

Wharton Alumni Angel Network (WAAN) Boston Membership Handbook

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Introduction

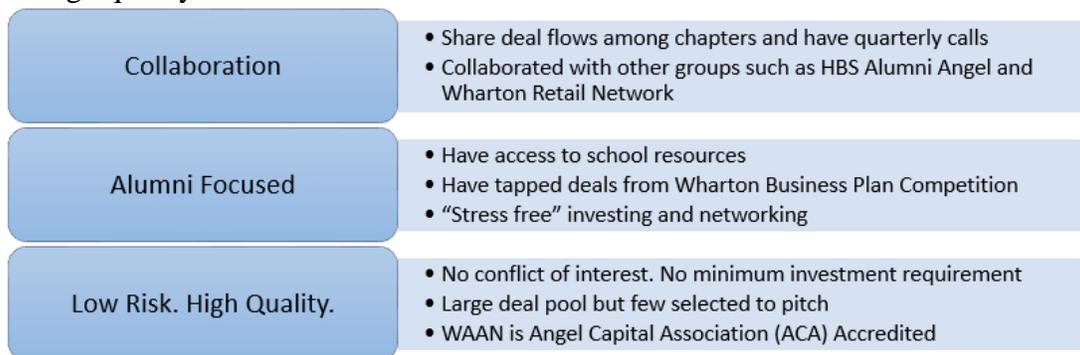
History & Overview

WAAN is an alumni-focused, volunteer-run, not-for-profit interest group that focuses on early stage investing and entrepreneurship. It is also a member of the Angel Capital Association, the official industry alliance of over 100 of the largest angel investor groups in the United States.

WAAN is not a venture fund, an investment bank, a broker/dealer, investment clearing-house, or an investment advisor, but rather a forum in which investors may be educated on aspects of investment and business, as well as introduced to companies for possible investment. WAAN is not registered with the Securities Exchange Commission or any state securities commission.

Boston is the fifth chapter within WAAN, alongside NYC (2013), Southern California (2015), Silicon Valley (2016) and UK (2017). WAAN Boston is also a Special Interest Group under the Wharton Club of Boston (WCoB). WAAN's membership is bundled with a WCoB membership, which includes separate access to other WCoB hosted events.

The three main value propositions of WAAN include: collaboration, alumni focused, and low risk and high quality.



Eligibility

WAAN members have to be Penn/Wharton alumni. However, entrepreneurs looking to raise funding do not need to be Penn/Wharton alumni, nor do partners in the angel investing ecosystem (e.g. other angel investor groups, incubators, entrepreneurship groups) with whom we collaborate strategically.

WAAN hosts two major types of events: education and pitch events. Education events are open to both accredited and non-accredited investors. Pitch events are exclusive to accredited investor members. By federal security law, only accredited investors can invest in start-up deals. To be an accredited investor, one needs to meet the wealth and/or income requirement defined under Rule 501(a) of Regulation D of the Securities Act of 1933. As an investor member of WAAN, one will have access to not only the local in-person pitch events but also pitch events of other WAAN chapters made available through live-stream.

Membership

WAAN Boston Membership Options		
	Investor Member	Associate Member
Benefits	<ul style="list-style-type: none"> • Pitch sessions • Education & Community events • Access to deal flow platform • Participate in deal screening • Remote access to other WAAN chapter pitch sessions 	<ul style="list-style-type: none"> • Education & Community events • Opportunity to participate in deal review committees (screening, subject-matter expertise for due diligence)
Requirements	<ul style="list-style-type: none"> • Wharton or Penn Alumni • Accredited Investor 	<ul style="list-style-type: none"> • Wharton or Penn Alumni
Membership Fee	<ul style="list-style-type: none"> • Existing WCoB member: \$70 or \$140. WAAN fee prorated based on time to WCoB membership expiration. • New WCoB & WAAN Boston member: \$200 (annual fee) 	<ul style="list-style-type: none"> • Existing WCoB member: \$30 or \$60. WAAN fee prorated based on time to WCoB membership expiration. • New WCoB & WAAN Boston member: \$120 (annual fee)

Associate Members

Associate Members are individuals who are not yet ready to be active angel investors and/or individuals who are not accredited investors. The membership fee includes free access to WAAN education events, which, if calculated at a per event basis, will be at a discount than prices charged to non-members. There will also be opportunities for interested Associate Members to participate in the deal flow process, including but not limited to initial screening of all the deals collected prior to a pitch event and providing subject-matter expertise in the deal due diligence process.

