



RESOURCE: IMAF-WESTERN

TYPE: Angel funding

## FUNDING RESOURCE

WEBSITE: <http://www.imafwestern.com/>

CONTACT:

**OVERVIEW:** IMAF- WESTERN is part of the (**Inception Micro Angel Fund Family of Funds**), which is a group of committed, member-managed seed stage angel capital funds designed to capitalize on the growth in entrepreneurial activity and venture financing, throughout the state of North Carolina and in selective areas of Virginia, South Carolina, Georgia and Tennessee.

**APPLICATION** How To Be Considered

**PROCESS:** IMAF West uses Angelsoft to manage our submission process. If this is your first time using Angelsoft, you will need to register. If you have already used Angelsoft to apply to another angel group, then you can login using your existing information.

After you login, you will be taken through a step by step process that will gather basic information about your company. You will also have the opportunity to upload documents that contain your business plan and presentation. If you have all the necessary information available, the process should take about 20 minutes.

Upon submitting a business plan, you will receive a confirmation email from Angelsoft. A one-page .pdf file containing all the application information will also be generated. This "Perfect One-Pager" helps the group to quickly assess how to proceed with your company and enables us to compare companies fairly. You will be able to save your application as a .pdf file for future use.

We look forward to working with you through this process. If you have any technical questions or concerns regarding the application process please contact [support@angelsoft.net](mailto:support@angelsoft.net). **SCHEDULING PRIORITY will be given to those companies who have attended a Small Business & Technology Development Center "INVESTOR-READY ENTREPRENEUR" SEMINAR. Please go to the following website for information on the next program offering and location:**<http://www.sbtcd.org/events/investorready/>

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Executive Summary

**Seed Angel: A financial supporter in the early stages of a corporation's existence.**

***Inception Micro Angel Fund - Western, LLC*** (IMAF- WESTERN) is a member-managed seed stage angel capital fund designed to capitalize on the growth in entrepreneurial activity and venture financing, primarily in the Western region of North Carolina, greater North Carolina and in selective areas of Virginia, South Carolina, Georgia and Tennessee. IMAF- WESTERN is part of North Carolina's IMAF Family of Funds.

**STRUCTURE:**

IMAF-WESTERN is a member-owned and member-managed limited liability company, organized to provide members an opportunity for active involvement in a diversified capital investment process.

**FUND SIZE:** \$2.0 million

**GOALS:** The Fund contains a base of successful investors from throughout the Western Region of the state in a seed fund. The fund will seek to enhance the wealth creation of its members by investing dollars as well as time and relationships in early stage, high quality, and high growth companies in the west and other geographic areas if appropriate in order that those companies achieve success.

**MEMBER PROFILE:** IMAF-WESTERN's strength lies in its members—a group of highly successful men and women. Members should have some experience in selecting investments and/or in being able to assist in the growth of IMAF-WESTERN's portfolio companies. The membership represents a variety of professional experiences.

All members must be "accredited investors," by Securities and Exchange Commission definition.

**FOUNDERS:** Mr. Charles D. Owen, III ; Mr. Louis Bisette, JD

**ACTIVE MEMBERS:** All members are encouraged to actively participate in the investment process, attending screening and monthly member presentations, making personal add-on investments as individually desired, and responding to Fund Executive requests for special expertise or input as he and members conduct due diligence on prospects and assist IMAF-WESTERN's portfolio companies. It is understood that availability to participate may vary by member over the life of the fund and that some members will be more active than others.

**ADVISORS:** It is anticipated that "advisors" with venture capital experience will be selected to assist with information regarding trends and opportunities in their industry. This knowledge is valuable since venture funds are candidates to provide follow-on capital in the investment continuum.

**INVESTMENT CRITERIA:** IMAF-WESTERN will use the following criteria, as guidelines, when considering companies for investment.

- Invests in emerging, high growth companies, preferably (but not exclusively) located in, or near, the Western region of North Carolina. These companies generally are seeking their earliest round of financing. They will typically be at the start-up stage or one step beyond start-up, will be in the process of selecting a management team, and will already have founder and/or "friends and family" money invested in the company.
- Often invests in seed or start-up rounds.

