



ANGEL CAPITAL ASSOCIATION
THE PROFESSIONAL ALLIANCE OF ANGEL GROUPS

MEMBERSHIP APPLICATION

Membership Types

ACA is committed to enhancing the success of angel investing groups, whether they are in operation or are in the planning phase. This commitment has led ACA to create two distinct membership categories:

- **Full Membership** is open to groups of angel investors, located in North America, investing predominately in private equity through a member-directed investment process.
- **Provisional Membership** is available to North American organizations that are in formation and which have good faith intent to meet the criteria for full membership within twelve months of the ACA application.

Full Membership Benefits

1. One vote on all issues voted on at ACA annual meetings.
2. Participation of at least one representative to the annual ACA Summit and regional ACA meetings at a discounted rate (worth \$300 per person for the 2009 ACA Summit).
3. Access to the Members-Only section of the ACA Web site or written information that includes data and information on specific items such as best practices, member data and deal flow.
4. Participation in committees (Public Policy, Collaboration, Branding, etc), generally held via conference call and email, but in-person during the Annual Summit.
5. Receipt of reports on US federal and state public policy issues of importance to angel investors.
6. Discounts on applicable books and educational events/ materials, including a ten percent discount on licenses for the Power of Angel Investing seminars and workshops.
7. Access to the ACA-endorsed insurance program, underwritten by Chubb Insurance, which provides outside directors' and professional liability insurance to individual angels in the angel group for a low premium and preferred terms.
8. Use of public relations tools to promote the angel group to its local press, including an announcement of ACA membership.
9. Use of the ACA member logo on angel group's Web site and printed materials, the right to place the angel group's logo on the ACA Web site, and listing on the ACA directory of angel groups in North America.
10. Such other benefits as identified and provided to Full Members.

Provisional Membership Benefits

1. Assignment of an ACA Board member (or leading angel group expert) as a mentor/advisor. This person can provide advice and information resources to enhance the group's development and will track the group's progress toward meeting the requirements for Full Membership.
2. Participation of at least one representative to the annual ACA Summit and regional ACA meetings at a discounted rate (worth \$300 per person for the 2009 ACA Summit).
3. Access for 12 months to the Members-Only section of the ACA Web site or written information that shall include data and information on specific items such as best practices, member data and deal flow.
4. Participation in committees (Public Policy, Collaboration, Branding, etc), generally held via conference call and email, but in-person during the Annual Summit.
5. Receipt of reports on US federal and state public policy issues of importance to angel investors.
6. Discounts on applicable books and educational events/ materials, including a ten percent discount on licenses for the Power of Angel Investing seminars and workshops.
7. Once the angel group can prove it is operational, the group may have access to the ACA-endorsed insurance program, underwritten by Chubb Insurance, which provides outside directors' and professional liability insurance to individual angels in the angel group for a low premium and preferred terms.
8. Such other benefits as identified and provided to Provisional Members.

Membership Process

The ACA Membership Committee will consider each application to meet the criteria outlined below. ACA will contact you by email or telephone with the results of the evaluation. If your group is accepted, ACA will also mail you a membership packet, including an invoice. Membership is not final until your application has been accepted and payment is received by ACA.

Complete membership submission includes:

- Completed membership **application**, answering all data fields in the document
- Copies of **public literature** about your angel group (preferably in electronic form)
- Payment of the **membership fee** by check or credit card, using the fee structure on page 5 (once the organization has been accepted for membership by ACA)

Please submit your application on-line via the ACA Web site, www.angelcapitalassociation.org. If you must provide it in hard copy format, please send via email or mail to:

Marianne Hudson
Angel Capital Association
8527 Bluejacket St
Lenexa, KS 66214

Phone: 913-894-4703
mhudson@angelcapitalassociation.org

Disclaimer

It is understood that ACA is not a venture fund, investment bank, broker/dealer, investment clearinghouse, investment portal nor any other form of investment advisor or otherwise, and is not registered with the Securities and Exchange Commission or any state securities commission. Any investments made involving one or more ACA member organization, or individuals in one or more member groups, is done so at the sole risk and responsibility of those making the investment decision and does not in any manner involve or relate to ACA. All members will indemnify ACA for any and all actions or proceedings relating in any manner to ACA being named a party in an action or proceeding involving an investment of any kind by a member or individuals comprising the member, or entities, representatives or agents of member or individuals comprising the member.

