



**DesertAngels**



**Desert Angels**

# **Sidecar Funds**

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# Who are the Desert Angels?

## By The Numbers

- Founded Fall 2000
- 104 Accredited Investors
- 10 Dinner Meetings per year
- 80 Companies Funded over 15 years
- \$34m+ invested since inception
- 5 Sidecar Funds - \$2.5m+

# Angel Group Update: Halo Report 2014

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## Most Active Angel Groups (Total Deals 2014)

1. Houston Angel Network
2. Tech Coast Angels
3. **Desert Angels**
4. Launchpad Venture Group (Boston)
5. New York Angels
6. Golden Seeds (Boston, NY, CA)
7. Central Texas Angel Network (Austin)
8. Maine Angels
9. Wisconsin Investment Partners
10. Baylor Angel Network
11. Atlanta Technology Angels
12. Keiretsu Forum

# Sidecar Fund Details

- ❑ **Annual Fund with start of each “season”**
- ❑ **Non-managed – “automatic” triggers**
- ❑ **Any un-invested funds at year end returned to members**
- ❑ **Exits immediately distributed**
- ❑ **2% Management Fee(one-time) + 5% Carry to Desert Angels**
- ❑ **\$10k Minimum per member**
- ❑ **Single Investment Cap = 15% of total Fund**

# Sidecar Fund Investment Criteria

(How does it work?)

1. Company X makes Full Dinner Presentation at Desert Angels dinner
2. Four current or former members of Desert Angels invest at least \$5k
3. \$100,000 or more is invested in Company by DA members
4. Investment dollars invested in Company X AFTER the dinner presentation
5. Desert Angels Investment occurs between Feb 1, 2014 – Dec 31, 2015

**If and only if ALL of the above criteria are met, then**

Sidecar Fund invests in Company X at a match of  
**25% of the total Desert Angel's** dollars invested.  
(capped at 15% of total Fund per single investment)

# Sidecar Fund I - V by the Numbers:

- ▣ **\$2.5m Raised**
- ▣ **157 Members Across 5 Sidecars**
- ▣ **45 Investments**
- ▣ **27 Companies**
- ▣ **26 Az Angel Tax Credit Apps**
- ▣ **4 Exits – 2.5x, 0x, IPO, 1.2x**

## **Benefits of a Sidecar to an Angel:**

- ❑ **Diversification**
- ❑ **Passive Involvement**
- ❑ **Great way to “Learn the Ropes”**
- ❑ **Lowers amount invested per deal**
- ❑ **Leverage expertise of other investors**
- ❑ **AZ Angel Tax Credit Applied for on your Behalf!**

**Sidecar Fund:**

**Thank You!**

- **Contact Curtis Gunn for questions**
  - **Curtis@DesertAngels.org**



## **Benefits of a Sidecar to a Group:**

- ❑ **Great “Intro to Angel Investing” for new members**
- ❑ **Creates a Portfolio**
- ❑ **Top up investment rounds**
- ❑ **Attract new members to Group**
- ❑ **Carry to the Group creates potential revenue stream**
- ❑ **Better deal tracking for the Group Leadership**
- ❑ **Motivate non-check writers**
- ❑ **Opportunity to work with other Local and Regional Funding Sources (City of Tucson, Pima Co, ACA)**

## Things to Consider:

- ❑ **Set an investment minimum per member**
- ❑ **Set an investment match minimum**
- ❑ **Set a maximum investment cap per company**
- ❑ **What to do with Follow On rounds?**
- ❑ **What to do with ROFR?**
- ❑ **Pay to Play issues?**
- ❑ **Set aside funds for legal / accounting**
- ❑ **Fair bit of work**



## About Us

A small group of Tucson-based private investors formed the Desert Angels in 2000. Since that time, the Desert Angels has grown to become one of the country's leading angel investor groups. Today, the organization has over 100 members, many of whom have invested in a significant portfolio of companies.

The primary focus of the Desert Angels is to fund entrepreneurial ventures. To that end, the organization reviews over 200 applications per year as possible investments. Those companies that excel during the Desert Angels' rigorous screening process are invited to present to the organization's general membership at one of its monthly dinner meetings.

The Desert Angels hold monthly dinner meetings from September through June. In addition to listening to one or two companies, members often hear from nationally recognized speakers including successful entrepreneurs, venture capitalists and thought leaders in the angel investment community.

As the Desert Angels has grown, its members have become increasingly involved in educational activities in the Tucson community. These activities have included sponsoring the local presentation of the Kauffman Foundation's "Power of Angel Investing" seminar and assisting the University of Arizona's Eller College of Management and its McGuire Center for Entrepreneurship. The Desert Angels is also a charter member of the Angel Capital Association.