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## **FUNDING RESOURCE**

**TYPE: Angel funding**

- Typically invests between \$25,000 and \$100,000 per company with a company board seat, or observer rights, being allocated to IMAF-WESTERN.
- Typically initiates and then co-invests with other venture capital funds, angel groups, or Super Angels (high net worth individuals who contribute large amounts to a company).
- It is anticipated that IMAF-WESTERN will invest in up to 15 portfolio companies, depending upon the total amount of capital committed.
- It is anticipated that no more than 10% of IMAF-WESTERN's fund size will be invested in any one company

Companies that receive investments from IMAF-WESTERN possess:

- An experienced, dedicated & motivated management & advisory team
  - With a sound business concept...
  - Coupled with leading edge technology or a unique product design...
  - And the opportunity to become a market leader.

**HOW DECISIONS ARE MADE:** The basic process for determining which companies IMAF-WESTERN should invest in is flexible. With input from similar funds, IMAF-WESTERN members will periodically review this process. In general, the process includes the receipt, logging, and screening of business plans with company presentations to the Administration Committee. The Administration Committee will evaluate the company through the due diligence process and make a recommendation to the membership at a General Member meeting. The general membership will vote as to whether or not to accept the Administration Committee recommendation regarding investment in a presenting company. A more detailed description of the evolving investment decision process is available.

**ADMIN COMMITTEE SCREENING:** The IMAF-WESTERN Administrative Committee will have 4-6 members, elected to rotating terms by the members. It will provide the overall direction and administration of the Fund. Screening meetings will be open to all members and their active participation is encouraged. Administration Committee responsibilities include, but are not limited to:

1. Networking to find new opportunities
2. Defining and managing the process of identifying new opportunities and conducting due diligence.
3. Networking with other angel funds and venture funds to develop deals together and to obtain follow-on funding for IMAF-WESTERN companies.
4. Meeting as required to screen new companies, analyze the results of due diligence, guide investment decisions options for members, and help formulate term sheets for those investments.
5. Attending and presenting at monthly meetings to:
  - Present companies so that the entire membership can make decisions regarding fund investments and determine individual add-on investments opportunities, and
  - Update membership on general portfolio issues.
6. Monitoring and managing the Due Diligence processes.

**ADMINISTRATION/COST STRUCTURE:** IMAF-WESTERN will contract with a fund administrator to provide the administrative infrastructure.

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1. Administrator fees, based on committed funds and add-on investments, contracted annually, go towards the above administrative infrastructure/fund executive services.
2. Carried interests on excess distributions from fund and add-on investments are provided for the above referenced administrative infrastructure/fund executive services

**ADD-ON INVESTMENT:** Add-on investments are opportunities for members to individually invest an additional amount of their own money alongside the Fund in portfolio companies that are of particular interest to individual members. For example, Company X may indicate that it is interested in a total investment from IMAF-WESTERN of \$50,000. The Fund may decide to invest \$25,000 in the current round in Company X. That would leave an investment of up to \$25,000 that could be available for members to invest in the current round on a pro rata basis of units held. In the event that certain members do not elect to take their pro rata portion of available add-ons, other members would have the opportunity to take more than their pro rata portion.

**NC TAX CREDIT:** An investment in IMAF-WESTERN may entitle investors to a NC tax credit. IMAF-WESTERN is a certified Qualified Grantee Business because of an investment by the **NC Biotechnology Center**. As a result, investors in IMAF-WESTERN can apply for a credit of up to 25% of the amount of his or her investment in IMAF-WESTERN on the investor's NC income tax return for the year following the year of investment. This credit applies to investments paid prior to the end of 2003 and has been extended to include 2009.

**MISCELLANEOUS START UP:** If a member works with a portfolio company as a board member or in any major role, it will be up to the portfolio company and the member to negotiate an appropriate compensation plan.

**SUPPORT:** The Small Business & Technology Development Center(SBTDC) will play a significant role in assisting IMAF-WESTERN.