Read, understood and agreed to by:

Name: _____

Title: _____

(Representative of Submitting Applicant Angel Group)

Criteria for Membership

Membership is granted at the discretion of ACA's Membership Committee or Board of Directors, based on evaluation of membership criteria:

Full Membership

- The participants in the organization are predominantly individuals and all individuals are accredited investors, as defined by the Securities Act of 1933*, and the organization has a process to ensure its participants are accredited.
- Participating investors are actively engaged in investment of their personal capital.
- The participants or, in the case of an angel fund, a subset of the participants make investment decisions on opportunities presented to the full group. Individuals do not delegate investment decisions to a third party.
- The group holds regular in-person meetings as part of its investment process.
- The group has defined processes and procedures for making investment decisions.
- The group is located in the United States, Canada, or Mexico
- The organization has held an investment meeting within the 12 months prior to the application

Examples of qualifying groups include, but are not limited to:

- Member-managed angel groups
- Manager-led angel organizations
- Angel investment funds
- Angel groups with no formal legal structure

Non-qualifying entities include those in which participating investors are not involved in the investment decision process. Examples:

- Broker/dealers
- Investment advisors and bankers
- Venture capital funds

- Stock clubs
- Groups in which the primary members are organizations rather than individuals
- Statewide or regional associations of angel groups (although these organizations may qualify as “Affiliates” via a separate application process)
- Virtual (i.e., online) angel groups or investment forums

Provisional Membership

This type of membership is open to groups that are in formation or that intend to hold their first investment meeting within 12 months of the application date and to meet all requirements for Full Membership within that same time period. Examples of initiatives in this category include:

- Groups that have met all Full Membership criteria, but have yet to sign up two or more members or have yet to hold a regular membership meeting
- Angel funds that are in the process of raising their fund/ have not closed their fund
- Initiatives that are in the process of selecting or developing investment and individual investor recruiting processes, procedures and structures

* *Definition of Accredited Investor: “Any natural person whose individual net worth, or joint net worth with that person’s spouse, at the time of his purchase exceeds \$1,000,000;” and “Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person’s spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.”*

Membership Terms

1. All ACA members agree to abide by ACA by-laws, and actively promote the intent and spirit of the by-laws.
2. Full Member groups will be required to annually re-qualify for membership, including agreement to all membership qualification requirements.
3. Provisional Members must provide regular status reports (monthly) to their ACA mentor during their provisional membership term. Provisional Members must submit an application for Full Membership within 12 months of their original acceptance as a Provisional Member. If the application is not submitted, or does not meet the qualifications for Full Membership, all membership rights of any type will be cancelled. The group can reapply for Full Membership at a later time when it has held its first investment meeting of individual participants, has multiple investors participating in the angel group’s activities and meets the qualifications for Full Membership.
4. Member groups and their individual participating investors, agents and representatives, recognize and respect the confidential nature of individual member information and agree to maintain such confidentiality.
5. Member groups recognize and agree that certain information regarding the group, but not its individual participants, may be made publicly available in furtherance of ACA’s by-laws. Member groups will cooperate with ACA in all manners for the promotion of the ACA mission, including response to research surveys by ACA and the Angel Capital Education Foundation.
6. ACA’s Board will set the annual Full Membership fee schedule, Provisional Membership fee, and ACA membership renewal will be conducted annually. The membership term is July 1 through June 30th of each year, with a pro-rated fee available for groups that are selected in the middle of the fiscal year.

