walk in with. The case for \$1.5M is based on what exists right now:

- Working proof-of-concept demo live on YouTube (technology de-risked)
- Custom personalized demo being built for Josh using his own birth data (he experiences the product as a user)
- Faena Conference activation locked in across multiple layers (distribution de-risked: vendor table, daily chair drops, dedicated experiential funnel, founder hosting role for 3 days)
- Sol committed as Co-Founder with documented structure (team de-risked)
- Colin engaged as advisor with finder reward structure
- Network of additional investors warming (Gabby Ballard, Du Jour, Joseph, Mark Donahue, Steve and Laura)
- Founder credentials (EE, 13 years patent law, prior raised capital, sold-out 3-day conferences)
- Proprietary methodology (Jeff Parker heart coherence technique embedded in product)

- Patent strategy in motion
- 98% gross margin product economics with proven adjacent markets (Calm, Headspace, Tapping Solution)

WHY \$1.5M PRESERVES ROOM FOR A ROUND 2 (AND WHY THAT BENEFITS JOSH)

This is the strategic point Josh needs to understand. At \$250K for 25% (\$1M post-money), the company is fully diluted in Round 1 with no room to raise additional capital later without serious founder dilution. At \$1.5M post-money with \$150K to \$250K raised in Round 1, the company keeps founders combined at 80%+ and leaves real room for a Round 2 at a higher valuation once Faena traction and early revenue are in the books.

For Josh specifically: Round 2 happens at \$3M to \$5M post-money valuation (assuming Faena and Sprint 3 traction lands as projected). At that point, his Round 1 investment is already worth 2-3x on paper. AND he has first-crack privilege (pro-rata rights + right of first refusal) on Round 2 capital, meaning he can either maintain his percentage by investing more at the new higher valuation, or simply ride the up-round mark-up.

This is a much stronger structural position for Josh than getting 25% of a fully diluted company with no follow-on opportunity. He gets the upside of being early AND the option to deepen his stake at proven valuations.

THE VALUATION LADDER

Four scenarios from opening ask to fallback.

OPENING POSITION · RECOMMENDED LEAD ASK

\$150K equity at \$1.5M post-money + \$50K personal loan + Board seat + Round 2 first-crack rights

Equity: \$150K buys 10% of the company. Post-money valuation \$1.5M (pre-money \$1.35M).

Loan: separate \$50K personal note to Jeff at 6% annual interest, 24-month payback. Earmarked for debt clearance and Coconut Grove move. Independent of equity.

Board seat: Josh gets voting board seat when the board expands from 3 to 5 voting members (Gabby's arrival triggers the expansion). Until then, observer rights with full speaking access.

Round 2 first-crack rights: Pro-rata rights AND right of first refusal on Round 2. Maintain his 10% by investing more at the new higher valuation, OR ride the up-round mark-up without participating further.

Advisor equity option: 1 to 2% additional advisor equity vesting over 2 years if Josh commits to active strategic role beyond capital.

Corporate events vehicle co-founder seat: separate entity, additional ownership opportunity in the broader long-term work.

Total Josh deploys: \$200K.

Founders retain combined: ~83% (Jeff 65%, Sol 18%, Pool 7.2%).
Room for additional 5-10% raise at higher valuation in Round 2.

SCRIPT OPENING:

" Josh, I want to walk through how I'd love your involvement to look. I'm valuing Affirmology at \$1.5 million post-money. The demo is live, Faena activation is locked in across multiple layers, Sol is committed as co-founder, Colin is engaged as advisor, the team is forming. What I want from you is \$150K for 10 percent ownership as the lead investor. On top of that, I'd like to suggest an optional \$50K personal note to me with 24-month payback at 6 percent. The note is earmarked specifically for clearing some personal debt and getting me into the Coconut Grove space where we'd be operating from. That gives you three different time horizons working at once: equity for the long-term upside, distributions when we hit profitable revenue, and the loan repayment as a defined short-term return.

