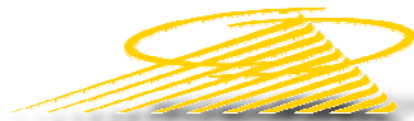




**2010-  
2011**

## **MEMBERSHIP PACKAGE**



**Golden Triangle  
Angelnet**

19 Thorne Street \* Suite 306 \* Cambridge \* Ontario \* N1R 1S3 \* (519) 740 7550 \* [info@goldentriangleangelnet.ca](mailto:info@goldentriangleangelnet.ca)



*Greetings!*

It is my distinct pleasure to introduce you to the Golden Triangle Angelnet on behalf of its directors and founding sponsors. The Golden Triangle Angelnet is a not-for-profit corporation operating under the Ontario Ministry of Research and Innovation's Angel Network Program. It is a members-only organization comprised of Angel investors seeking investment opportunities in promising, early-stage businesses. It is our hope that you will see fit to join us as a member.

Traditionally, much of this area's early-stage capital has come from a base of Angel investors who have experience investing "solo" in investee companies. By investing in early-stage ventures, Angels become key catalysts in the commercialization of innovations. In fact, Angel investors are the oldest, largest, and most available source of outside funds for entrepreneurial firms. It is felt, however, that such investors would benefit considerably from having access to other like-minded individuals through a more formal Angel network; and thus, the Golden Triangle Angelnet has been launched. Such a network will undoubtedly increase access to deal flow for the "solo" investor, as well as provide a best practices environment for due diligence, investing and ongoing business monitoring.

In addition to the financial support, as part of their all-encompassing commitment to assist the companies they invest in, Angels often provide valuable mentorship and access to strong relationship capital networks to their investee companies. It is this priceless assistance that aids in the facilitation of learning, networking, and growth.

By increasing the quantity and quality of Angel investing in such early-stage companies, the Golden Triangle Angelnet will drive local economic growth and prosperity and ultimately strengthen the social fabric of the entire Golden Triangle region (*Kitchener-Waterloo, Guelph and Cambridge*).

I hope that you will take the time to review this package. We will follow-up with you shortly to respond to any questions that you may have and to seek your support as a member. We appreciate your time and attention, and look forward to speaking with you soon.

Warm regards,

A handwritten signature in blue ink, appearing to read "Rob", written over a thin blue line.

Rob Douglas  
President  
Golden Triangle Angelnet

### **Founding Sponsors:**



# Background of the Golden Triangle Angelnet

*“We have entered the Age of the Angel, where high-net-worth individuals have effectively become the commercialization engine for entrepreneurial companies”.*

– W. Daniel Mothersill,  
President, National Angel  
Organization

The Golden Triangle region, comprising Kitchener-Waterloo, Guelph and Cambridge is one of the top five growth areas in Ontario. The region has long been known for its strong industrial and agricultural base and more recently, its hi-tech cluster in Waterloo. Being home to five major post-secondary institutions, the Region has spawned many early stage companies who have successfully commercialized academic research, and created companies which have nurtured stable employment and prosperity.

But the economic downturn of 2008-2009 has created new challenges, not the least of which is access to investment capital. Unemployment in the Region has skyrocketed. Manufacturing in particular has been hard-hit, and requires capital investment to adapt to the new economy.

The early-stage funding needs of the tech sector in the Golden Triangle have historically been well served by a number of organizations, like Communitech, The Accelerator Network, Infusion Angels (sponsored by Microsoft, associated with UW) and other high-profile, high-net-worth individuals who are known as "go-to" sources for private capital. This latter group would include persons who have strong track records in building tech companies in the region.

There remains, however, a range of companies outside of the tech sector that need capital. Traditionally, much of their early-stage capital has come from a base of angel investors who have experience investing “solo” in such companies. It is felt, however, that such investors would benefit significantly from access to other like-minded individuals through a more formal angel network. Such a network would undoubtedly increase access to deal flow, both tech and non-tech, for the “solo” investor, as well as provide a best practices environment for due diligence, investing and follow-on monitoring.