Membership Termination

ACA membership is subject to annual renewal, non-renewal, revocation or termination by the ACA Board. ACA membership may be terminated or membership revoked at the discretion and determination of ACA Board, should it be determined that an ACA member has become an inactive angel investment organization for more than 12 consecutive months, defined by the failure to hold any group meetings in this time period for the purpose of review and analysis of potential angel investments, other than a venture forum which is open to individuals outside of member representatives. ACA membership may also be terminated or revoked should any member or member agent or representative breach any term of ACA membership. A member will be notified in writing by the Board of Directors of the intent to terminate or revoke membership, and the on-notice member shall have thirty (30) days in which to submit a written response to the Board, should the member deem that its actions or inactions do not warrant or qualify for termination or revocation of membership. The Board shall consider, in good faith, such on-notice member written response within sixty (60) days. The decision of the Board of Directors is final.

Membership Dues

FULL MEMBERSHIP: Annual Membership begins July 1st and ends June 30th each year. Applicants who join between these months are billed based on a pro-rated amount of one-quarter of the annual fee per fiscal quarter.

Number of Individual Investors in Member Group	Annual Fee
Minimum fee	\$700
More than 70	\$1,000

PROVISIONAL MEMBERSHIP:

Angel groups that are in formation will be charged a flat fee of \$700 once they are accepted for Provisional Membership and must commit to making that payment during the membership application process. The fee covers benefits for up to one year. A group may apply for Full Membership any time within the period when they have met the requirements for Full Membership. Once accepted as a Full member, they will be charged the pro-rated Full Membership fee.

Membership Application Information

GENERAL INFORMATION

Name of angel group: _____
Contact person name: _____
Contact person title: _____
Street address: _____
City, State, Zip Country _____
Phone: _____ Fax: _____
Web site: _____
Contact person's e-mail: _____

GROUP CHARACTERISTICS & STRUCTURE

1. Which type of membership is your group applying for? _____ Full _____ Provisional
2. Year angel group established (or "in formation"): _____
3. Number of members in your group at formation: _____
4. Current number of members in your group: _____
5. Percent of current members that are individuals: _____
6. Is accreditation a requirement for individuals to join your group? _____ Yes _____ No
7. If yes, how do you determine/verify individual investors are accredited? _____

8. Date of most recent investment meeting _____
9. If investment meeting not yet held, date of first planned meeting _____
10. What is the annual fee for individual membership in your group (do not include capital contributions)?

11. Please provide a brief description of your membership recruitment process and membership requirements: _____

12. Please rank order the following sources for identifying and recruiting member investors to your group:
_____ Business community referrals _____ Sponsors
_____ Current member investors _____ Venture capitalists
_____ Former member investors _____ Word of mouth

13. What is the legal structure of your group?
- C Corporation
 - S Corporation
 - Limited Partnership
 - Limited Liability Corporation
 - Non Profit Mutual Benefit Corporation
 - No formal legal structure
 - Other (please specify) _____
14. What is the tax status of your organization?:
- No tax exemption
 - Non profit – 501c3
 - Non profit – 501c6
 - Other (please specify) _____
15. Does the group have a fund? _____ yes _____ no
16. If you do have a fund, what is its size? _____
17. Is your organization _____ Member-managed? _____ Manager-led?
18. Number of staff: Full-time _____ Part-time _____
19. If you do have staff, are they: For each type, is staff paid or volunteer?
- Employees _____
 - Contractors _____
 - Interns _____
 - Other _____
20. Does the group have a permanent office? _____ yes _____ no
21. What are the sources of revenue for operating your group? (check all that apply):
- Cash from a parent organization and/or economic development entity
 - Event revenues
 - Fees from entrepreneurs
 - In-kind donations from a parent organization or sponsor
 - Membership fees/dues
 - Sponsorships
 - Other _____

INVESTMENT DATA

1. Total capital (\$) invested by your group since inception: _____
2. Number of companies funded by your group since inception: _____
3. Total number of companies funded during the last calendar year: _____
4. Total number of investment rounds completed in the last year _____
5. Average size of group investment per round:
 - < \$150,000
 - \$150,000 - \$250,000
 - \$250,000 - \$500,000
 - \$500,000 - \$750,000
 - \$750,000 - \$1,000,000
 - > \$1,000,000