The package on top of the \$150K is meaningful: board seat with growth path to voting, pro-rata and right of first refusal on Round 2 so you have first crack at the up-round when Faena traction lands, optional advisor equity if you want to be operationally involved, and the corporate events vehicle co-founder seat for the broader work I'm building. Tell me where this lands for you. "

MIDDLE MOVE · IF HE WANTS MORE OWNERSHIP

\$200K at \$1.5M post-money = 13.3% + optional \$50K loan

Equity: \$200K buys 13.3% at the same \$1.5M post-money valuation.

Total Josh deploys: \$200K equity (or \$250K with loan).

Founders retain combined: ~80%.

SCRIPT:

“ If you want a bigger stake at the same valuation, \$200K gets you 13.3 percent. The valuation stays at \$1.5M post-money. You're just buying more of the same. ”

STRETCH · IF HE PUSHES ON VALUATION

\$250K at \$1.67M post-money = 15%

Equity: \$250K buys 15% if he pushes for more ownership at higher commitment.

Founders retain combined: ~85% (Jeff 61.2%, Sol 17%, Pool 6.8%).

Room for additional ~10% raise at higher valuation later.

SCRIPT:

“ If you are coming in at \$250K and want strategic-investor terms, I can do 15 percent at a slightly lower valuation that reflects your scale. \$1.67 million post-money. That preserves the most room for the Sol's-network investors to come in alongside without diluting either of us too much. ”

FALLBACK · FLOOR POSITION

\$250K at \$1M post-money = 25%

This is the absolute fallback if Josh insists on the original deck terms math.

Founders retain combined: ~75%. No room for additional raise without serious dilution. Only take this if Josh refuses to budge above this floor and the relationship/capital combination is still strategically worth it.

WHEN TO TAKE THIS:

Only if Josh wraps the \$250K with significant strategic value (operational involvement, ongoing time commitment, named lead investor with credibility, etc.) AND no other realistic path to fund the company exists in the next 60 days.

ROUND 2 FIRST-CRACK PRIVILEGE (CRITICAL VALUE LEVER FOR JOSH)

What pro-rata + ROFR actually means for him.

This is the most underweighted piece of the offer and worth taking 5 minutes of the meeting to walk through carefully. It is genuinely valuable to a sophisticated investor like Josh.

PRO-RATA RIGHTS

Right to maintain his ownership percentage in future rounds by investing proportionally. If Josh holds 10% at Round 1 and Round 2 raises \$500K at \$5M post-money, his pro-rata right means he can invest \$50K to maintain that 10%. If he doesn't exercise, he dilutes to roughly 9%. His call.

RIGHT OF FIRST REFUSAL (ROFR)

Before Round 2 opens to outside investors, Josh has first option to take whatever portion he wants. If he wanted to take the entire Round 2, he could (subject to founder agreement on amount). Gives him leverage to deepen his position at a known valuation before others have access.

WHAT THIS LOOKS LIKE IN PRACTICE (OPTIMISTIC CASE)

Round 1 closes at \$1.5M post-money. Josh holds 10% (\$150K invested).

By Q1 2027, Faena has converted ~150 paying customers, Sprint 3 traction is in, demo is automated and live. The company has revenue, momentum, and a credible \$4M to \$6M post-money Round 2 valuation.

Josh's existing 10% stake is now worth \$400K to \$600K on paper (paper return: 2.7x to 4x in 6 to 9 months).

Round 2 opens at \$5M post-money. Josh has first crack. If he invests another \$250K, he can take 5% of the new round at the higher valuation, ending Round 2 with about 12% of the company at a \$750K total invested. His combined holdings are now worth \$600K (Round 1 at new valuation) + \$250K (Round 2 at face) = \$850K on paper.

If he passes on Round 2 entirely, his 10% dilutes to about 8% but is still worth ~\$400K on paper. Either way, he wins.

This is the structural piece that makes a \$150K-\$200K commitment in Round 1 materially more valuable than just the equity percentage suggests. Josh as a sophisticated operator understands this immediately if you walk him through it.

