

☞ **05hr_SC-JCEDCA_Misc_pt06a**



☞ **Wisconsin Angel Network**

(FORM UPDATED: 08/11/2010)

**WISCONSIN STATE LEGISLATURE ...
PUBLIC HEARING - COMMITTEE RECORDS**

2005-06

(session year)

Senate

(Assembly, Senate or Joint)

**Committee on ... Job Creation, Economic
Development and Consumer Affairs (SC-JCEDCA)**

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Mike Barman (LRB) (August/2012)





Joe Kremer - Director
jkremer@wisconsinangelnetwork.com

A project of the
Wisconsin Technology Council

455 Science Drive - Suite 240
Madison, WI 53711
Ph: 608.442.7557 # 23 - Fx: 608.231.6877
www.wisconsinangelnetwork.com

Tech Council programs and projects include:

The Wisconsin Innovation Network, a community-based economic development subsidiary dedicated to fostering innovation and entrepreneurship

The Wisconsin Angel Network, which seeks to build angel network capital capacity (www.wisconsinangelnetwork.com)

The Governor's Business Plan Contest
(www.govsbizplancontest.com)

The Wisconsin Entrepreneurs' Conference

The Wisconsin Life Sciences & Venture Conference

To: Senator Ted Kanavas
From: Joe Kremer, director, Wisconsin Angel Network
Re: Wisconsin Angel Network – Update, 8-16-05

The Wisconsin Angel Network (WAN) has been actively developing and deploying resources for the angel and entrepreneurial community. They include:

Deal-flow pipeline

The deal-flow pipeline, an on-line database of entrepreneurial executive summaries, opened on May 9 to the entrepreneurial community and on June 1 to the angel community. To date more than 100 entrepreneurs have created accounts, with more than 30 having completed the WAN executive summary submission template.

> exchange of contacts

① SEMINARS

②

NORTHSTAR ECONOMICS

WEB BASE

Already members of WAN have invited companies listed on the deal-flow pipeline to present their financing opportunity to their angel members.

To assist entrepreneurial submissions, WAN has created:

35 Summaries

1. Word document for entrepreneurs to download that entrepreneurs can complete offline and return to the WAN site to copy/paste their submissions.
2. Small slide presentation walking entrepreneurs through the submission process.
3. "Review the process" page, giving further details of the submitting an executive summary.
4. Sample executive summary using the WAN template.

WAN Membership

Seven angel networks/funds are currently members of WAN, accounting for more than 200 individual angel investors. One network and four early stage funds have verbally committed and should be secured within the month. WAN is actively targeting more reclusive early stage investors, such as family funds and non-formal networks, for membership.

\$250.00 - \$500.00

Angel Network Support and Development

Three potential groups are examining starting new networks in Washington, Door and Ashland counties. WAN has been in contact and will be assisting these along with others already underdevelopment.

WAN has created a document, located on its angel resource page, called "Positioning an Angel Investment for Follow-on Funding" to assist angels with structuring their investments for future rounds of financing. This was a collaborative effort with angels and venture capitalists around the Midwest.

Educational Seminars

The Kauffman Foundation's *Power of Angel Investing*, lead by John May of the NewVantage Group in Virginia, was held during the first day of the Entrepreneurs'

Conference on June 7. 18 angels, 12 observers and 12 faculty took part in the day-long seminar. Evaluations were very positive, with the participants finding it worth their time to attend. Three more seminars will be held this year: Fox Valley (Oct 17), Western Wisconsin - Menomonie (Oct 18), and Madison (Oct 19).

Angel Investing Metrics

WAN has developed an early-stage investment reporting form for Wisconsin attorneys. The Wisconsin Bar Association has approved its use and will support the effort. An article on the reporting mechanism will appear in a future WBA member newsletter.

New addition to WAN staff

WAN angel coordinator/intern Brent Newport is going to be a second-year MBA in Entrepreneurship out of the UW Madison's Weinert Applied Venture in Entrepreneurship program. Brent has already put in significant effort in assisting with the Power of Angel Seminar and developing resources for the angel and entrepreneurial communities along with fielding questions from WAN members and Wisconsin entrepreneurs on angel investing.

Angel Networks in Wisconsin

Activity continues with new-forming networks in Wisconsin. Currently, there are 8 active networks, 1 angel fund, 4 new networks (meeting regularly but have not yet invested in deals), and 9 potential networks/funds in formation. Attached is a listing of the networks. For the most current listing, please visit a link from the Wisconsin Angel Network at www.wisconsinangelnetwork.com/resources/Angels.

Wisconsin Angel Networks

Updated August 5, 2005

* = WAN member

Active Networks

Chippewa Valley Angel Investors Network, Eau Claire – Peter Marsnik, manager, Claire Johnson, president

****Golden Angels Network***, Milwaukee/Marquette University - Tim Keane

****Origin Investment Group***, La Crosse - Jan Gallagher

****Silicon Pastures***, Milwaukee - Pehr Anderson

****Wisconsin Investment Partners***, Madison - Dick Leazer and Terry Sivesind

****St. Croix Valley Angel Network***, River Falls – Steve DeWald

Marshfield Investment Partners, Marshfield - Mark Nelson and Dan O'Connell

Badger AgVest network, state-wide – Liz Henry

****Kegonsa Fund*** – Ken Johnson

New Networks: *Have had meetings, but not made investments*

Stateline Angels, Beloit/Rockford – Don Thayer

****Pennies from Heaven***, Racine - John Barnes

Waukesha network - Bill Mitchell

Central Wisconsin Business Angels network, Stevens Point – Connie Loden and Jeff Landin

Networks in Formation

Phenomenelle fund, Madison - Joe Hildebrandt

NEW fund and network, Fox Valley

Women Angels network, Milwaukee - Barbara Boxer

Networks in Formation (cont.)

Badger Angel Network, UW Madison - OCR initiative

Door County network

Washington County network

"Lake Superior Angels," Ashland

Hudson network

Oshkosh network, affiliated with UW Oshkosh

the POWER of
angel
Investing

AGENDA
Hyatt Regency Milwaukee
June 7, 2005

- 7:30 – 8:00 **Registration**
Continental Breakfast, Upper Atrium
- 8:00 – 8:25 **Lakeshore Room**
Welcome, Opening Remarks, and Introductions
Lorrie Keating Heinemann, *Wisconsin Dept. of Financial Institutions*
- Session I**
- 8:25 – 8:45 **How Angel Financing Fits In – An Overview**
John May, *Kauffman Foundation*
- 8:45 – 9:25 **Panel #1 – Angel Investing and Portfolio Strategy**
Lorrie Keating Heinemann, *WI Dept. of Financial Institutions* – moderator
John May, Tom Hefty and Tim Keane – angel investors
Marcia Lucas, *Michael Best & Friedrich* – legal expert
Jim Butler, *Wipfli* – finance /accounting expert
- 9:25 – 9:45 **Panel #2 – Deal Sourcing Through Local Angel Organizations**
Lorrie Keating Heinemann, *WI Dept. of Financial Institutions* – moderator
Tom Hefty, *Marquette Golden Angels*
Tim Keane, *Marquette Golden Angels*
Pehr Anderson, *Silicon Pastures*
- 9:45 – 10:15 **Break and Networking, Lakeshore Room**
- Session II**
- 10:15 – 10:35 **Lakeshore Room**
Overview of Due Diligence
John May, *Kauffman Foundation*
- 10:35 – 11:00 **Panel #3 – Discussion of Due Diligence**
Alec Fraser, *Michael Best & Friedrich* – moderator
Tim Keane and Pehr Anderson – angel investors
Tom Miller, *Michael Best & Friedrich* – legal expert