# Keystone to the Organization's Creation

*"As part of the Ministry of Research and Innovation's Angel Network Program (ANP), this initiative will drive economic growth and prosperity across the Golden Triangle Region for decades to come."*

– Robert L. Douglas, President  
Golden Triangle Angelnet

## Angel Network Program

In Ontario, early-stage venture capital declined from \$1.5 billion to \$235 million between 2000 and 2007. In response to this capital availability gap, the Ontario Government, under the auspices of the Market Readiness Program (MRP) of the Ministry of Research and Innovation, established the National Angel Organization – Ontario, in 2007. NAO-Ontario's mandate is to develop and administer a program called the Angel Network Program (ANP), a \$2.5 million multi-year program designed to increase the breadth and depth of Angel capital accessible by innovative, entrepreneurial companies in Ontario.

The primary purpose of the ANP is to bring new Angel investor groups into being and provide them with the knowledge, education, standardized procedures and other resources they need to invest wisely and successfully in Ontario's high-potential companies. Such capital is key to growth, and supports Ontario's commercialization policies.

The National Angel Capital Organization (NACO), because of its leadership role in encouraging the implementation of Angel Network Programs in other Canadian provinces, has been mandated to administer the ANP program in Ontario.

## The National Angel Capital Organization

The National Angel Capital Organization (NACO) is Canada's industry association for Angel investors. It acts on behalf of more than 30 formal Angel groups and 4,000 individual Angel investors, and has counterparts in the US, EU, Australia and elsewhere. It was founded in 2002 as a non-profit corporation to promote a vibrant Angel community and culture in Canada.

NACO envisions the further development of an entrepreneurial culture in Canada where more companies become investor-ready, and more individual investors band together while adopting standards and best practices to maximize the potential scale, effectiveness, and returns of their investments.

This is accomplished through the development of formal Angel investor groups, best practices education and mentoring programs, the formation of collaboration and co-investment mechanisms, and policy advocacy to encourage an efficient risk capital market in Canada.

NACO's mission is to increase the quantity, quality, and success of Angel investments in Canada, thus creating a greater pool of capital for innovative start-up companies which in turn will contribute to Canada's international competitiveness and prosperity well into the future.

## Board of Directors



**Robert L. Douglas, CA**

**Rob** is a Chartered Accountant whose business career in finance spans more than three decades, with a broad range of experience including investment counselling with a major Canadian brokerage to senior financial management of a large, multi-plant manufacturing company. Rob's expertise in strategic planning, business plan execution, process analysis and human resource development has resulted in a successful consulting business for over twenty years.

Since 1998, Rob has worked extensively with early stage companies, assisting them to access angel capital and providing them with ongoing coaching and financial advisory services. Rob currently holds equity positions in several early-stage growth companies. He serves as an active board member in these companies as well as providing management advisory services.

Rob also holds a Bachelor of Economics degree from the University of Toronto.



**Carl Furtado, CFP**

**Carl** holds designations as a Certified Financial Planner and Chartered Financial Consultant (US). He has high-level of expertise in financial planning for large corporate organizations, personal investment counsel, and management consulting. Carl has over 10 years experience with a Canadian multi-plant manufacturing company and more than 22 years representing major financial institutions including insurance and wealth management companies.

Carl currently holds equity positions in several early-stage companies and continues to provide advisory services to these organizations as well and sit as a member of their boards. He also is a mentor in the Canadian Youth Business Foundation program (CYBF).

In addition, Carl sits on the boards of several not-for-profit foundations and is a graduate of Wilfrid Laurier University.



**David Borges, LLB**

**David** is a barrister and solicitor with a national law firm. As a corporate and commercial lawyer, David's practice includes mergers and acquisitions and corporate finance. David is experienced in debt and equity financing, including angel financing. David holds a Bachelor of Laws from the Faculty of Law, University of Ottawa and he also holds degrees in Public Policy and Management and an Honours degree in Criminology.

Committed to lifelong learning, David holds a post graduate certificate in business studies from Heriot-Watt University in Scotland.

David is a resident of Cambridge and is active throughout the Waterloo Region community, where he gives of his personal time to various committees and causes which reach throughout the Region.



**Randall Howard**

**Randall** is a seasoned investor and serial technology executive with a passion and track record of building globally innovative growth businesses. A founding partner of VERDEXUS, Randall brings a global network based on deep executive experience particularly in US, Europe and Canada.

