



## Due Diligence Checklist

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### 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 employee 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?