



## Due Diligence Check List

The documents and materials itemized below constitute a list of materials that should be reviewed for any financing. Keep in mind that many early-stage companies will not have some or many of these documents, as certain events may not have occurred. Request should be made for all documents or disclosures listed below.

### Documents Requested:

Business Plan, including executive summary, market analysis and plan, operational plan, and complete financials. Please also include complete resumes and 2 personal references for key employees.

### Minutes

- Minutes of stockholders' meetings, including those of any predecessor corporations.
- Minutes of board of directors, including those of any predecessor corporations.
- Minutes of permanent committees of the board, including those of any predecessor corporations.
- Authorizing resolutions relating to this offering and related transactions.

### Charter Documents

- Articles or Certificate of Incorporation, as amended to date, including current drafts of pending charter amendments and recapitalization documents.
- Drafts of documents related to proposed reincorporation.
- Bylaws, as amended to date.
- Good standing (and franchise tax board) certificates.
- List of jurisdictions in which the Company or any of its subsidiaries or affiliates is qualified to do business.

### Corporate Organization

- List of officers and directors
- Management structure organization chart.
- Stockholders' lists (including list of options and warrant holders), including number of shares and dates of issuance, and consideration paid.



- Information regarding subsidiaries, i.e., ownership, date of acquisition of stock and/or assets, all closing binders relating to acquisitions.
- Information regarding joint ventures or partnership, i.e., partners, date of formation, all closing binders relating to joint ventures or partnerships.
- Agreements relating to mergers, acquisitions, or dispositions by the Company of its subsidiaries or affiliates of companies, significant assets or operations involving the Company or any of its subsidiaries or affiliates since inception, including those of any predecessor or subsidiary corporations.

### **Capital Stock**

- Stock records, stock ledgers and other evidence of securities authorized and issued.
- Agreements relating to the purchase, repurchase, sale or issuance of securities, including oral commitments to sell or issue securities.
- Agreements relating to voting of securities and restrictive share transfers.
- Agreements relating to pre-emptive or other preferential rights to acquire securities and any waivers thereof.
- Agreements relating to registration rights.
- Documents relating to any conversion, recapitalization, reorganization, or significant restructuring of the Company.

### **Litigation**

- Any litigation, claims, and proceedings settled or concluded, including those of any predecessor corporations and subsidiaries.
- Any litigation, claims, and proceedings threatened or pending. Please include potential litigation—e.g., employees who may be in breach of non-compete agreements with prior employers.
- Any litigation involving an executive officer or director, including executive officers or directors of predecessor corporations and subsidiaries, concerning bankruptcy, crimes, securities law, or business practices.
- Any consent decrees, injunctions, judgments, other decrees or orders, settlement agreements, or similar matters.
- All attorneys' letters to auditors, including those of any predecessor corporation and subsidiaries.



## **Compliance with Laws**

- Any citations and notices received from government agencies, including those of any predecessor or subsidiary corporations or with continuing effect from an earlier date.
- Any pending or threatened investigations and governmental proceedings.
- All material governmental permits, licenses, etc., of the Company presently in force, together with information regarding any such permits, licenses, etc., which have been cancelled or terminated, required to carry out the business or operations of the Company or its subsidiaries or affiliates, including such permits, licenses, etc. required by foreign, federal, provincial, or local authorities, and any evidence of exemption from any such permit or license requirement.
- All documents filed with the securities commission(s) or any provincial or foreign securities regulatory agency, if any.
- Any material reports to and correspondence with any government entity, municipality or government agencies including those of any predecessor corporations or subsidiaries.