Randall is "hands-on" Chairman at VERDEXUS portfolio investment, *iotum*, and past as CEO of Verdexus portfolio company, *Coreworx* which was recently acquired by Acorn Energy.

In 1984, he founded MKS Inc. one of Canada's leading enterprise software vendors and whose products optimize internal software development within large corporations. As Chairman and CEO he led growth to \$45 million revenue and 375 employees worldwide, including seven acquisitions.

Randall is a seasoned board member/advisor with current and past service to a large array of firms including Gore Mutual Insurance Company, *lotum*, *Coreworx*, *Necho Systems Corp*, *GoodContacts*, *Whitehill Technologies*, *Waterloo Maple Software*, *Arise Technologies* and *Nanodesign*.



**R.J. (Sam) Purdy**

**Sam's** business career spans over 30 years in the local, national and international markets. The bulk of his experience has focussed on the supply of consumer products sourced or manufactured worldwide to major hardware and home improvement retailers across Canada. Having held positions with responsibility for manufacturing, accounting, marketing, sales, administration and strategic planning, Sam's experience has led him to roles primarily in general and executive management. Sam has also spent some time in the not-for-profit world which has added the ability to understand and work within a different business culture and style.

Sam has been and continues to be involved with various not-for-profit groups within Waterloo Region and the surrounding area. Positions such as board member, chair or advisor have been held in a number of organizations. In addition, Sam also provides consulting services to organizations on a contract basis.

Sam is life-long resident of Cambridge and the surrounding area.

# The Definition of an Organized Angel Network

*“It is obvious that Angel investing is an asset to the economic environment. However, it is critical to understand . . . it is not necessarily the focus of the Angel. Angels invest primarily to increase their own personal network.”*

– W. Daniel Mothersill,  
President, National Angel  
Organization

An **Angel Investor** (or Angel) is a person who invests in a business venture, providing capital for start-up or expansion. These individuals are looking for a higher rate of return than would be given by more traditional investments (typically 25 percent or more).

Angel investors are perceived of as "filling the gap" between the financing provided by family and friends and venture capitalists. Individual Angel investors typically invest \$25,000 - \$150,000 per year, but it's becoming increasingly common for Angels to operate as part of an organized Angel Network (a group of Angel investors), which raises their potential investment level accordingly and allows them to share research and pool their investment capital.

Typically, an Angel investor is looking for a personal opportunity as well as an investment. Often Angels have business experience as well as money, and will want to play some sort of active role in managing the company.

Professionally managed Angel groups serve to mitigate the individual investors' risk and provide other rewards, be they social or professional. At the end of the day, Angel groups promote entrepreneurship, provide for the greater good, and promote social responsibility.

Unlike most other forms of investment, active participation in an organized Angel group provides members with an expectation of high financial return, the satisfaction of being involved in the entrepreneurial process, and the enjoyment of a peer network.

# Guiding Principles of an Angel Investor

## *An Angel Investor. . .*

<b>BELIEVES</b>	<ul style="list-style-type: none"><li>• That the entrepreneurial spirit is alive and well, and deserving of support &amp; encouragement</li><li>• That many early-stage, entrepreneurial companies have a track record of becoming significant economic drivers over time</li><li>• That although Angel investing is a high-risk activity, it brings great potential for financial and personal gain</li></ul>
<b>WANTS</b>	<ul style="list-style-type: none"><li>• To support and accelerate the growth and profitability of early-stage companies through financial investment</li><li>• To provide mentorship and guidance to maturing entrepreneurs</li><li>• To learn more about best practises of Angel investing</li><li>• To have ongoing access to deal flow</li><li>• To build wealth and economic stability in his/her community</li></ul>
<b>HAS</b>	<ul style="list-style-type: none"><li>• Has a minimum level of wealth as defined by accredited investor guidelines</li><li>• Has a minimum of C\$25, 000 available for investment in early-stage companies on an annual basis</li></ul>
<b>WILL</b>	<ul style="list-style-type: none"><li>• Attend Angel Network meetings on a regular, and consistent basis</li><li>• Share experiences in Angel investing with other Angels</li></ul>
<b>IS</b>	<ul style="list-style-type: none"><li>• Someone with money and expertise who wants to invest in upwardly mobile companies</li><li>• Committed to increasing the quantity, quality and success of Angel investments in Canada, thus creating a larger pool of capital for innovative, start-up companies</li></ul>