Session III

11:00 – 11:50

Panel #4 – Structuring the Deal

Alec Fraser, *Michael Best & Friedrich* – moderator

Tom Hefty – angel investor

Sue Marks and Andy Nunemaker – entrepreneurs

Trevor D'Souza, *Mason Wells Venture Funds* – venture expert

Marcia Lucas, *Michael Best & Friedrich* – legal expert

11:50 – 12:50

Lunch and Networking, Lakeshore Room

Session IV

1:00 – 1:30

Lakeshore Room

Presentation on Valuation Methodologies

John May, *Kauffman Foundation*

1:30 – 1:35

Explanation of Valuation Exercise – John May

Move to Breakout Rooms at 1:35

1:40 – 2:30

Break-out Group Case Discussions

Case # 1 – Gunner Circuits, Gilpatrick Room A

coach: Tim Keane, observer: Joe Kremer

Case # 2 – Axado Pharmaceuticals, Inc., Gilpatrick Room B

coach: Sue Marks, observer: Brent Newport

Case # 3 – Analytic, Inc., Gilpatrick Room C

coach: Trevor D'Souza, observer: Steve Royko

Reconvene in the Lakeshore Room at 2:30

2:30 – 2:50

Break-out Group Case Presentations, Lakeshore Room

Valuation Presentations by a representative from each group

2:50 – 3:15

Panel #5 – Discussions of Case Studies and Valuation

Bob Phelps, *Oarsman Capital, Blade Ventures* – moderator

Tim Keane, Sue Marks and Trevor D'Souza – coaches

Joe Kremer, Brent Newport and Steve Royko – observers

3:15 – 3:45

Break and Networking, Lakeshore Room

Session V

3:45 – 4:30

Lakeshore Room

Panel #6 – The Post Investment Relationship

Bob Phelps, *Oarsman Capital, Blade Ventures* – moderator

Pehr Anderson and Lead Instructor – angel investors

Sue Marks and Andy Nunemaker – entrepreneurs

Jim Butler, *Wipfli* – finance/accounting expert

4:30 – 5:00

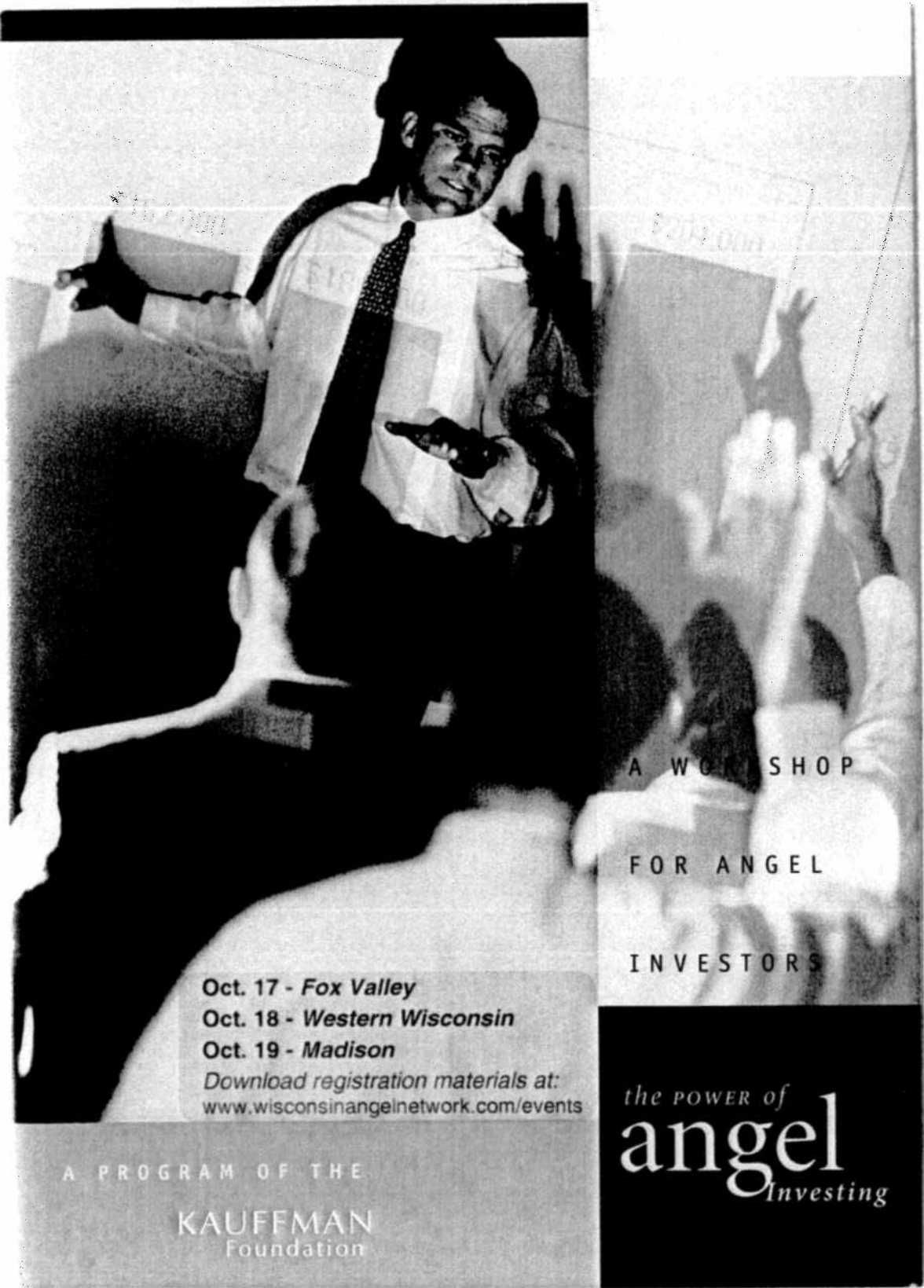
Summary Q&A – Lorrie Keating Heinemann

Evaluation of Seminar

Marcia Schirmer, *Kauffman Foundation*

5:00 – 6:00

Cocktail Reception with Speakers and Participants, Upper Atrium



A WORKSHOP

FOR ANGEL

INVESTORS

Oct. 17 - Fox Valley

Oct. 18 - Western Wisconsin

Oct. 19 - Madison

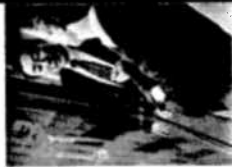
Download registration materials at:
www.wisconsinangelnetwork.com/events

A PROGRAM OF THE

KAUFFMAN
Foundation

the POWER of
angel
Investing

"To sit down in a room with colleagues and discuss the real-time experiences of seasoned investment veterans is quite insightful."



WHY OFFER THIS SEMINAR IN YOUR COMMUNITY?

- As a recruiting and/or training opportunity for your community angel networks.
- To promote angel investing in your community.
- As a promotional event for service providers and their clients who have an interest in angel investing.

WHO SHOULD ATTEND?

- Successful entrepreneurs who have exited their businesses and have interest in staying involved in early stage companies.
- High net-worth individuals with senior business experience who now have the time and interest in investing in early stage companies.
- Investors who are interested in learning more about the specifics of angel investing.



END A

7:30 a.m.	Registration and Networking Breakfast
8:00 a.m.	Welcome and Introductions Presentation – Overview of Angel Investing Panel Discussion – Is Angel Investing Right for You? Panel Discussion – Finding Deals in Your Community Networking Break Presentation – Due Diligence Panel Discussion – Structuring the Deal
Noon	Networking Lunch
1:00 p.m.	Presentation – Valuation Methodologies Case Study and Negotiation Exercise Panel Discussion – Valuation Networking Break Panel Discussion – The Post Investment Relationship Wrap Up Q&A
5:00 p.m.	Networking Reception

*"Hearing from experienced angel in
The perspective of excellent panelists*

*...es and discuss the real-time
...veterans is quite insightful."*



WHO ARE THE SPEAKERS?

The seminar features local experts in high growth ventures and early stage investing opportunities, including seasoned angel investors with diverse investment experience, tax and legal experts, and angel-financed entrepreneurs. They will be joined by Kauffman Foundation lead instructor's William Payne or John May.

William H. Payne is an Entrepreneur in Residence at the Kauffman Foundation, an active private investor and board member, and advisor to entrepreneurs. He is an involved member of San Diego's Tech Coast Angels, Vegas Valley Angels and Aztec Venture Network. Over three decades, Bill Payne has successfully founded or invested in 24 start-up companies. He graduated with BS and MS degrees in Ceramic Engineering from the University of Illinois, where he has served on the Dean's Board of Visitors of the College of Engineering. Bill has over 120 years of Board service for private companies and not-for-profit organizations. He currently serves on the board of three private corporations and as advisor to several start-up companies.

