

Shanken Investments LLC

September 30, 2024

Via e-mail (budget@pa.gov)

Governor's Budget Office
Office of the Budget
333 Market Street, 19th Floor
Harrisburg, PA 17101

To whom it may concern:

As required by the Angel Investment Venture Capital Program (the "**Program**"), Shanken Investments LLC (the "**Angel Investor**") hereby submits to the Office of the Budget an annual report for the period beginning on July 1, 2023 and ending on June 30, 2024 (the "**Reporting Period**").

1. The name and address of the Angel Investor:

Shanken Investments LLC
513 Plymouth Road, Box 492
Gwynedd Valley, PA 19437

2. The name of the Angel Investor's contact person, including address, phone, and email:

Ross Shanken
513 Plymouth Road, Box 492
Gwynedd Valley, PA 19437
Phone: 215-518-0300
Email: shanken90@gmail.com

3. A financial statement, computed in accordance with generally accepted accounting principles, for all funds received and invested by the Angel Investor under the Program during the Reporting Period.

See Appendix A.

4. The name and address of the qualified business venture (the "**QBV**"):

SAIL Fusion, Inc
2010 Jimmy Durante Boulevard
Suite 200
Del Mar, CA 92014

(Note: SAIL Fusion, LLC converted to SAIL Fusion, Inc in September 2024, after the reporting period)

5. The name of QBV's contact person, including address, phone, and email:

David Jansen
191 Mapleflower Road
Glenmoore, PA 19343
Phone: (484) 558-0248
Email: David@SAILspine.com

6. A detailed description of the QBV.

SAIL Fusion, Inc is a startup developing a novel orthopedic medical device. The QBV is creating sacroiliac (SI) joint fusion implants designed to provide lasting relief for the 9.3M patients with chronic lower back pain caused by the SI joint. The QBV provides a robust, minimally-invasive fusion implant that uses proven principles of joint fusion for permanent relief. The sacroiliac joint is the cause of up to 25% of chronic lower back pain or sciatica, and affects mostly young, otherwise healthy adults. In the vast majority of cases, this occurs in younger women in the years following childbirth. The QBV has received two patents covering the surgical technique and design of the implant and received FDA clearance in April 2024.

The QBV was founded by three orthopedic spine surgeons in 2016, who developed the product at a medical device incubator. Upon the technology graduating from that incubator, the QBV hired David Jansen as President to lead final technology transfer, research and development, and commercialization. The QBV was previously registered as a Delaware LLC, and converted to a Delaware C-Corporation in September 2024.

7. The total amount of the qualified investment received by the QBV during the Reporting Period from the Angel Investor.

\$300,000

8. A detailed description of how the QBV employed the qualified investment received from the Angel Investor during the Reporting Period to commercialize research and development, to commercialize technology transfers, or to commercialize new technology within Pennsylvania; and, how the QBV will use the grant funds received via the Program during the 12 month period following the Reporting Period including specific, measurable goals to be achieved during such 12 month period.

The QBV utilized funds to finalize research and development of their novel medical device, performed verification and validation testing, produced implant inventory and surgical equipment, and submitted for regulatory clearance from the FDA, receiving 510(k) clearance in April 2024. The QBV produced and will continue to produce a significant amount of inventory within Pennsylvania, including production at MDI LLC in Lancaster, PA. The QBV's leadership continues to be based out of Chester Springs, PA

The QBV employed the qualified investment to continue research and development and validation testing, then begun commercialization of their product. The validation tests are required for FDA approval and mark a significant milestone toward product commercialization. As a direct result of this investment, the QBV was able to meet the goal

of FDA submission in 3Q 2023 and received clearance in April 2024. Additionally, this investment enabled the QBV to hire a VP of Sales and VP of Marketing and Clinical Affairs. The QBV will lean on these leaders to drive commercialization, product acceptance, and revenue. The specific goal is to grow product utilization by surgeons, targeting 30 surgeons and \$8M in revenue.

9. The total number of employees in Pennsylvania, including the number of new jobs created in Pennsylvania during the Reporting Period, as well as the median salary of these employees.

The QBV has one full time employee in Pennsylvania (the CEO).

The QBV did not add new jobs in the current period.

The median salary is \$190k.

Sincerely,

Ross Shanken

Attachment

Appendix A
Financial Statement

See following:

- SAIL Fusion LLC 2023 Balance Sheet
- SAIL Fusion LLC 2023 Profit & Loss Statement
- SAIL Fusion LLC 2024 Q1-Q2 Balance Sheet
- SAIL Fusion LLC 2024 Q1-Q2 Profit & Loss Statement