# Nine Benefits of an Angel Network Membership

## Anonymity

- The structured Angel Group provides a public face to attract deal-flow while enabling individual members to maintain their privacy

## Community

- Community recognition of the Angel group and its particular investment focus leverages this public presence and creates a wide referral network to increase quality deal sourcing

## Professional

- Professional management provides efficient deal-matching to investor's preferences

## Collaboration

- Collaboration in due diligence provides multiple points of knowledge about market, management, and financial assumptions, ultimately resulting in better investment decisions

## Education

- Individuals new to the Angel investment community are able to learn from experienced Angel investors on all aspects of the investment process

## Knowledge

- All participating Angels benefit from evolving best practices knowledge

## Social Network

- Regular meetings provide a social network to facilitate camaraderie and the sharing of common goals

## Positioning

- Structured investment processes and resources, along with the group position, enhance the investor's position in negotiating terms

## Success

- Collective investing typically results in companies raising higher dollar amounts. This provides not only greater economic power, but when coupled with the access to the mentoring capacity, contact networks, and the sector & management expertise of the investor group, increases the likelihood of overall success for the investee companies

# Membership Opportunity

*“The greatest risk is really to take no risk at all. You've got to go out there, jump off the cliff, and take chances.”*

– P. Warburton

Angels need to have a desire to be part of a group that meets regularly, shares business ideas, learns about best practices of angel investing and becomes involved with investee companies, both as investors and mentors.

## Membership Opportunities and Commitment to the Organization:

**1. Individual Memberships** are tailored for Angel investors who invest primarily from their own private pool of capital, whether as an individual or as a company. Only the named individual can attend our meetings under this category. Individual members commit to:

- (a) Active participation in monthly meetings
- (b) Active financial participation through investment of own funds
- (c) Investment of a minimum of C\$25 000 in group's investee companies on an annual basis. Members' investment activity will be reviewed annually as a consideration for renewal

(d) Maintenance of a high level of confidentiality at all times; *member identification, company data, discussions, individual investment commitments, etc.*

**2. Corporate Memberships** are tailored for institutions that have an interest in the early stage company space such as venture firms, investment banks, legal and accounting firms. This class of membership allows you one seat at our meetings that can be attended by any person in the member's organization. Corporate members commit to:

- (a) Active participation in monthly meetings
- (b) Facilitating deal flow through their network of clients and colleagues
- (c) Introducing potential angel investors to the Golden Triangle Angelnet
- (d) Direct participation in angel investments where appropriate
- (e) Maintenance of a high level of confidentiality at all times; *member identification, company data, discussions, individual investment commitments, etc.*

### Annual Individual Membership

• \$500

### Annual Corporate Membership

• \$1200

In addition to membership fees, the group receives fees from sponsorships and a Ministry of Research and Innovation grant. These funds are used to help offset the operational costs associated with the establishment and development of the group including the hiring of professional managers and administrators on a full or part-time as needed basis.

# 2010-11 Membership Application

## Select Your Membership Option

- Individual \$500
- Corporate \$1200

Please make cheques payable to:  
Golden Triangle Angelnet

Please print clearly.

Date: \_\_\_\_\_ / \_\_\_\_\_ / 20\_\_\_\_  
( Month / Day / 2010-11

### Initial Information:

Prefix (Dr. Mr. Mrs. Ms.)      First Name      MI      Last Name      Suffix

Job Title      Company/Organization

### Business Address:

Street Address (Line 1)

Street Address (Line 2)

City      Province      Postal Code

### Home Address:

Street Address (Line 1)

Street Address (Line 2)

City      Province      Postal Code

### Contact Information:

Primary Email      Secondary Email

Business Phone (with area code & ext.)      Fax Number

Home Phone      Cellular Phone

Please Circle: What is your preferred mailing address?

Business      Home

Please Circle: What is your preferred contact method?

Home Phone      Business Phone      Cellular      Email

By supplying the above information, you consent to being contacted by the Golden Triangle Angelnet organization and its Board Members.

Please mail cheque & completed forms to:  
Golden Triangle Angelnet c/o Rob Douglas \* 19 Thorne Street \* Suite 306 \* Cambridge \* Ontario \* N1R 1S3 \* (519) 740 7550 \*