Associate Members will not be able to participate in fundraising type of pitch events. By federal security laws, only accredited investors (hence only Investor Members) can invest in start-ups.

Investor Members

Investor Members will gain free access to education and pitch events (live in Boston or live-stream events from other WAAN chapters), deal flow platform, and participation in the final round of deal screening for pitch events.

As part of the application, potential Investor Members must confirm their accredited investor status. We encourage everyone to look up the definition prior to submitting an application.

At a basic level, an accredited investor is an individual who earns an annual income of \$200,000, or \$300,000 for joint income, for the last two years with expectation of earning the same or higher income. A person is also considered an accredited investor if he has a net worth exceeding

\$1 million, either individually or jointly with his spouse. Registered broker and investment advisors can also be considered.

Existing Wharton Club Members

As previously mentioned, WAAN is a Special Interest Group of WCoB. Therefore, WAAN's annual membership fee is bundled with the WCoB's annual membership.

For those with an existing WCoB membership, a hard 6-months cutoff rule is used. If there is still more than 6-months left on the WCoB membership, one will pay the full WAAN membership (\$140 for Investor and \$60 for Associate). If there are less than 6-months left, one pays for half of the WAAN membership (\$70 for Investor and \$30 for Associate). The WAAN membership will expire when WCoB membership expires. Upon expiration, one will renew both memberships at the same time for the next year by paying the full bundled price (\$200 for Investors and \$120 for Associate).

During the last step of the WAAN application, existing WCoB members will submit a form-based request to Chapter administrators with their preferred WAAN membership selection. A payment link corresponding to their WCoB expiration date will be emailed to the applicant within 24 hours. Membership is only official once the payment has been submitted.

Education Events

WAAN aims to create four education events a year. Education events will be free to all paying members (Associate and Investor Members). Non-members will have the option to pay on a per event basis if space permits. They may also be subject to a slightly higher fee. Education events may address angel investing in general or cover specific topics. Past WAAN education events include speaker series from distinguished investors, workshop on specific subjects (e.g. legal aspect, term sheet), and showcase Shark Tank events where pitches are not for deal purposes.

Any specific requests, recommendations and/or speaker introduction can be sent to waan.boston@gmail.com.

Pitch Events

Overview

Pitch events are open to Investor Members only. Investor Members must confirm that they are accredited investors in the application process. We encourage everyone to look up the definition prior to submitting an application.

WAAN vets through deal screening, hosts pitch events, solicits candidates to be potential subject matter experts, and puts interested investors in touch with the respective entrepreneurs post pitch events. WAAN will facilitate the initial communication, including making an attempt to find a deal lead among interested investors. WAAN itself, either the entity or members of the operating

board, is not involved in the deal negotiation, syndication, due diligence and the eventual investment decision. Every investor must conduct his/her own analysis and due diligence to determine the appropriateness of any investment he/she makes in any company to which one is introduced through WAAN. As a result, WAAN nor its representatives or agents are responsible or liable in any way for any investment decision members make as a result of being a member of WAAN. A full Code of Conduct (full detail also included in the Appendix) is attached to the application process, and members must read and confirm to agree with the Code before becoming a full member.

WAAN Boston aims to host four pitch events a year locally in Boston. Investor Members will also be able to view live-stream pitch events made available by the four other WAAN chapters, and participate in the associated deals.

Deal Sourcing

WAAN sources deals through many different channels. Start-ups may submit deals through WAAN's main deal flow platform on Gust (available on the main Wharton Alumni Angel Network website (<http://www.whartonangelnetwork.co/>) under the Entrepreneurs tab and Boston Chapter subtab). Members of the operating board often seek out interesting companies at community events. We also take referrals from members and partners through email (waan.boston@gmail.com). To foster collaboration, WAAN also works with other angel investor groups in Boston and groups on the UPenn campus.

