

DUE DILIGENCE CHECKLIST

Due diligence is a critical process that ensures investors have a comprehensive understanding of the business and its potential risks and opportunities. It's important to get organized and prepared before you look for investors. One of the first steps is to get a data room together. A data room includes information about your business that will be reviewed during the diligence process. Your legal team should review your data room prior to sharing it with investors. This due diligence checklist will help you start to get organized and gather the items that should be in your data room.

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CORPORATE STRUCTURE, RELATED DOCUMENTATION + FINANCINGS

1. Company formation documents (i.e.: articles of incorporation (including amendments), bylaws, minutes/resolutions, etc.)
2. Shareholder Agreements or Partnership Agreements
 - Right of First Refusal + Co Sale Agreement
 - Investor Rights Agreement
 - Voting Agreements
3. Board of Directors and Shareholder Information
4. Capitalization Table and Equity Ownership Information
 - Stock Purchase Agreements
 - Stock Award Agreements
 - Stock Option Agreements
 - Stock Plan
 - Warrants
4. List of business locations
5. List of cities, states and/or countries where you are doing business
6. List of any foreign qualifications and dates submitted
7. Debt and equity financing history and all related transaction documents

FINANCIAL INFORMATION

1. Historical financial statements for the last two years (income statements, balance sheets, and cash flow statements)
2. Current financial statements, including balance sheet, income statement, and cash flow statement
3. Financial projections and assumptions
4. Accounts payable and accounts receivable aging reports
5. List of debts owed in excess of \$5,000
6. All documents and agreements evidencing borrowings, whether secured or unsecured, by the company, including loan and credit agreements, promissory notes, security agreements and other evidences of indebtedness and all guarantees

INTELLECTUAL PROPERTY + TECHNOLOGY

1. Patents owned or licensed by the company
2. Trademarks owned or licensed by the company
3. Copyrights owned or licensed by the company
4. Domain names owned or licensed by the company (including renewal dates)
5. Source code and software development history
6. Data privacy and security policies and procedures
7. List of third-party technology vendors and service providers and related agreements
8. List of any intellectual property disputes or litigation

BUSINESS OPERATIONS + STRATEGY

1. Overview of the company's business model and competitive landscape
2. Marketing and sales strategies
3. Product roadmap and development plans
4. Customer acquisition and retention strategies
5. Customer and partner agreements
6. Vendor agreements
7. Organizational structure/chart and key personnel
8. List of independent contractors and related Independent Contractor Agreements
9. List of employees and related employment documentation
10. Employee Handbook and related HR policies
11. List of benefit plans offered
12. List of all non-competition, exclusivity, non-solicitation and confidentiality agreements, in favor of the company or by which the company is bound, or by which the company's key employees or consultants may be bound
13. All contracts pursuant to which the company has granted or is the beneficiary "most favored nation" status

REAL ESTATE

1. Confirmation that the company does not own any real property (or, if the company does own any real property, a list of such real property).
2. All real property leases and subleases to which the company is a party.

REGULATORY + COMPLIANCE

1. List of applicable laws and regulations (i.e.: GDPR, CCPA, HIPAA, etc.)
2. Compliance and regulatory history (i.e.: any previous regulatory or compliance issues)
3. Compliance policies and procedures
4. List of all licenses, accreditations, permits, certifications, certificates of need, authorizations or approvals held or required to be held by the company

RISK ASSESSMENT, DISPUTES + LITIGATION

1. Identification and assessment of key business risks
2. Plan for managing and mitigating identified risks
3. List of any outstanding legal disputes or liabilities
4. Insurance policies and coverage information

This due diligence checklist is not exhaustive, and due diligence may vary based on the specific nature of the company and the investor's areas of focus. Companies should seek legal and financial advice to ensure all relevant due diligence items are included. Meyer Law offers fixed fee due diligence packages to help you make sure things are in order before raising money for your business! Reach out today to set up a consultation at info@meetmeyerlaw.com!

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