

SWAN Impact Network – Frequently Asked Questions (FAQ)

1. Accreditation & Event Participation

- **Who can attend dinner pitch events?**

Accredited, prospective angels are encouraged to attend. Angels may also bring one guest of any type (spouse, significant other, friend, or associate), even if the guest is not accredited.

- **Do I need to notify anyone before bringing a guest?**

Yes. Please share guest names with the Executive Director prior to the meeting so that pre-printed name tags can be prepared.

- **Why is inviting prospective angels important?**

Having potential angels attend pitch events is a key step in their decision-making process to become members.

2. What Is an Accredited Angel Investor?

- **Definition (SEC Rule 501):**

An accredited investor is a person or entity deemed financially sophisticated and legally eligible to invest in private securities offerings.

- **Income Test:** Individual income over \$200,000 (or \$300,000 jointly with spouse/partner) in each of the last two years, with reasonable expectation of the same in the current year.
- **Net Worth Test:** Net worth over \$1 million, excluding the value of the primary residence.
- **Professional Criteria:** Holders of certain securities licenses (Series 7, 65, or 82), directors/executives of the issuing company, or knowledgeable employees of private funds may also qualify.
- **Entity Criteria:** Corporations, partnerships, LLCs, trusts, or nonprofits with assets exceeding \$5 million, or entities where all equity owners are accredited investors.

- **Purpose:**

This designation ensures that only investors with sufficient financial capacity or expertise participate in higher-risk private investments, protecting the general public while enabling capital formation for startups.

3. Membership Incentives

- **What benefits do angels receive for recruiting new members?**

For every angel you introduce who becomes a member, you receive a **25% discount** on your next yearly membership contribution.

- **What benefits do associates receive for recruiting new members?**

When you introduce an acquaintance who becomes an angel, SWAN will contribute **25% of that angel's first-year membership contribution** to a charity of your choice.

4. Investment LLCs (Special Purpose Vehicles)

- **What is an LLC in this context?**

A Limited Liability Corporation (LLC) allows SWAN angels to invest smaller amounts (e.g., \$5,000) collectively, meeting the typical \$25,000 minimum required by start-ups.

- **Are LLCs legally connected to SWAN Impact Network?**

No. Each LLC is an independent, for-profit entity with no legal connection to the non-profit SWAN Impact Network.

- **How is ownership determined?**

Ownership is based on the percentage of total dollars contributed by each member.

- **How are major decisions made?**

Typically, **67% ownership approval** is required. Decisions may be binding on all members, even those who voted against them.

- **Can follow-on investments change ownership percentages?**

Yes. If participation in follow-on investments is optional, ownership percentages may shift depending on contributions.

5. LLC Administration

- **Who administers LLCs?**

- LLCs created between 2019–2024: **SWAN LLC Manager Inc.**
- LLCs created from 2025 onward: **Loon Creek Capital Group**

- **What tasks does the administrator handle?**
Pre-defined operational tasks, including federal tax filings.
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6. LLC Tax Filings

- **When does an LLC file taxes?**
Only if the LLC has income or expenses during the tax year.
 - **Which forms are filed?**
 - **Form 1065** for the LLC corporation
 - **K-1 forms** for each LLC member
 - **How are income/expenses reported?**
They are passed down pro-rata to members via K-1s, and members include them in personal tax filings.
 - **Are unrealized gains/losses reported?**
No. Only realized gains/losses trigger filings.
 - **How are self-directed IRA investments handled?**
The K-1 is issued to the IRA service provider, who is considered the LLC member.
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7. Governance Policies

- **What governance policies has the Board adopted?**
 - Conflict of Interest Statement for Board Members
 - Whistleblower Policy
 - SWAN Board Membership Agreement
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8. Member Code of Conduct

- **Privacy & Confidentiality**
 - Respect the privacy of other members; do not share names without permission.
 - Keep membership information confidential.

- **Business Solicitation**

- Meetings and communications are focused on investment pursuits.
- Do not solicit business from angels, potential angels, portfolio companies, applicants, or associates.
- You may respond to unsolicited requests for information about your business.

- **Disclosure & Recusal**

- Disclose any relationship or financial connection with presenting companies.
- Recuse yourself from discussions if you have a financial connection with an applicant company.
- Mentoring roles without financial benefit do not require recusal.

Sources:

Accredited investor definitions and criteria from [Angel Capital Association](#), [SEC.gov](#), and [LegalClarity](#).

Would you like me to **reformat this FAQ into a member-facing handbook style** (with icons, callout boxes, and emphasis on incentives) so it's ready for distribution to angels and associates?