WAAN is open to deals from all industries. To be eligible for consideration, a start-up is actively looking to raise between \$50,000 and \$2 million. If the company has raised prior funding, it should have been from other angels or super angels. The company should not have raised any institutional VC funding.

Deal Screening

There are typically two rounds of screening. For the initial round, volunteering Associate Members may participate; for the final round, volunteering Investor Members can step in to pick the final four to five companies that will be attending the pitch events.

For each round, volunteers will be divided into groups and pick the strongest applications assigned to their respective groups. The type of deals assigned to each group is random, and the number of deals assigned will vary depending on the number of submissions and volunteers. There will be several volunteers in each group to ensure relative impartialness.

For quality assurance, volunteers will be given a criteria sheet that may be used to score companies. The board will also hold training sessions so that volunteers understand the evaluation process. In addition, each volunteer group will be moderated by a board member and/or a seasoned investor. WAAN's Vice Chair of Deal Flow will coordinate the process centrally to ensure smooth communication and consistency in the process.

Criteria WAAN evaluates during the screening process center around five major areas. A more detailed worksheet will be circulated to all volunteers.

- a) Products/Services – potential, uniqueness, operation, technology assessment

- b) Market – size and scope, growth
- c) Competition – fair analysis, competitive advantage
- d) Management – corporate structure and governance, qualification of the team
- e) Financial – projection, use of funds

Pitch Format

For Boston pitch events, each company will have 6 minutes to present, followed by 5 minutes of Q&A. After all the companies have presented, operating board will debrief with investors in the room. If there are indications of interest and/or deal leads, WAAN will facilitate the next step of communication by putting companies and investors in touch. WAAN can also help find subject matter experts if needed.

Appendix – Membership Code of Conduct

For Investor Members

WAAN Investor Code of Conduct & Confidentiality

Please read the following carefully. In order to continue your membership application, you will need to acknowledge and accept the code of conduct and confidentiality.

About WAAN

WAAN is a membership group operating under the Wharton Alumni Clubs that facilitates the introduction of entrepreneurs to potential investors through meetings, presentations and other mechanisms. In addition, WAAN also conducts various educational and learning events to help members understand the field of Angel Investing. WAAN angel members consist only of individuals who are Wharton or Penn alumni and are interested in investing in privately held companies or ventures typically in an early stage of development.

Requirements for Membership

Angel membership in WAAN shall only be available to Wharton School or University of Pennsylvania alumni. Each angel member of WAAN must be an accredited investor as that term is defined in the Securities Act of 1933. Each member must agree to abide by the Code of Conduct of WAAN at all times. Membership is a privilege, which is subject to annual renewal, revocation, or termination for a member's failure to conduct himself or herself in a manner consistent with WAAN's Membership Agreement and Code of Conduct. WAAN Angel membership may be terminated or revoked at the discretion and determination of WAAN's Operating Committee. The decision of the Operating Committee is final.

To Qualify for Membership, I Agree That:

1. I am an accredited investor as defined under Rule 501(a) of Regulation D of the Securities Act of 1933, as amended for the reason indicated on the signature page hereto.
2. I have such knowledge and experience in financial and business matters to be capable of evaluating the relative merits and risks of any investment.
3. I am knowledgeable of and will comply with all applicable international, federal, state and local laws and regulations.
4. I agree to abide by the terms and rules of WAAN's Angel Code of Conduct & Confidentiality or its updates and amendments.
5. I understand that WAAN is not a venture fund, investment bank, broker/dealer, investment clearinghouse, investment portal, or any other form of investment advisor or otherwise, and is not registered with the Securities and Exchange Commission or any state securities commission.
6. I must conduct my own analysis and due diligence to determine the appropriateness of any investment I make in any company to which I am introduced through WAAN. As a result, I recognize and agree that neither WAAN nor its representatives or agents are responsible or liable in any way for any investment

decision I make as a result of being a member of WAAN. The choice to use and the manner of utilization of information and knowledge gained through WAAN is my individual and personal choice. I understand that representatives or agents may or may not invest.