## **Employee Matters (Including items regarding any predecessor or subsidiary or affiliated corporations and all items presently in force and drafts of any pending amendments or new items)**

- Employee agreements.
- Consulting contracts.
- Employee benefit and profit-sharing plans, including stock option, stock purchase, deferred compensation, and bonus plans or arrangements.
- All other employee compensation, bonus, incentive, retirement, benefit (e.g., Life or health insurance, medical reimbursement plans, etc.), or similar plans.
- Employee Confidentiality and Proprietary Rights Agreement
- Officers and directors' questionnaires.
- Contracts with unions and other labor agreements.
- Loans to and guarantees for the benefit of directors, officers or employees.
- "Key person" insurance policies.
- Listing of employees by office and department.
- Affiliation agreements with advertising agencies or public relations firms.
- Stock ownership of directors and of the five most highly compensated officers.

## **Real Property**

- Deeds.



- Leases of real property.
- Other interests in real property.
- Any documents showing any certification of compliance with, or any deficiency with respect to, regulatory standards of the Company's or any of its subsidiaries' or affiliates' facilities.
- Financing leases and sale and lease-back agreements.
- Conditional sale agreements.
- Equipment leases.

### **Intellectual Property Matters**

- List of all foreign and domestic patents, patent applications, copyrights, patent licenses and copyright licenses held by the Company.
- List of any trademarks, trademark applications, trade names, or service marks.
- Claims of infringement or misappropriation of others' patents, copyrights, trade secrets, or other proprietary rights.
- Copies of all agreements in-licensing or acquiring any technology, including without limitation software licenses, patent licenses, or other technology licenses, or any development or joint-development agreements.
- Copies of all agreements out-licensing or selling any technology, including without limitation any software licenses, patent licenses, or other technology licenses, or any distribution, OEM, VAR or sales-representative agreements.

### **Debt Financing**

- All debt instruments, credit agreements, and guarantees entered into by the Company, including lease financing, which are currently in effect.
- All material correspondence with lenders, including all compliance reports submitted by the Company or its accountants.
- Any loans and guarantees of third-party obligations.
- Any agreements restricting the payment of cash dividends.

### **Other Agreements**

- Marketing agreements.
- Management and service agreements.
- Forms of secrecy, confidentiality, and nondisclosure agreements.
- Contracts outside the ordinary course of business.
- Indemnification contracts and similar arrangements for officers and directors.
- Agreements with officers, directors, and affiliated parties.



- Any agreements with competitors.
- Any agreements with governmental agencies or institutions.
- Any agreements restricting the Company's right to compete or other agreements material to the business.
- Any material insurance arrangements (including property damage, third-party liability, and key employee insurance).
- Agreements requiring consents or approvals or resulting in changes in rights in connection with change-of control transactions.

### **Financial Information**

- Audited/Unaudited financial statements, including those of any predecessor corporations.
- Interim financial statements.
- Budget plan, including revisions to date with respect to the budget plan for the current fiscal year for the Company and its subsidiaries and affiliates.
- The Company's long-range strategic plan, any other documents concerning its long-range plans, and any information concerning the Company's compliance therewith.
- Disclosure documents used in private placements of the Company's or any of its subsidiaries' or affiliates' securities, or institutional- or bank-loan applications since inception.
- Any other material agreements with creditors.
- Significant correspondence with independent public accountants, including management letters.
- Any reports, studies and projections prepared by management on the Company's or its subsidiaries' or affiliates' business, financial condition, or planned operations, including business plan.
- Any reports and studies prepared by outside consultants on the Company's or its subsidiaries' or affiliates' business or financial condition.
- Reports and materials prepared for the Company's board of directors or a committee thereof.
- Contracts with investment bankers and brokers.

### **Tax Matters**

- Federal, provincial and local tax returns, including those of any predecessor corporations.
- Audit adjustments proposed by the CRA.



### **Acquisitions/Divestitures**

- Acquisitions or divestitures (including related documentation).
- Current plans or negotiations relating to potential acquisitions or divestitures.

### **Public Relations**

- Annual reports and other reports and communications with stockholders, employees, suppliers, and customers.
- Advertising, marketing, and other selling materials.

### **Press Releases and Clippings**

- Analyst reports.

### **Miscellaneous**

- Supply copies of all market research or marketing studies concerning the Company's business conducted.
- Significant agreements currently in draft stage.