John May is the founder and managing partner of New Vantage Group, a Vienna, Virginia-based firm that creates innovative channels to direct private equity into early-stage companies. New Vantage Group administers four regional angel groups—the Dinner Club, eMedia Club, the Washington Dinner Club, and the newly formed Active Angel Investors and has joint ventures with WomenAngels.net and the CEO Club. He is a co-author of *Every Business Needs an Angel* and co-editor of *State of the Art: An Executive Briefing on Cutting-Edge Practices in American Angel Investing*. John May is vice-chairman of the newly formed Angel Capital Association and a Batten Fellow and faculty member at the University of Virginia's Darden School of Business.

ENDA

- 7:30 a.m. Registration and Networking Breakfast
- 8:00 a.m. Welcome and Introductions
Presentation – Overview of Angel Investing
Panel Discussion – Is Angel Investing Right for You?
Panel Discussion – Finding Deals in Your Community
Networking Break
Presentation – Due Diligence
Panel Discussion – Structuring the Deal
- Noon Networking Lunch
- 1:00 p.m. Presentation – Valuation Methodologies
Case Study and Negotiation Exercise
Panel Discussion – Valuation
Networking Break
Panel Discussion – The Post Investment Relationship
Wrap Up Q&A
- 5:00 p.m. Networking Reception

*"Hearing from experienced angel investors was most beneficial.
The perspective of excellent panelists and speakers was invaluable."*

"This is a wonderful seminar for new angel investors."

SEMINAR OVERVIEW

The Power of Angel Investing provides a comprehensive overview of angel investing for investors with limited or no angel investment experience. This full-day seminar is a balance of expert presentations, panel discussions and small group case studies and is offered in a protected environment, without solicitations from service providers and entrepreneurs looking for angel financing. Networking opportunities with faculty and participants are available throughout the day. In order to provide adequate opportunities for interacting with the experts and other participants, registration is limited to 25 individuals.

This seminar was developed by a contractor of the Kauffman Foundation with content provided by angel experts around the country. William H. Payne, Entrepreneur-in-Residence of the Kauffman Foundation, led the development efforts since 1999. The seminar has been delivered in cities across the U.S. and received rave reviews. Participants have given it a ranking 4.5 or better out of 5.0 for:

- Importance of topics and content
- Quality and knowledge of speakers
- Relevance and benefit of information
- Presentation of information



SEMINAR CONTACTS:

LICENSE: Marianne Hudson, Director
Entrepreneurial Programs
Kauffman Foundation
816-932-1447
mhudson@kauffman.org

CONTENT: William H. Payne
Entrepreneur-in-Residence
702-277-8828
bill@billpayne.com

DELIVERY: Marcia Schirmer
Seminar Manager
303-499-9646
mschirmer@earthlink.net

The Ewing Marion Kauffman Foundation of Kansas City works with partners to advance entrepreneurship in America and improve the education of children and youth. The Kauffman Foundation was established in the mid-1960s by the late entrepreneur and philanthropist, Ewing Marion Kauffman. Information about the Kauffman Foundation is available at www.kauffman.org.

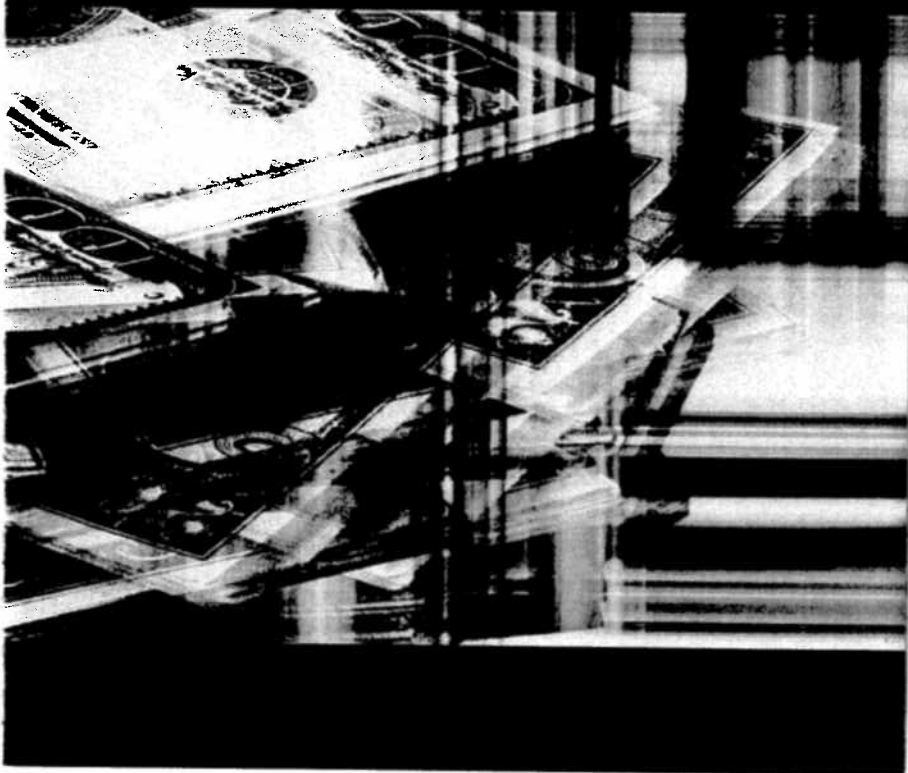
KAUFFMAN FOUNDATION

4801 ROCKHILL ROAD
KANSAS CITY, MISSOURI 64110
816-932-1000 | www.kauffman.org

W

ISCONSIN
Angel

MAKING CAPITAL CONNECTIONS



In 2004, angel investors in the U.S. put \$22 billion into early-stage deals.

Network Communications - WAN organizes networking events, runs an electronic information distribution channel, and promotes resource sharing among angel networks.

Educational Seminars - WAN seminars expand investors' technical expertise for critically examining entrepreneurial opportunities and introduce potential investors to angel investing.

Developing and Maintaining Metrics - WAN will chart the amount of angel investing in Wisconsin and measure its effect on our economy.

The Wisconsin Angel Network (WAN) invites entrepreneurs to post plans on our website.

WISCONSIN ANGEL NETWORK

Deal Flow Pipeline - Entrepreneurs upload their executive summaries, angels log on and search the secure database.

Angels have the ability to select industry and other criteria to better tailor opportunities to their investment interests.

INVESTORS



www.wisconsinangelnetwork.com

WISCONSIN
Angel
NETWORK

“The Wisconsin Angel Network's (WAN) mission is to **build angel network capital capacity** throughout Wisconsin in order to **increase the number and amount of seed stage equity investments** in Wisconsin companies, which will **create jobs** and improve our economy.”

"Angel investor" refers to someone who provides money, and sometimes mentoring, to start-up/seed stage business ventures. Typically, this is the riskiest investment round - but it may also be the most rewarding.

Most angel investors are **Accredited Investors**, individuals with a net worth greater than \$1 million or who have earned more than \$200,000 (\$300,000 joint) during the two most recent years.

Interested in becoming an angel investor? To find an angel network near you, or to learn more about angel investing, visit our web site's Resources page.

Need help in forming a network? Contact WAN at info@wisconsinangelnetwork.com



www.wisconsinangelnetwork.com



WAN is a public-private initiative rooted in Governor Jim Doyle's "Grow Wisconsin" plan. WAN is a division of the non-profit, non-partisan Wisconsin Technology Council.

