**Due Diligence Checklist**

What Investors Will Ask For

**Purpose:** Be prepared for investor due diligence by having these documents ready

# What is Due Diligence?

**Due diligence** is the process where investors verify your claims and assess risks before investing.

**Typical timeline:**

• Friends & Family: Minimal due diligence (1-2 days)

• Angels: Light due diligence (1-2 weeks)

• VCs: Thorough due diligence (2-8 weeks)

# Due Diligence Checklist

## 1. Company Formation & Legal

* Certificate of Incorporation (Delaware C-Corp recommended)
* Bylaws (company governance rules)
* Stock Purchase Agreements (founder stock)
* Board Consents (approving key decisions)
* Cap Table (who owns what %)
* 83(b) Elections (founders filed with IRS within 30 days)
* Intellectual Property Assignment Agreements (founders assigned IP to company)
* Founder Vesting Agreements (if applicable)

## 2. Intellectual Property

* Patents (if any filed or pending)
* Trademarks (company name, logo, product name)
* Copyright registrations (if applicable)
* Domain names (list of all domains owned)
* Open source licenses (list all open source software used)
* IP assignment from contractors (if hired any developers/designers)

## 3. Financial Information

* Bank statements (last 6 months)
* Financial projections (5-year model)
* Burn rate (monthly expenses)
* Runway (months of cash remaining)
* Revenue (if any - ARR, MRR, customer list)
* Unit economics (CAC, LTV, CAC payback, margins)
* Existing cap table (before this investment)
* Prior funding (any SAFEs, convertible notes, or equity rounds)

## 4. Product & Technology

* Product demo (live or video)
* Product roadmap (what you're building, when)
* Technical architecture (system diagram)
* GitHub repository (code review - may be requested by technical investors)
* Tech stack (languages, frameworks, infrastructure)
* Security & compliance (GDPR, SOC 2, data protection)
* Scalability plan (how product handles growth)

## 5. Market & Customers

* Market size (TAM, SAM, SOM calculations)
* Competitive analysis (who are competitors, how you differentiate)
* Customer discovery (# of interviews, key learnings)
* Letters of Intent (LOIs) (if any HOAs committed)
* Pilot agreements (if any HOAs testing product)
* Customer testimonials (if applicable)
* Pricing strategy (how you determined $400-$800/month)

## 6. Team & Advisors

* Founder bio (LinkedIn, resume)
* Team members (if any)
* Advisor agreements (if any advisors involved)
* Employment agreements (for any employees)
* Contractor agreements (if hired any freelancers)

## 7. Fundraising History

* Term sheet (from this round, if applicable)
* SAFEs or convertible notes (from prior rounds)
* Prior investor list (names, amounts, dates)
* Use of funds (how you'll spend this raise)
* Milestones (what you'll achieve with this capital)
* Next round plan (when and how much you'll raise next)

## 8. Business Model & Strategy

* Business model canvas (or equivalent)
* Go-to-market strategy (how you'll acquire customers)
* Sales process (enterprise sales to HOA boards)
* Marketing channels (direct outreach, partnerships, content)
* Partnership strategy (property management companies)
* Exit strategy (acquisition targets, IPO timeline)

## 9. References

* Customer references (HOA board members willing to vouch for you)
* Industry references (CPAs, property managers who know the space)
* Personal references (professional contacts who can vouch for founder)
* Advisor references (if you have advisors investors can call)

# Preparation Action Plan

## Week 1: Legal & Formation

* Ensure Delaware C-Corp incorporated
* Confirm all founder stock issued
* File 83(b) elections (if not already)
* Get all IP assignment agreements signed
* Create cap table

## Week 2: Financial

* Build 5-year financial model
* Document current burn rate
* Calculate unit economics (CAC, LTV)
* Gather bank statements
* Prepare use of funds breakdown

## Week 3: Product & Market

* Create product demo (video or live)
* Document technical architecture
* Summarize customer discovery findings
* Calculate market size (TAM/SAM/SOM)
* Analyze competitive landscape

## Week 4: Organize & Share

* Create Google Drive folder
* Upload all documents
* Create index/README
* Test sharing permissions
* Brief references (who investors might call)

**Total Prep Time:** 2-4 weeks (can do in parallel with fundraising)

# Resources

**Due Diligence Tools:**

• DocSend: https://www.docsend.com

• Carta: https://carta.com (includes data room)

• Google Drive: Free, good for early stage

**Legal:**

• Clerky: https://www.clerky.com (incorporation, SAFEs)

• Gust Launch: https://gust.com/launch (incorporation + legal)

***REMEMBER: Investors expect gaps at pre-revenue stage. Be honest, organized, and responsive.***

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