7. I understand that any purchase of equity or other investment transaction shall be directly with the respective company.
8. I understand that WAAN meetings are not an offer to sell or solicitation to buy any security by WAAN or any affiliated entity.
9. I agree that non-payment of annual membership fees as and when they become due will result in automatic termination of membership in WAAN.
10. I am willing to make investments, participate in due diligence, and attend at least 50% of all full membership meetings.
11. I understand that any violation of the Code of Conduct & Confidentiality is grounds for immediate termination of my WAAN membership.

Membership Code of Conduct

1. I will conduct myself in a professional manner at all times.
2. **Non-Solicitation Policy:** I understand and recognize that WAAN meetings and communications are focused on investment pursuits and will not solicit another member or any company that has applied for funding to WAAN for business.
3. I will disclose to the group any relationship under my direct control I have or may have had with a presenting company, including any financial gain I or my affiliates may receive from the company or proposed investment in the company.
4. I will use good judgment, adhere to high ethical standards and avoid situations that create an actual or potential conflict of interest. A “conflict of interest” arises when a person’s loyalties or actions are divided between the interests of a company and those of another, such as a competitor, supplier or customer, or personal business. A conflict of interest can arise when a member takes actions or has interests that may make it difficult for him or her to objectively and effectively support a company seeking funding. A conflict of interest may also arise when an individual, or a member of his or her family, receives an improper personal benefit as a result of his or her position in, or relationship with, a company. The appearance of a conflict of interest alone can adversely affect WAAN and its relations with companies seeking funding.
5. A conflict of interest may not always be clear; therefore, I will consult with a member of the Steering Committee if I have any questions.
6. I agree not to negotiate what are commonly referred to as “side investment opportunities” or “backroom investment opportunities” with any entrepreneur or company under consideration for investment. Any investment that is not fully disclosed to, is detrimental to, or excludes other WAAN members would fall into this category.
7. If I come into possession of confidential or non-public information about a company, I will safeguard the information from the public and not intentionally or inadvertently communicate it to any person (including

family members and friends) unless the person has a need to know the information for legitimate business reasons. I will not disclose confidential or proprietary information obtained as a consequence of my association with WAAN to third parties without express authorization from WAAN and or the entity whose confidential information it is. I will be discreet with respect to confidential information about potential investments as to which I receive information not available to other members of WAAN generally and not discuss it in public places. I will respect the privacy of other members and not provide their name to any third party without their permission.

8. I will promptly notify WAAN of any change in my contact information or accredited investor status occurring after the date hereof.

Disclaimer

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For Associate Members

WAAN Angel Code of Conduct & Confidentiality – Associate Member

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To Qualify for Membership, I Agree That:

1. I have such knowledge and experience in financial and business matters to be capable of evaluating the relative merits and risks of any investment.
2. I agree to abide by the terms and rules of WAAN's Angel Code of Conduct & Confidentiality or its updates and amendments.
3. I understand that WAAN is not a venture fund, investment bank, broker/dealer, investment clearinghouse, investment portal, or any other form of investment advisor or otherwise, and is not registered with the Securities and Exchange Commission or any state securities commission.
4. I must conduct my own analysis and due diligence to determine the appropriateness of any investment I make in any company to which I am introduced through WAAN. As a result, I recognize and agree that neither WAAN nor its representatives or agents are responsible or liable in any way for any investment decision I make as a result of being a member of WAAN. The choice to use and the manner of utilization of information and knowledge gained through WAAN is my individual and personal choice. I understand that representatives or agents may or may not invest.
5. I understand that WAAN meetings are not an offer to sell or solicitation to buy any security by WAAN or any affiliated entity.
6. I agree that non-payment of annual membership fees as and when they become due will result in automatic termination of membership in WAAN.
7. I am willing to, participate in due diligence, and attend at least 50% of all educational meetings.

8. I understand that any violation of the Code of Conduct & Confidentiality is grounds for immediate termination of my WAAN membership.

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