For more information, seminar dates, and the latest news on angel investing visit our website at

www.wisconsinangelnetwork.com

Wisconsin Angel Network
455 Science Drive Suite 240
Madison, WI 53711
Ph: 608.442.7557
Fx: 608.231.6877

A "Grow Wisconsin" Initiative
Initial funding provided by



www.wisconsin technologycouncil.com



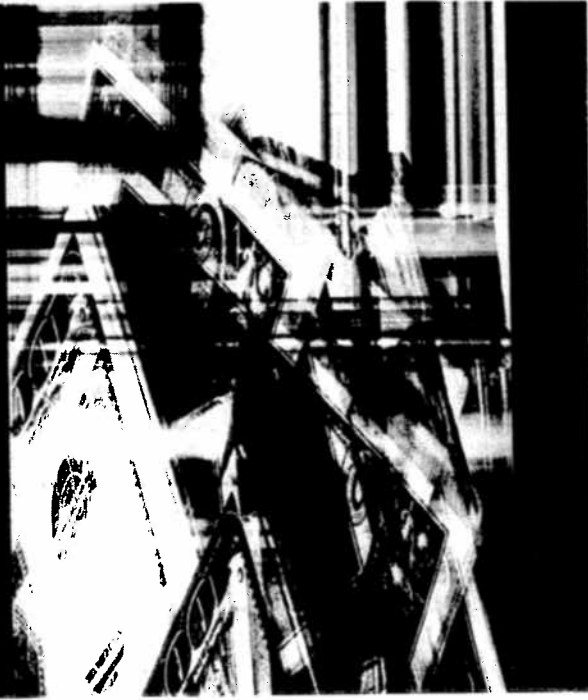
www.commerce.state.wi.us



www.ditt.org



www.sos.com



Early-Stage Investor Tax Credits

The **Qualified New Business Venture** program, operated by the Wisconsin Department of Commerce (Commerce), provides tax credits to eligible investors who make early-stage investments in certified businesses. Investors may receive a 25% Wisconsin income tax credit that reduces investment risk. Here's how the program works for private investors.

Which Investors Are Eligible?

The tax credits are available for *angel investors* and members of *angel networks* who invest in certified Qualified New Business Ventures (QNBVs). "Angel investors" are defined as individuals or natural persons, not an entity or a trust. An "angel network" is a group of angels organized for investing in a single business. For purposes of this program, eligible investors:

- Meet the Securities Exchange Commission (SEC) definition of accredited investor or the State of Wisconsin definition of sophisticated investor. (See attached form for requirements.)
- May not already have 20% or more ownership, or be closely related to such a person.
- Must have a Wisconsin income tax liability to take advantage of the tax credit.

What Companies May Be Qualified New Business Ventures?

Early-stage businesses conducting R&D activities leading to proprietary product development with good commercial potential may be designated QNBVs. To receive certification, companies must also primarily operate in Wisconsin; be seven-years old or less; have fewer than 100 full-time-equivalent employees; and have raised less than \$5 million private capital. (For a listing of QNBV criteria, go to: <http://commerce.wi.gov/Act255>). **Commerce must QNBV certify a company prior to the investment for an investor to claim tax credits.** QNBV designation lasts one year from certification date, and companies may re-apply for QNBV status.

What are Tax-Credit Program Limits?

Aggregate: Wisconsin legislation authorized \$30 million in angel tax credits spread over a minimum of 10 years starting in 2005. This translates into tax credits for \$120 million in overall angel capital investment. A limit of \$3 million in angel tax credits is allowed per year, representing \$12 million in annual angel investment. If the \$3 million annual tax-credit ceiling is reached, additional qualified investments may cascade forward and be recognized in the next calendar year. (The same legislation authorized \$35 million in tax credits (\$140 million invested) for certified early-stage venture funds making investments in QNBVs.)

Per QNBV: Businesses can receive up to \$4 million in tax credit-eligible cash equity investment, of which angel investors can provide up to \$1 million. (That is, venture funds and angels may co-invest in a QNBV, but no more than \$1 million invested by an angel network qualifies for tax credit). A QNBV is not restricted

from acquiring more capital, but dollars raised over these limits are not eligible for tax credits.

Per Angel: For each individual investing in a specific QNBV, \$500,000 is the maximum amount eligible for tax credit. Angels may receive tax credits for investment in multiple QNBVs.

Filing: Investors receive Wisconsin income tax credits totaling 25% of their eligible investment. Typically, two 12.5% tax credits are claimed over two years. A 15-year carry-forward provision applies if the investor is initially unable to use the tax credits.

What Are the Steps for an Investor?

1. Before investing, make sure the company has QNBV certification. Tax credits are not available if the business is certified after investment. Current QNBVs are listed at: <http://commerce.wi.gov/Act255/>. This web site also explains how companies obtain QNBV designation.
2. Complete the Commerce "Accredited (Sophisticated) Investor Status Form" (See attachment). An investor must fill out this form for each QNBV investment made and submit to Commerce for approval. This form may be submitted either before the investment is made or when claiming the tax credit (below).
3. To claim the tax credit after investment, the QNBV and investor jointly submit the Commerce "Early Stage Investment Program Tax Credit Investor Request Form." This form documents the eligible investment amount and is signed by the QNBV Treasurer. Investor Agreement (if it exists) and proof of investment (evidence of deposit from investor to business account) must accompany this form.
4. When Commerce receives the completed application (above), the tax credit is locked in.
5. Commerce sends the investor a confirmation letter and tax credit verification form showing the total investment tax credit, the two years the credit applies, and the tax credit per year.
6. To claim the tax credit on a Wisconsin income tax filing, an investor attaches copies of: a) the QNBV certification form, obtained from the QNBV; b) the tax credit verification form.

Where Do I Obtain Investor Application Forms?

Necessary forms are obtained from and submitted to:
Amy Cumblad, Wisconsin Department of Commerce, PO Box 7970, Madison, WI 53707 (phone: 608-266-2688; email: acumblad@commerce.state.wi.us).

For more information on the QNBV program, contact Amy or go to the Commerce web site: <http://commerce.wi.gov/Act255/>

Wisconsin Angel Networks

Updated August 5, 2005

* = WAN member

Active Networks

Chippewa Valley Angel Investors Network, Eau Claire – Peter Marsnik, manager, Claire Johnson, president

**Golden Angels Network*, Milwaukee/Marquette University - Tim Keane

**Origin Investment Group*, La Crosse - Jan Gallagher

**Silicon Pastures*, Milwaukee - Pehr Anderson

**Wisconsin Investment Partners*, Madison - Dick Leazer and Terry Sivesind

**St. Croix Valley Angel Network*, River Falls – Steve DeWald

Marshfield Investment Partners, Marshfield - Mark Nelson and Dan O'Connell

Badger AgVest network, state-wide – Liz Henry

**Kegonsa Fund* – Ken Johnson

New Networks: Have had meetings, but not made investments

Stateline Angels, Beloit/Rockford – Don Thayer

**Pennies from Heaven*, Racine - John Barnes

Waukesha network - Bill Mitchell

Central Wisconsin Business Angels network, Stevens Point – Connie Loden and Jeff Landin

Networks in Formation

Phenomenelle fund, Madison - Joe Hildebrandt

NEW fund and network, Fox Valley

Women Angels network, Milwaukee - Barbara Boxer

Badger Angel Network, UW Madison - OCR initiative

Door County network

Washington County network

"Lake Superior Angels," Ashland

Hudson network

Oshkosh network, affiliated with UW Oshkosh



Angel Investing

Home

About NorthStar

News

Angel Investing

Publications

Presentations

Links

Early stage financing to support the creation and growth of high-technology businesses is essential to a New Economy economic development strategy. Financing for emerging businesses is often lacking. Early stage financing is usually provided by family and friends and angel investors. These early stage investors finance the early development of business ideas and prepare a firm for later stage financing by venture capitalists and private equity investors. Angel investors form the critical bridge between early business development and the later rapid growth phases of an emerging business.

■ The NorthStar Guide to Growth and Venture Capital



NorthStar publishes a periodic publication, the **NorthStar Guide to Growth and Venture Capital** for Wisconsin companies. The **NorthStar Guide** compiles key information for Wisconsin companies seeking risk capital to start or expand a business. This volume covers the range of risk capital needed by fast growing companies. For each type of risk capital, the *Guide* provides a basic primer and a directory of the sources for that risk capital in Wisconsin. For more information about the *Guide*, click [here](#).

■ What is an Angel Investor?

Angel investors are usually wealthy individuals or business people who make high-risk, potentially high-yield investments in start-up companies or small businesses who are looking to expand their market opportunities. Angel investors typically focus on companies that have already developed a basic concept and business strategy, and are in the seed stage of investment. An emphasis is placed on business enterprises with the potential for rapid growth. In addition to offering significant capital to launch business entities, many angel investors also offer their business

expertise and actively participate in the management, operation, and marketing of the business.

