Due Diligence Checklist

Documents Requested

- Financial statements since formation (Income Statement, Cash Flow, and Balance Sheet)
- Financial Forecast (minimum 18 months)
- Detailed Sales/Revenue Historical actuals
- Current Cap Table
- Most Recent Bank Statement(s)
- Contracts company has executed
- Closing documents from prior rounds
- List of all outstanding debts and notes
- Provide any special terms or side letters that were issued to any shareholder or noteholder
- List of Patents or Provisional Patents

Organizational

- What is your company's legal structure?
- List all key employees and founders with their roles?
- List all board members and key advisors
- Have any employees or board members been convicted for a felony or misdemeanor?
- Have any options or stock grants have been promised to anyone but not accounted for?
- Provide spreadsheet of all Convertible Notes Outstanding
- Provide note(s) used with existing convertible note holders (if different terms, side letters or etc)

Employment

- Do employees have contracts?
- Have all employment contracts been review by legal counsel?
- What vesting schedule are key employees on?
- Are all workers properly employed and receiving proper benefits required by state?
Do key employees have proper incentives in place to stay?
Schedules of all current employee salaries along with any project increases
Are there any key positions you are currently trying to hire for?

Financial

Where will current round of financing get you - please provide Targeted Milestones
Explain Use of Cash being raised and how you will deploy it
Explain any credit arrangements with banks or other lending institutions
Explain cash controls currently in place
Provide details related to any long-term debt or loans
How much Cash is on Hand?
Please provide Current and Future Burn Rate Projections
Please provide Projected salaries of new hires

IP

Are patents filed domestically or internationally? Which if any have been issued? (list numbers)
Have any trademarks or copyrights been issued?
Is company being represented by legal counsel with proper expertise in IP?
Which law firm/attorney has the company used to protect IP?
Were employees or contractors properly contracted so there is a clear corporate ownership?
Is company properly using open source products and adhering to licensing?

Legal

Provide overview of any royalty or IP licensing arrangements
Provide sample agreements with key employees
Are there any potential legal concerns or lawsuits (pending, filed or brewing) the founding team or other employees are aware of?

Competitors

Who are your top competitors?
Who scares you the most?
Why do you think you can beat them?
- Who do you consider adjacent or indirect competitors?

**Markets**

- Do you believe you have found product market fit? If so, why?
- Which markets do you believe are your biggest opportunity?
- Which customers are your most profitable?

**Go to Market**

- What customers do you have that are referenceable?
- What is the typical length of your sales cycles?
- What is your CAC?
- What is your churn rate?
- What is your Net Promoter Score?
- What is your pricing model?
- How do you reach your customers?