FINANCIAL RETURNS CASE FOR JOSH

What \$150K to \$250K could actually return.

This is what to walk Josh through after the offer is on the table. Numbers below assume Josh's 10% Round 1 stake dilutes to ~7-8% after one Round 2 (without him exercising pro-rata), or maintains at 10-12% if he does exercise.

OUTCOME SCENARIO	JOSH'S EQUITY VALUE (ACQUISITION)	OR ANNUAL DISTRIBUTION STREAM	RETURN MULTIPLE
Year 3 Optimistic (100K subscribers, \$26M ARR, \$14M net profit)	\$9M-\$18M at strategic acquisition (5-10x revenue)	\$1M-\$1.4M/yr distributions	60-120x acquisition · 7-9x annual distribution
Year 5 Optimistic (500K subs,	\$45M-\$90M at acquisition	\$5M-\$6M/yr distributions	300-600x acquisition · 35-40x annual

OUTCOME SCENARIO	JOSH'S EQUITY VALUE (ACQUISITION)	OR ANNUAL DISTRIBUTION STREAM	RETURN MULTIPLE
\$130M ARR, \$80M net profit)			
Conservative Year 3 (35K subs, \$9.2M ARR, \$4M net profit)	\$3M-\$6M at acquisition	\$280K/yr distributions	20-40x acquisition · 1.9x annual
Stall (5K subs, \$1.1M ARR, \$400K net profit)	\$350K-\$700K modest sale	\$28K/yr distributions ongoing	2.3-4.7x acquisition · 0.2x annual
Failure (shutdown)	\$0	\$0	Loss of \$150K equity (loan repaid before failure)

The asymmetric upside narrative: Josh's \$150K equity has 60-120x acquisition upside in the optimistic case, 20-40x in the conservative case, and even the stall scenario produces 2-4x. The downside is loss of \$150K. The expected-value math favors the investment heavily if you weight the probabilities even moderately (say 25% optimistic + 40% conservative + 25% stall + 10% failure). The loan portion of \$50K is also paid back over 24 months regardless of company outcome (Jeff's personal liability), which de-risks part of the deployment further.

THE COMPARISON FRAME

For a sophisticated investor deploying \$200K, the question isn't "should I invest in Affirmology?" — it's "where does this fit in my portfolio relative to other options?" The Affirmology pitch in expected-value terms is:

- **Working product (demo built):** de-risked technology vs. a typical pre-product seed deal
- **Confirmed distribution (Faena):** de-risked go-to-market vs. typical untested channel
- **Founder credentials:** patent attorney, prior raises, conference operator — de-risked execution
- **Distribution-business model:** de-risked liquidity (Josh gets returned via distributions even without exit)

- **Round 2 first-crack:** structural option value typical SAFE doesn't offer
- **Hybrid loan structure:** \$50K returned over 24 months regardless of outcome

This is genuinely a strong risk-adjusted return profile, not a swing-for-the-fences moonshot. Walk Josh through this if he questions the valuation.

CAP TABLE AT EACH SCENARIO

What founders retain in each case.

SCENARIO	JOSH	JEFF	SOL	POOL	ROOM FOR FUTURE RAISE
Opening (\$150K = 10%)	10%	64.8%	18.0%	7.2%	5-10% available at higher cap
Middle (\$200K = 13.3%)	13.3%	62.4%	17.3%	6.9%	~5% available at higher cap
Stretch (\$250K = 15%)	15%	61.2%	17.0%	6.8%	~5% available at higher cap
Fallback (\$250K = 25%)	25%	54.0%	15.0%	6.0%	Tight (would dilute founders significantly)

The case for the Opening Position: at \$150K for 10%, Josh gets meaningful ownership of a company whose proof-of-concept is built, distribution is locked through Faena, and team is forming. If Affirmology hits the 100K-subscriber Year-3 path, his 10% pre-dilution settles to ~7% post-future-rounds and is worth \$8M to \$16M at a strategic acquisition. The \$50K loan gives him short-term return. That is a strong package without him needing to take 25% of the company.