■ **Our Role**

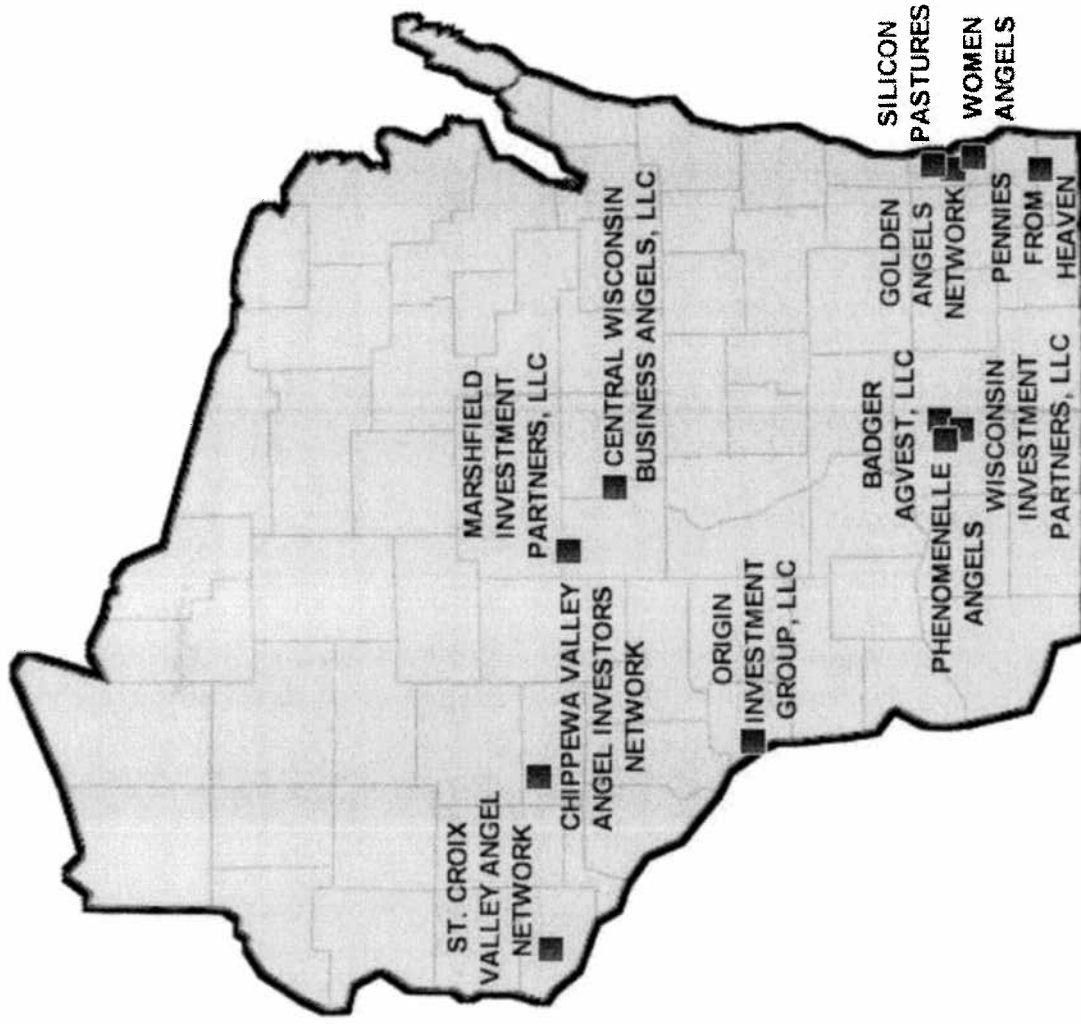
At NorthStar Economics, we believe that the creation of angel investing networks can be a key strategy in fostering New Economy, high-income jobs. NorthStar has experience and expertise, and can assist in the process of establishing local and regional angel investing networks. NorthStar is also compiling data on angel investing networks in Wisconsin and other states to help link potential entrepreneurs and economic developers to sources of early stage financing.

■ **State Government Initiatives**

All of the active Wisconsin angel investing organizations are listed below. In addition, entrepreneurs and angel investors are encouraged to consult the [Angel Capital Resource Center](#), a [Wisconsin DFI](#) sponsored portal designed to support Wisconsin's entrepreneurial spirit by providing entrepreneurs and angel investors a "yellow pages" directory of resources which can assist in making equity investments in early stage companies. For more information, contact DFI Secretary [Lorrie Keating Heinemann](#) at (608) 264-7800.

In January of 2005, Governor Doyle announced the launch of the [Wisconsin Angel Network \(WAN\)](#), a program designed to spur the growth of early-stage investing in Wisconsin. This program will help to link entrepreneurs with angel investors. For more information, contact Director [Joe Kremer](#) at (608) 442-7557.

■ **Wisconsin Angel Investing Groups**



- **Badger AgVest, LLC** is a membership organization formed by Wisconsin farmers and agribusinesses to better identify and support businesses that may add value to agricultural commodities and industries and that might spur rural economic development. For more information, contact [Liz Henry](#) at (608) 592-5299.
- **Central Wisconsin Business Angels, LLC** was formed to assist in equity financing of

- business start-ups and expansions that produce a product or service that is exported beyond the Central Wisconsin area. For more information, contact Connie Loden at (715) 423-1830 or Jeff Landin at (715) 344-1940.
- Chippewa Valley Angel Investors Network is a three-county collaborative network established by Momentum Chippewa Valley. For more information, contact Pete Marsnik, Manager, at (715) 878-9791.
 - The Golden Angels Network (GAN) is a select group of Marquette University alumni and friends interested in supporting new venture development by Marquette University alumni, students, faculty, and friends. Contact Tim Keane at (414) 288-5722 for more details.
 - Marshfield Investment Partners, LLC was established to fund local medical technology ventures. For more information, contact Mark Nelson at (715) 387-1540 or Dan O'Connell at (715) 384-2717.
 - Origin Investment Group, LLC is a regional angel investment network located at the University of Wisconsin - LaCrosse. Contact Jan Gallagher at (608) 785-8782 for additional information.
 - Pennies From Heaven, formed through a collaboration by the Racine County Economic Development Corporation, the Kenosha Area Business Alliance, and the Center for Advanced Technology & Innovation, focuses on manufacturing technology, information technology, and medical technology in the Racine / Kenosha / Metro Milwaukee area. For more information, contact Attorney David Barnes at (262) 657-6000.
 - Phenomenelle Angels, a newly formed women's only angel network fund, is open to all investment opportunities, but with certain encouragement for underserved, women-owned and/or managed, Wisconsin and Midwest early-stage business opportunities. Contact can be made through Dedee Wojtal or Joe Hildbrandt.
 - The St. Croix Valley Angel Network, Inc. seeks to foster economic development in the St. Croix Valley by connecting candidate companies with prospective angel investors. For more information, contact Chris Bye at (715) 425-3398.
 - Silicon Pastures, based in Milwaukee, Wisconsin, is a network of angel investors and strategic partners for emerging businesses, especially those in the Midwest. Contact Director Pehr Anderson at (414) 433-4982 for more information.