SAIL Fusion LLC
Balance Sheet
As of December 31, 2023

	Dec 31, 23
ASSETS	
Current Assets	
Checking/Savings	
Chase Checking6689	128,787.13
Total Checking/Savings	128,787.13
Other Current Assets	
Implant Inventory	87,362.84
Prepaid Expenses	1,710.00
Total Other Current Assets	89,072.84
Total Current Assets	217,859.97
Fixed Assets	
Capital Equipment	4,392.00
Instrument Inventory	63,291.50
Total Fixed Assets	67,683.50
Other Assets	
Section 754 Adjustment	202,611.00
Total Other Assets	202,611.00
TOTAL ASSETS	488,154.47
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	108,651.64
Total Accounts Payable	108,651.64
Credit Cards	
Chase Visa- Ink Business	
0896_DJ	9,960.10
Total Chase Visa- Ink Busin...	9,960.10
Total Credit Cards	9,960.10
Total Current Liabilities	118,611.74
Long Term Liabilities	
Convertible Note	3,295,000.00
Total Long Term Liabilities	3,295,000.00
Total Liabilities	3,413,611.74
Equity	
Member Equity	209,331.00
Retained Earnings	-1,048,309.12
Net Income	-2,086,479.15
Total Equity	-2,925,457.27
TOTAL LIABILITIES & EQUITY	488,154.47

SAIL Fusion LLC
Profit & Loss
January through December 2023

	Jan - Dec 23
Ordinary Income/Expense	
Expense	
Bank Service Charges	0.00
Business Licenses and Permits	4,430.00
Computer and Internet Expen...	2,280.46
Conference Fees	15,548.28
Dues and Subscriptions	325.00
Insurance Expense	
Product Liability Insurance	12,141.00
Workers Compensation	2,559.00
Total Insurance Expense	14,700.00
Marketing	152,854.93
Meals and Entertainment	11,466.01
Office Supplies	3,517.76
Payroll Expense	651.45
Postage & Delivery	6,795.73
Professional Fees	105,277.72
R&D Expense	
Consulting Fees	722,636.18
Intellectual Property	19,304.59
Intellectual Property Expense	6,843.53
Outside Services	19,020.13
Prototype Expense	257,400.71
Purchased Documents	165.37
Testing Services	331,350.34
Total R&D Expenses	1,356,720.85
Salary & Compensation	
Salaries and Wages	316,591.05
Total Salary & Compensation	316,591.05
Telephone Expense	61.53
Travel Expense	69,039.00
Total Expense	2,060,259.77
Net Ordinary Income	-2,060,259.77
Other Income/Expense	
Other Expense	
Corporation Taxes	1,654.00
ER Payroll Tax	24,565.38
Total Other Expense	26,219.38
Net Other Income	-26,219.38
Net Income	-2,086,479.15

SAIL Fusion LLC
Balance Sheet
As of July 18, 2024

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07/18/2024
Accrual Basis
Jul 18, 24

ASSETS	
Current Assets	
Checking/Savings	
Chase Checking6689	299,933.12
Total Checking/Savings	299,933.12
Accounts Receivable	
Accounts Receivable	40,215.00
Total Accounts Receivable	40,215.00
Other Current Assets	
Implant Inventory	187,991.59
Prepaid Expenses	5,000.00
Total Other Current Assets	192,991.59
Total Current Assets	533,139.71
Fixed Assets	
Capital Equipment	8,611.50
Instrument Inventory	376,901.44
Total Fixed Assets	385,512.94
Other Assets	
Section 754 Adjustment	202,611.00
Total Other Assets	202,611.00
TOTAL ASSETS	1,121,263.65
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	312,134.58
Total Accounts Payable	312,134.58
Credit Cards	
Chase Visa- Ink Business	-20,994.35
Total Credit Cards	-20,994.35
Total Current Liabilities	291,140.23
Long Term Liabilities	
Convertible Note	4,615,000.00
Total Long Term Liabilities	4,615,000.00
Total Liabilities	4,906,140.23
Equity	
Member Equity	209,331.00
Retained Earnings	-3,134,788.27
Net Income	-859,419.31
Total Equity	-3,784,876.58
TOTAL LIABILITIES & EQUITY	1,121,263.65

SAIL Fusion LLC
Profit & Loss
 January through June 2024

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Accrual Basis

	TOTAL
Ordinary Income/Expense	
Income	
Sales Revenue	40,215.00
Total Income	40,215.00
Cost of Goods Sold	
Cost of Goods Sold	0.00
Total COGS	0.00
Gross Profit	40,215.00
Expense	
Business Licenses and Permits	7,837.00
Computer and Internet Expenses	880.48
Conference Fees	3,326.01
Insurance Expense	
Product Liability Insurance	14,988.24
Total Insurance Expense	14,988.24
Marketing	62,348.49
Meals and Entertainment	330.76
Payroll Expense	408.40
Postage & Delivery	8,139.79
Professional Fees	131,190.60
R&D Expenses	
Consulting Fees	275,865.30
Intellectual Property	3,580.00
Intellectual Property Expense	4,879.16
Outside Services	6,050.79
Prototype Expense	20,248.86
Testing Services	36,818.05
Total R&D Expenses	347,442.16
Salary & Compensation	
Salaries and Wages	245,000.04
Total Salary & Compensation	245,000.04
Travel Expense	8,077.10
Total Expense	829,979.07
Net Ordinary Income	-789,764.07
Other Income/Expense	
Other Expense	
Corporation Taxes	1,100.00
ER Payroll Tax	19,488.72
Total Other Expense	20,588.72
Net Other Income	-20,588.72
Net Income	-810,352.79