THE NEGOTIATION MOVES

How to handle Josh's likely responses.

IF HE ASKS ABOUT THE ORIGINAL DECK'S \$30K-FOR-10% REFERENCE

Only address this if HE brings it up. Do not preemptively reference the deck math. If he does ask, here is the answer.

“ That deck slide was concept-stage friends-and-family pricing written before the demo existed, before Sol committed, before Faena was locked in, before Colin engaged, before the network of follow-on investors began warming up. Each of those is a real value-creating event. The current \$1.5 million post-money reflects what's actually built. The original \$30K-for-10% was a starting framing for a single small angel check at concept stage, not a fixed price the company is locked into now that there's a working product and confirmed go-to-market. ”

IF HE WANTS STRATEGIC INVOLVEMENT / OPERATOR ROLE

Welcome it. Offer advisor equity grant on top of investment equity if he commits to active involvement.

“ If you want to be involved beyond writing the check, I can layer on 1 to 2 percent advisor equity vesting over 2 years for ongoing strategic role. Plus the corporate events vehicle co-founder seat we have been talking about, which is a separate entity with its own cap table. That gives you three positions in the broader work I am building, not just one. ”

IF HE WANTS OBSERVER BOARD SEAT INSTEAD OF VOTING

Great move. Already in the plan. Confirm 3-voting + 1-observer structure with growth path.

“ The board is structured at 3 voting members (Jeff, Sol, Colin if he takes it) with you as observer with full speaking rights. When Gabby comes in as investor, board expands to 5 voting and you get promoted to voting. So you have a clear growth path on board influence as the round closes. ”

IF HE PUSHES FOR \$250K AT LOWER VALUATION THAN \$1.67M

Hold at \$1.67M post-money for \$250K. If he pushes below, push back with the demo, Faena, and team-formation arguments.

" \$1.67 million post-money for \$250K gives you 15 percent which is genuinely a major-lead-investor position. I cannot go lower than that on \$250K without giving up meaningful future round flexibility. I would rather take less from you now at \$1.5M post-money than more from you at a valuation that boxes me into a corner six months from now. "

IF HE WANTS TO BRING HIS APP AND AFFIRMOLGY TOGETHER

Open the conversation. Do not commit to merger Sunday.

" Tell me more about the overlap. If your app and Affirmology genuinely align, we can scope a partnership where the products complement each other, or where one builds on infrastructure the other provides. But Affirmology stays a standalone company with its own cap table for now. I want to keep the AI audio personalization concentrated under one ownership group. Let us walk through what you are building and find where the synergy actually is. "

IF HE SAYS "I AM BUILDING MY OWN APP, NO MONEY FOR YOU RIGHT NOW"

Convert to advisor relationship without losing the connection.

" Completely fair. Capital allocation is its own thing. Let me bring you on as a strategic advisor with 1 percent vesting over 2 years for ongoing involvement. You stay in the orbit, you get to see how this evolves, and you have an option to invest later at the then-current terms if it lights up for you. "

THE HYBRID LOAN STRUCTURE (DETAIL)

The piece that makes Josh's deployment uniquely attractive.

- **\$50K personal note from Jeff to Josh.** Separate from the equity investment. Personal liability of Jeff, not company liability.
- **Interest rate: 6% annual** (simple, not compounding). Generous to Josh while still reasonable for Jeff.

- **Payback schedule: 24 months** from initial disbursement. Quarterly minimum payments of \$2,083 principal plus accrued interest, OR balloon payback option at any time without penalty.
- **Use of funds: earmarked for debt clearance and Coconut Grove move.** Disclosed transparently. Not commingled with company capital.
- **Source of payback: Jeff's founder salary from Affirmology** once funded. Loan repayment is built into Jeff's monthly burn budget.
- **If Affirmology has a liquidity event before 24 months:** loan can be repaid in full from proceeds. Otherwise, monthly schedule continues.