- **Wisconsin Investment Partners, LLC** is a life science-oriented angel investment network with a Wisconsin-focused investment strategy. Contact Richard H. Leazer at (608) 832-6365 or Terry Sivesind at (608) 238-7674 for more details.
 - **Women Angels**, a Milwaukee angel group of women who invest in women-owned businesses, will begin considering deals in September, 2005. For more information, contact Barbara Boxer at (414) 298-8173.
-

■ Angel Investing Networks in Other States

● Nationwide

- **Angel Capital Electronic Network (ACE-Net)** is a nationwide internet-based electronic matchmaking service linking accredited investors to qualified entrepreneurs.
- **Investors' Circle (IC)** is a non-profit national network of angel and institutional investors, foundation officers and entrepreneurs who seek to balance financial, social and environmental returns. IC is dedicated to catalyzing the flow of capital to private companies that deliver commercial solutions to social and environmental problems.
- **Keiretsu Forum**, with more than 350 members, is the largest North American angel investor network of capital, resources and deal flow. Keiretsu Forum members are accredited private equity investors, venture capitalists and corporate / institutional investors who invest in high-quality, diverse investment opportunities in emerging technologies, IT and software, life science / healthcare / biotech, real estate, media / entertainment and any segment with high-growth opportunity. Keiretsu Forum Chicago / Midwest focuses its investments across the states of Illinois, Indiana, Michigan, Wisconsin, Iowa, Missouri, Minnesota, and Ohio. Keiretsu Forum has chapters in Northern California (San Francisco East Bay and Silicon Valley), Southern California (Westlake Village, Orange County, San Diego and Los Angeles), Boston/New England, Chicago/Midwest, Dallas/Fort Worth and Calgary, Canada.

● Illinois

- **Northern Illinois Angels**, a partner of the NIU Executive Club, provides high-potential, early-stage companies with access to a "deep bench" of angel investors and strategic partners for seed and later round financing, as well as a carefully chosen

network of firms that offer key business development competencies, including management, marketing and financial expertise, and incubating services.

- **Prairie Angels** is a private group of accredited investors committed to investing in early stage companies. Their goal is to match funding for seed stage investors with startup entrepreneurs and their businesses in the Midwest.

- **Indiana**

- **AngelNet** is a virtual business community providing connections, knowledge, and resources for investors and Indiana businesses.

- **Michigan**

- **Ann Arbor Angels** provides a forum for qualified investors seeking to underwrite fledgling Michigan technology and life sciences start ups. For further information, contact Michael Cole at (734) 327-4432.
- **Grand Angels** is an investment group and a West Michigan business and community enriching strategy. The mission of Grand Angels is to utilize financial, intellectual and networking capital to promote the success of growing (i.e., investing, emerging, reorganizing, etc.) companies and to enhance the economic development of the tri-counties of Kent, Ottawa, and Muskegon.
- **Great Lakes Angels** is an angels organization whose mission is to organize and mentor angels and provide a forum for them to grow in knowledge and wealth and foster more of the same - to help invest in entrepreneurial companies in the region.
- **Kalamazoo Angels** is an informal group of angel investors working in partnership with Kalamazoo area venture finance firms. The group leverages the resources and expertise of Southwest Michigan First to identify potential entrepreneurs and startups. For additional information, contact Barry Broome at (269) 553-9588.

- **Minnesota**

- **The Collaborative** is a Minnesota-based community of emerging companies, investors and advisors whose goals include fostering entrepreneurship and building

better, more profitable companies.

- **Minnesota Investment Network** is a rural-focused equity fund which also organizes angel investment funds in Minnesota.
 - **Minnesota Seed Capital Network (MSCN)** introduces private investors to high technology firms seeking to raise seed capital ranging from \$250,000 to \$5 million.
 - **Ohio**
 - **C-Cap** is a resource hub designed to link entrepreneurs with angel investors and the other resources they need to create successful growth companies. Their mission is to increase the number of growth companies that receive seed capital funding from Cincinnati area angels.
 - **Dayton Angel Network** provides mentoring help to small, growing businesses in such areas as strategic and business planning, the formation of advisory boards, and fundraising. Angels, at their discretion, may also choose to invest in these companies directly or in syndications led by institutional investors of the Dayton Investment Network. While monetary investing is not a requirement, it is the primary objective of the Angel Network.
 - **NCIC CapitalFund** is an early stage investment company investing in emerging, growth-oriented, technology-based companies.
-

[[Home](#)]

Send mail to ahart@northstareconomics.com with questions or comments about this web site.
Copyright © 2003 NorthStar Economics, Inc.
Last modified: 03/30/05



A new resource for angel networks in Wisconsin

Wisconsin Angel Network

Mission is to build angel network capital capacity throughout Wisconsin in order to increase the number and amount of seed-stage equity investments in Wisconsin companies.



www.wisconsinangelnetwork.com



Wisconsin Angel Network

WAN is a public-private initiative rooted in Gov. Jim Doyle's Grow Wisconsin Plan – a vision and strategy to create good paying jobs and a "high-end" economy.



www.wisconsinangelnetwork.com





*A project of the
Wisconsin
Technology
Council*

Initial funding and support:



www.wisconsinangelnetwork.com



Wisconsin's Entrepreneurial Resources

- WAN – Wisconsin Angel Network
 - Increasing the number and amount of seed-stage investments
- WEN – Wisconsin Entrepreneurs' Network
 - Serving Wisconsin's entrepreneurial community
 - www.wenportal.org
- WIN – Wisconsin Innovation Network
 - Building Wisconsin's entrepreneurial culture
 - www.wisconsinotechnologycouncil.com



www.wisconsinangelnetwork.com



Wisconsin Angel Network

Providing services and support to angel investing networks, including:

- ❖ **Deal Flow** – connecting angels and Wisconsin entrepreneurs
- ❖ **Administration** – helping to organize and create networks
- ❖ **Education** – increasing number of angel investors
- ❖ **Networking events** – increasing communication between angels



www.wisconsinangelnetwork.com



Who invests in early stage deals?

2003 Seed and Start-Up Stage Investing in the U.S.

Venture Capital: \$0.3 Billion (\$354 million)
166 deals

Angels: \$18.1 Billion
42,000 deals

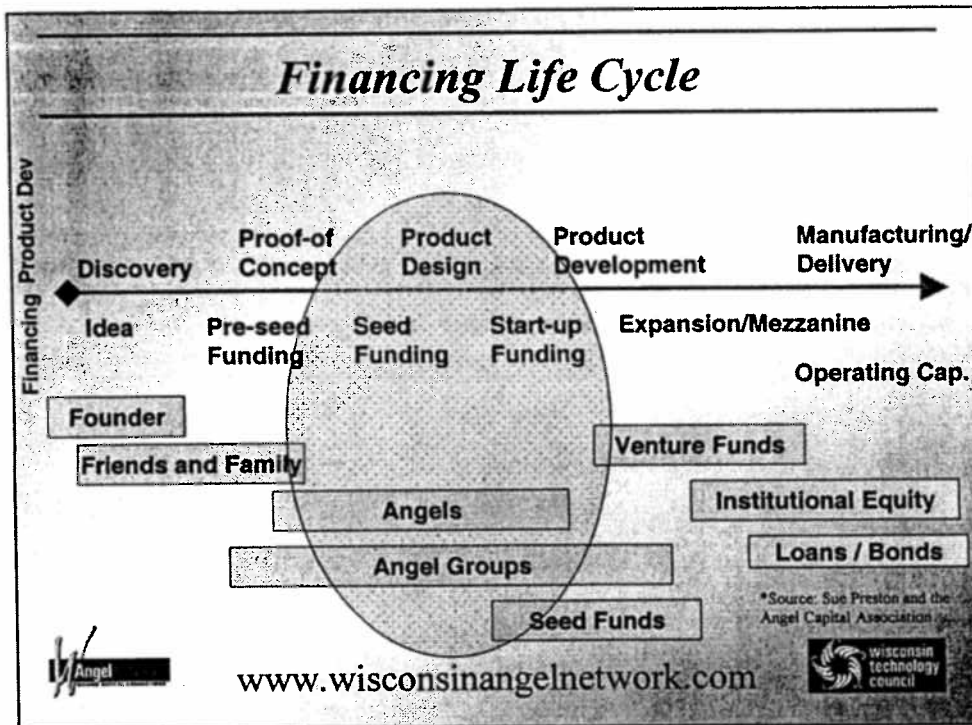
2004: Angels invested \$22.5 Billion in 48,000 deals

Source: Center for Venture Research, University of New Hampshire



www.wisconsinangelnetwork.com





What is an angel investor?

“Angel Investor” originated from the name given to investors of Broadway plays at the beginning of the 20th Century.

First used in current context at the University of New Hampshire's Center for Venture Research in a research report

www.wisconsinangelnetwork.com

What is an angel investor?

Now “angel investor” refers to someone who provides money, and sometimes mentoring, to start-up/seed stage business ventures – typically the riskiest investment round.