6. Range of investments (funds from your group as a whole) in the past year: _____ to _____

7. How are investments made within the group?

- Individuals invest as interested, possibly on different terms and valuation
- Individuals invest as interested, but in common closing on identical terms and valuation
- An LLC is formed for each investment made within the group
- We have an official fund, which makes investments
- Sidecar fund
- Other: _____

8. What is the minimum investment per participant on deals (\$ or "no minimum")? _____

9. In which stage of venture does your group prefer to invest? (Check all that apply):

- Seed & start-up
- Early stage
- Expansion
- Later stage

10. In which types of industries does your group prefer to invest (check all that apply):

- Biotechnology
- Business products and services
- Computers and peripherals
- Consumer products and services
- Electronics/ instrumentation
- Financial services
- Healthcare services
- Industrial/ energy
- IT services
- Media and entertainment
- Medical devices and equipment
- Networking and equipment
- Retail/ distribution
- Semiconductors
- Software
- Telecommunications
- Other

11. Please share with us your group's greatest success story. Feel free to attach an article or other document. _____

GROUP PROCESSES

1. How often does your group or subcommittees meet for the following functions?

- Screening _____
- Investment/ Presentation _____
- Due Diligence _____
- Executive/ Board _____
- Other _____

2. On average, what percentage of your investors attend an investment/presentation meeting? _____

3. Do you accept unsolicited business plans for review? _____ yes _____ no

4. How many plans on average do you review per month?
- | | |
|----------------------------------|----------------------------------|
| <input type="checkbox"/> 1 – 25 | <input type="checkbox"/> 50 – 75 |
| <input type="checkbox"/> 25 – 50 | <input type="checkbox"/> 75+ |
5. Please rank order the sources of deal flow for your organization:
- _____ Entrepreneurs send proposals directly
 - _____ Referrals from current or former members
 - _____ Referrals/ screening from entrepreneurial support entities
 - _____ Referrals from other angel groups
 - _____ Referrals from the professional community (attorneys, accountants, bankers, etc.)
 - _____ Referrals from sponsors
 - _____ Referrals from venture capitalists
 - _____ Other _____
6. How many companies present at investment/ presentation meetings? _____
7. How much time do you allow for the presentation? _____ For Q &A? _____
8. At what time of day does your organization hold its investment/presentation meetings?
- | | |
|---|--|
| <input type="checkbox"/> Morning/ breakfast | <input type="checkbox"/> Evening/ dinner |
| <input type="checkbox"/> Lunch | <input type="checkbox"/> Other or combination of above |
| <input type="checkbox"/> Late afternoon | |
9. What is the source of educational information or presentations for your group? (check all that apply):
- | | |
|--|---|
| <input type="checkbox"/> Academic experts | <input type="checkbox"/> Sponsors |
| <input type="checkbox"/> Entrepreneurs | <input type="checkbox"/> Separate workshops or events |
| <input type="checkbox"/> Guest speakers of all types | <input type="checkbox"/> None – we don't have educational programming |
| <input type="checkbox"/> Investors | |
10. Please provide us with a brief overview of your deal review process: _____
- _____
- _____
- _____
- _____
- _____
11. In what geographic region does your group invest? (check all that apply):
- Within two-hours drive of the center of the group's metropolitan area
 - Within four-hours drive of the center of the group's metropolitan area
 - Only within our state or province
 - Within a region (i.e. Midwest or Southeast)
 - No geographical restrictions
 - Other _____
12. Has your group ever syndicated an investment with another angel group? _____ Yes _____ No
13. Would your member investors consider providing information about their expertise for a secure database, available only to ACA member groups, that could be used by ACA members for due diligence questions?
 _____ Yes _____ No

14. Please provide us with a brief overview of your procedures for shaping deals and due diligence:

THANKS FOR COMPLETING THE APPLICATION!!

Your data will be aggregated with other angel groups to provide summary data on ACA's membership in the future.