For Josh: three different time horizons on his \$200K total deployment. Equity = 5-7 year upside via acquisition or distribution. Loan = 24-month defined return. Distributions from his equity stake = ongoing from Year 2+ if company runs profitably.

For Jeff: immediate breathing room on debt and rent crisis. Clean separation between personal and company finances. Builds Josh's confidence in being repaid quickly on at least one component.

WHY \$1.5M POST-MONEY IS DEFENSIBLE

The case to walk into the meeting with.

- **Working proof-of-concept demo:** live YouTube video, full pipeline shown, custom version being built for Josh personally.
- **Faena activation locked in:** multi-layered (vendor table, chair drops, dedicated experiential funnel, host stage time, speaker affiliate pipeline) — confirmed with conference organizer, not aspirational.
- **Sol committed as Co-Founder** with documented structure, structural protections, and audience archetype fit.
- **Colin engaged** with finder reward structure for bringing investors.
- **Network of follow-on investors warming up:** Gabby Ballard (Sol's sister), Du Jour (Gabby's partner, GPU company founder), benefactor friend (Sol's network), Joseph (British conscious capitalism), Mark Donahue, Steve & Laura (Omaha clients), Chris Mangan possible.
- **Demo of Sol's potential network value:** three potential investors directly in her orbit.

- **Founder credentials:** EE degree, 13 years US Patent & Trademark Office, prior raised capital (Oria), sold-out 3-day conferences, deep Miami spiritual community standing.
- **Proprietary methodology:** Jeff Parker heart coherence technique embedded in product.
- **Patent strategy in motion:** provisional patent applications planned for summer 2026.
- **IP defense:** Wyoming LLC entity, trademark filing in progress, Gene Keys defensible-use strategy.
- **Tech obsolescence defense:** stack-agnostic architecture, customizability roadmap (voice cloning, custom themes, EFT personalization, multilingual expansion).
- **Hero music library plan:** DJ Taz Rashid as target collaborator.
- **Three outcome paths modeled:** Optimistic (100K subs Year 3, \$26M ARR), Conservative (\$9M ARR Year 3), Stall (\$1M ARR Year 3 still profitable).
- **Distribution path designed:** 98% gross margin product, distribution policy in operating agreement, investor returns mechanics defined.

THE MEETING SEQUENCE

How Saturday flows.

1. **NDA first.** Same template as Colin's. Get him to sign before anything substantive.
2. **Show the custom demo.** The one you are building tonight using HIS birth data. Eyes closed first pass, eyes open second pass. Watch his face. Do not talk over the audio.
3. **Walk through Preview Brief or Executive Summary.** Hit the high points: problem, solution, market, traction (demo + Faena), team, distribution strategy, customizability roadmap, scale vision.
4. **The Ask.** Open with Opening Position (\$150K + \$50K loan, 10% at \$1.5M post-money). Let him respond. Adjust per his energy.
5. **His app conversation.** Listen carefully. Look for synergy. Do not commit to merger.

6. **Corporate events vehicle conversation.** Plant the seed. Position the co-founder seat as part of the long-term relationship.
7. **Close.** Get a specific answer: "I am in for \$X by Y date" or "I am thinking, will respond by Z date." Concrete next step. Not vague enthusiasm.

SUCCESS METRIC FOR SATURDAY

What "winning" looks like.

Best case: Josh verbally commits to \$150K to \$250K with a specific timeline. Loan structure agreed in concept. Corporate events vehicle interest confirmed.

Good case: Josh wants 7-10 days to think it through, with a specific date for his response, and clear signals on what range he is considering.

OK case: Josh becomes strategic advisor without immediate investment. Corporate events vehicle co-founder interest confirmed. Relationship building for future capital.

Failure case: vague "we should keep talking" without specifics. If that's the outcome, the meeting did not land. Press gently for concreteness before he leaves.