Most often a high net worth individual,
accredited investor



www.wisconsinangelnetwork.com



What is an accredited investor?

Net worth of more than \$1 million

<or>

Annual income of \$200,000 (\$300,000 joint)
during two most recent years

*Securities Act of 1933, as amended



www.wisconsinangelnetwork.com



What's special about accredited investor?

Exempts entrepreneur from federal filing regulations and funding limitations.

Currently, Wisconsin recognizes
accredited investors.



www.wisconsinangelnetwork.com



What is an angel network?

Typically group of accredited investors that periodically meet to review and co-invest in business opportunities.



www.wisconsinangelnetwork.com



Benefit of angel networks

- Quality of deal flow
- Quantity of deal flow
- Share the costs of due diligence/research
- Spreading the risk through co-investments
- Educational opportunities, formal and informal
- Group networking/socializing



www.wisconsinangelnetwork.com



Angel Networks in Wisconsin

- Golden Angels, Marquette University
- Silicon Pastures, Milwaukee
- Origin Investments, LaCrosse
- Chippewa Valley Angels, Eau Claire
- Wisconsin Investment Partners, Madison
- St. Croix Angels, River Falls area
- *more forming, latest contact info at:*

www.northstareconomics.com/angel_investing.htm



www.wisconsinangelnetwork.com



Wisconsin Act 255

- Tax credits for early stage investments
- Grants and loans for researchers
 - Technology Assistant, Bridge and Matching Grants
- Loans for helping entrepreneurs find equity
 - Technology Venture Fund Loans

www.commerce.state.wi.us/act255/



www.wisconsinangelnetwork.com



Act 255: Tax Credits

	<u>Angel Investment</u>	<u>Early Stage Seed Investment Fund</u>
Income Tax Credit:	25% (per investment) <i>(12.5% per year - 2 yrs)</i>	25% (per investment)
Effective Date:	January 1, 2005	January 1, 2005
Maximum Annual Aggregate Amount of tax credits per year:	\$3.0 Million	\$3.5 Million
Total State Allocation:	\$30 Million	\$35 Million



www.wisconsinangelnetwork.com



WAN - Membership

- Angel Networks
 - *Members of networks can have access to WAN resources*
- Angel Funds
- Early-stage Venture Funds



www.wisconsinangelnetwork.com



WAN - Angel Resource Development

Developing resources to increase seed stage equity investments, many identified by angel investors.



www.wisconsinangelnetwork.com



WAN - Angel Resource Development

- Deal-flow pipeline
 - Web interface
 - Bridge between entrepreneurs and investors
 - Searchable database of executive summaries
 - Investors have notification options
 - Opened June 1, 2005



www.wisconsinangelnetwork.com



Angel Resource Development (cont.)

Angel network communications

- Networking events at meetings/conferences
- Promote resource sharing and build relationships
- Information distribution channel, e-newsletter



www.wisconsinangelnetwork.com



Angel Resource Development (cont.)

Angel network best practices

- ACA, Wisconsin networks

Educational seminars

- Power of Angel Investing, Act 255, due diligence



www.wisconsinangelnetwork.com



Angel Resource Development (cont.)

Resource list

- Centralized resource listing for angels
- www.wisconsinangelnetwork.com

Angel and VC collaboration

- Investment opportunities, deal structure

Administrative assistant training

- Info packet and training for part-time/interns



www.wisconsinangelnetwork.com



Angel Resource Development (cont.)

Government and public relations

- Legislative leaders, department liaisons and the administration
- Press releases
- Periodic updates at meetings/conferences



www.wisconsinangelnetwork.com



Angel Resource Development (cont.)

Metrics

- Deal flow
- Presentations
- Deals invested
- Company progress (case studies)
- The holy grail: Jobs created and actual economic impact



www.wisconsinangelnetwork.com



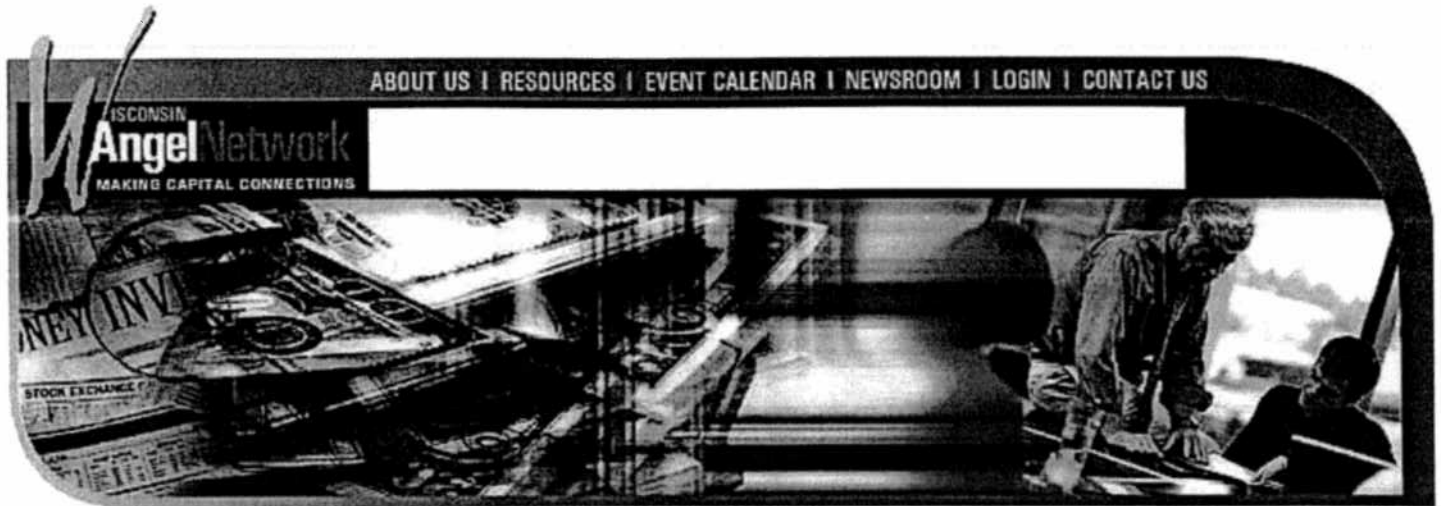


Joe Kremer, director
jkremer@wisconsinangelnetwork.com
(608) 442-7557



www.wisconsinangelnetwork.com





Search our Database of Executive Summaries

Search by.

Company Name / Keyword

City

Entrepreneur's First Name

Entrepreneur's Last Name

Industry Category

All

State Region

All

Company Stage

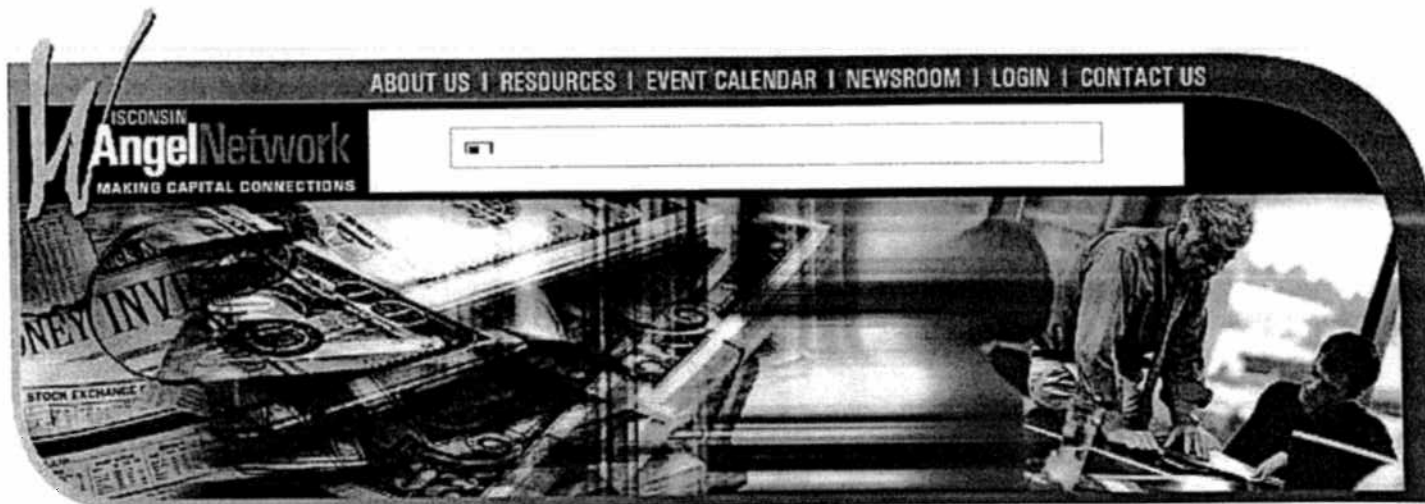
- All
- Pre-revenue - we haven't shipped our product/service yet
- Early stage - we've had customers and revenue for less than a year
- Sustaining - we have recurring revenue and customers

