

Due Diligence Assistant

CHECKLIST TO PREPARE FOR INVESTOR DUE DILIGENCE





When you are seeking strategic relationships (i.e., investor, strategic partner, major customer or recruiting new executive management), there are a myriad of things that should be available for due diligence.

If this list seems extensive, its because it is. We have provided this list in advance so that you can begin organizing some of your internal documents for your due diligence binder. It is important to note that not all of the items listed in the Due Diligence Assistant will be required.

Regardless of whether you become a Thinkubator client or not, this Due Diligence checklist will help you be more prepared for an investor's or strategic partner's query.

If you are unfamiliar with some of the information on this list or are unsure as to its applicability to your situation, please consult with your corporate attorney. As always, if you have questions, please do not hesitate to call us.

- Thinkubator Team

General Information:

- Marketing Plan.
- Product/Service Distribution Plans and Sales Forecast.
- Amount of financing sought and projected use of proceeds by category.
- States in which Corporation is qualified to do business.
- Resumes or Biography of all Management and Advisory Team members.

Corporation Information:

- Copy of the Prospectus and all exhibits, if a public company.
- Certificate and Articles of Incorporation, By-Laws, and Amendments.
- Complete shareholders list, type and class of stock outstanding, options or warrants outstanding, and any outstanding bond or debt instruments.
- Organizational Chart.
- List of all Officers and Directors; name, title, salary for previous year, directors' fees, present rate of salary, and amount of stock held.
- Copies of all employment contracts and bonus plans affecting compensation.
- List of affiliations.
- List of predecessor companies.
- List of Principal Shareholders, and the amount and value of their holdings of the Company's stock and other types of equity securities in the Company.
- List of any current or pending legal problems or lawsuits.

Employees and Compensation Information:

- List of all employees stating position and duties and salary of each.
- Total list of employees by number, department, and class; average number employed over the last five years.
- List of all independent contractors by name, title, and duties.
- Information about corporate policies regarding sick pay, emergency leave, overtime, and regular working hours.
- Information regarding any and all union activity.

Asset information:

- Address and description of all plants and offices owned or leased.
- Copies of all leases, if assets are leased.
- Copies of all Purchase Contracts, if assets are owned.
- Copies of all title papers, appraisals, surveys, and taxes currently paid on property.
- Description and age of all machinery and equipment, all office equipment and furniture, and its value.
- Lists of all other assets, inventories, accounts receivables, and bank accounts including average balances.

Trademark, Patent and Copyright information:

- List of all trademarks, registration numbers, and dates of registration.
- List of all patents with patent numbers and dates.
- List of all copyrights with copyright numbers and dates.
- Copies of all royalty and other agreements relating to patents and trademarks.
- List of all patents, trademarks, and copyrights pending.

Contracts and Commitments:

- List and details of all contracts/commitments which may bind the Company in any way.
- Copies of signed Letters of Intent, Agreements, and Contracts.

Financial Documentation:

- Profit and Loss Statements and Balance Sheets of the corporation and all subsidiaries for the current year and past three years.
- Copies of Credit Reports on corporation within last five years.
- Copies of all tax returns for last five years.
- Copies of all insurance policies.
- Schedule of all dividends paid during the last five years.
- List and details of other indebtedness and liabilities.
- Copies of all 10K Forms filed with the S. E C. for past 3 years.
- Copies of all 10Q Forms filed with the S.E.C. for past 3 years.

Product/Service information:

- List of all products and current dollar sales volume and profit margins on each product.
- Credit reports and/or Annual Reports on competitors.
- Future competition figures.
- Unit cost for each product and possible future cost increases.
- Inventory list of important raw materials and packaging supplies as of last fiscal year.
- Corporate break-even point, details of product mix, fixed and variable expenses, etc.
- List of commitments to purchase materials, long and short term.
- List of major suppliers.
- List of major customers.
- Copies of service and/or product warranties.
- Names of the most important trade journals read by the Company.

Selling Prices and Sales Outlets:

- Price breakdown for each product, payment terms, other discounts, service, and returns.
- List of sales outlets and complete information on each one.
- Sales statistics for past five years by significant categories.
- List of major competitors.
- List of major franchise owners.

Advertising information:

- Name of advertising or public relations firm employed by the Company and details of all TV and radio advertising.
- Results of any surveys or market research studies done, formal and informal.

Miscellaneous information:

- Newspaper and magazine articles about the Company and its products or services.
- Advertising brochures and manuals designed for client and consumer use.
- Product samples.
- Policy and procedural manuals.