I'm looking for companies with actuals / proformas

I'm looking for companies who are requesting a specific investment amount

I'm looking for companies that have already raised money

©2005 Wisconsin Angel Network | 455 Science Dr., #240 | Madison, WI 53711 | info@wisconsinangelnetwork.com





Angel Investor Resources

The Wisconsin Angel Network (WAN) will be developing and adding links to resources as they are identified. Please feel free to e-mail us with any suggested resource links: info@wisconsinangelnetwork.com

Joining or Establishing an Angel Network

- NorthStar Economics' Angel Network List
- Angel Capital Association Guide to Creating Angel Networks
- Angel Capital Association: A Guidebook for Developing the Right Angel Organization for Your Community

Deal Sourcing

- Angel Capital Association's Best Practices List (emphasis on deal sourcing)

Due Diligence

- Article: Due diligence and corporate clean-up
- Article: IP due diligence for venture capital and angel investors

Structuring the Deal

- National Venture Capital Association's Model Financing Documents: Sample Term Sheet, Investor Rights Agreement, Voting Agreement, etc.
- Private Equity Industry Guidelines Group (PEIGG): Private Equity Valuation Guidelines
- Positioning an Angel Investment for Follow-On Funding NEW!

The Post Investment Relationship

- Article: Boards That Are Not Bored

Act 255: Angel Investment Tax Credits

- Department of Commerce's official site
- Angel Investment Tax Credit Program
- Act 255 Tax Credit Summary Sheet

- **Certified New Business Ventures**
- **Article: An analysis of Wisconsin's new venture capital and early stage finance programs**
- **Article: New law provides opportunities for new venture capital investment in Wisconsin**

General Angel Resources

- **Department of Financial Institutions' Angel Capital Resource Center**
- **Angel Capital Association**
- **National Association of Seed and Venture Funds**
- **European Angel Network**
- **National Venture Capital Association**
- **Community Development Venture Capital Association**
- **Kauffman Foundation**
- **National Association of Seed and Venture Funds**

Early Stage Investment Trends/Research

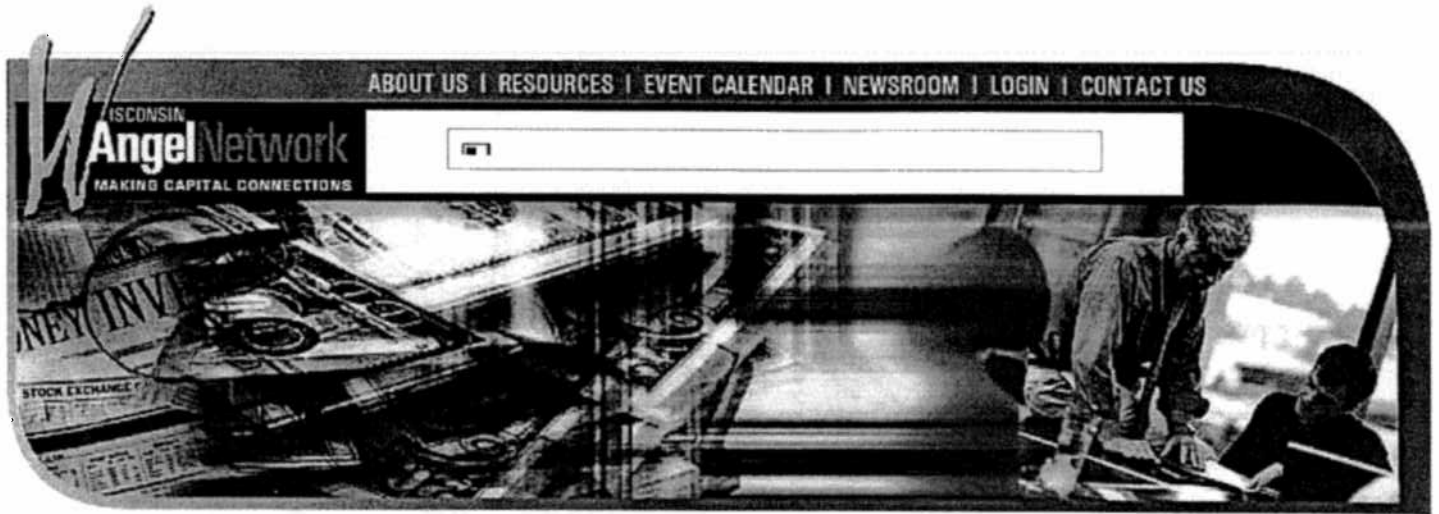
- **Angel Capital Association Research**
- **White Paper: Growing New Businesses with Seed and Venture Capital: State Experiences and Options**
- **White Paper: Innovative Strategies to Support Entrepreneurs**
- **White Paper: UNH Center for Venture Research's 2004 Angel Investing Report**

Studies on Wisconsin's Economy

- **The Economic Value of Academic Research and Development in Wisconsin**
Published by the Wisconsin Technology Council. (5.6 MB PDF Document).
- **Wisconsin Life Sciences Magazine**
Published by the Wisconsin Technology Council in cooperation with the state Department of Commerce and other sponsors, the 24-page, full-color magazine is used for other out-of-state marketing efforts. (1.4 Meg PDF Document).
- **Wisconsin Technology Council's Vision 2020**
- **Northeast Wisconsin Economic Opportunity Study**
- **Building the New Wisconsin Economy**

Information Sources

- **Wisconsin Technology Council**
- **Wisconsin Technology Network**
- **Wisbusiness.com**



Submit an Idea

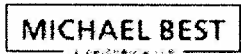
Search

**** For security purposes this form will "timeout" after 30 minutes of inactivity and you will lose all unsaved information.**



NOTICE: Word count for the completed submission must not exceed 1000 total words.

[View an Executive Summary Sample \(PDF\)](#)



Download a Microsoft Word Template to build your Executive Summary (right click and select "save target as")

Fields in **RED** are required.



Company Name

Industry Category

Choose One

State Region [Help?](#)

Choose One

Company Stage

- Pre-revenue - we haven't shipped our product/service yet
- Early stage - we've had customers and revenue for less than a year
- Sustaining - we have recurring revenue and customers

Have you participated in any of the following programs?

Presented/Poster company at *Wisconsin Technology Council's Venture*

Conference

- Submitted your company plan to the *Governor's Business Plan Competition*
- Certified as investment tax credit eligible by the Department of Commerce
- Accessed any of the Wisconsin Entrepreneurs' Network resources

Company Overview Help?



Product or Service Description Help?



Customer Needs - Your Solution Help?



Market Description, Research and Size Help?



Competition Help?

Management Team

Name / Title	Previous Role and Organization
--------------	--------------------------------

Service Team (30 character max)

Name	Name	Firm
------	------	------

Accountant

Banker

Lawyer

Capital Requested

Total Funds Raised to Date Help?

Use of funds, highlights (max 5 items) Help?

Description	Amount
-------------	--------

\$

\$

\$

\$

\$

Financials: Actuals/Proformas

	Last Year	Year1	Year 2	Year 3
Revenue				

Cost of Goods Sold

Gross Margin

Operating Expenses

Operating Profit

©2005 Wisconsin Angel Network — Madison, WI 53711 — info@wisconsinangelnetwork.com — Site Credit