



Memorandum

Date: [Month] [Day], [Year]

To: [Addressee], [Title] - [Target company name]

From: Baylor Angel Network

Subject: **Due Diligence Document Request List**

The following is a list of documents, materials and certain other legal due diligence matters that we would like to examine in connection with the proposed investment. If any of the following items do not apply to the Company, please so advise us. Where a document provided in one section is responsive to another section, please refer to the section where the item was provided.

The purpose of this due diligence review is for the target company to disclose all potential liabilities and risks that might impair the value of the Company after the investment has been made. Additionally, full disclosure of all potential issues helps build investor trust, which will help you resolve any problems that arise either during the due diligence or after the investment is made. The list of requested items below is not exhaustive, and the investors expect that any matters that could have a material effect on the future success of the Company will be disclosed.

	Date Provided	Does Not Exist
I. Base Corporate Documents		
A. Certificate of incorporation and any amendments (or comparable documents if LLC or other entity).		
B. Bylaws (or comparable documents if LLC or other entity).		
C. Board of Directors and Stockholders - meeting minutes and written consents.		
D. List of Officers, Directors, Advisors (e.g., bankers, accountants, attorneys, technical), and Key Consultants including agreement.		
E. Alliance, Joint Venture, or Variable Interest Entities documents.		

II. Capital Stock Table – (Who owns your equity?)		
A. Current capitalization table, listing all issued stock, options, warrants and convertible notes, including issuance dates and original issuance or exercise price.		
B. Summary of cash vs. non-cash equity.		

	Date Provided	Does Not Exist
C. Summary of previous rounds, valuations, and investors.		
D. Summary of the vesting schedules of any stock or options subject to vesting, and whether Form 83(b) filings were made.		
E. Agreements relating to the sale or issuance of securities, such as: <ul style="list-style-type: none"> • Founder Stock Purchase Agreements, • Stock Purchase Agreements with investors, • Subscription Agreements, • Survey of Other Investors as applicable. 		
F. Stockholder or Co-Sale Agreements relating to: <ul style="list-style-type: none"> • Voting of securities, • Restrictions on stock transfers or rights of first refusal, • Preemptive or other preferential rights to acquire securities, and Registration rights. 		
G. Stock Option Plan and any other documents relating to the issuance of options.		
H. Copies of Warrants and Convertible Notes.		
I. Any agreements promising equity to employees, consultants or other third parties.		

III. Intellectual Property (What IP do you own or license? Who owns your IP?)		
A. List of patents (e.g., design, utility, plant) pending or issued, copyrights, service marks, and trademarks (including applications), and any searches relevant to such items that have been done.		
B. Any licenses or agreements of any kind with respect to the Company's or others' patent, copyright, service mark, trade secret or other proprietary rights or technology, other than licenses or agreements pertaining to "off-the-shelf" or standard products. This includes licenses by the Company to third parties, and licenses by third parties to the Company.		
C. Assignments of technology executed by Founders, and any documentation relating to the transfer of any technology to the Company by any employee.		
D. Copies of Proprietary Information and Invention Agreements signed by past or present employees and consultants.		
E. List of any employees or consultants who have not signed Proprietary Information and Invention Agreements, including a list of any periods of time where key employees or consultants		

	Date Provided	Does Not Exist
performed services for the Company while not bound by such agreements.		
F. Work For Hire or Consulting Agreements executed by any persons or firms performing consulting services for the Company		
G. Any correspondence or documents relating to allegations that the Company infringed the proprietary rights of others, or allegations that any other company infringed the Company's proprietary rights.		

IV. Financial – Reports & Analysis		
A. Income Statement for the past fiscal year (three years if available) and current year.		
B. Balance Sheet for the past fiscal year (three years if available) and current year.		
C. Cash Flow Statement for the past fiscal year (three years if available) and current year, which includes a listing of all cash accounts with current balances and terms.		
D. Accounts Receivable analysis and aging report for the last fiscal year and current year.		
E. Detailed accrued liability report & analysis of major items.		
F. Budget – current and next fiscal year as appropriate.		
G. Sales pipeline report & analysis with projected annual revenue.		
H. Quarterly financial forecast for the next 3-5 years, including cash investments required, where future cash is going to come from for working capital to grow at the projected rate, and burn rate.		
I. Income & Sales Tax – proof of current and report.		

V. Financial – Assets		
A. List of bank accounts, balances, & terms.		
B. List of securities and other cash management vehicles, balances, and terms.		
C. List of long-term assets, life expectancy, and key risks.		

VI. Financial – Liabilities

	Date Provided	Does Not Exist
A. Documents relating to any loan or line of credit.		
B. Debt instruments – other credit agreements, security agreements, and guarantees including lease financings.		
C. Documents creating any liens on the assets of the Company granted to any third party.		
D. Documentation on payment of payroll taxes, including proof of current status.		
E. All documents and correspondence relating to any pending litigation, threatened litigation, or disputes (conflicts) which could potentially lead to litigation involving the Company, its executive officers or its directors.		
F. Any other material liabilities that would not be reflected on the balance sheet, or have been incurred since the date of the balance sheet provided		
G. Federal, state, local and foreign income, sales and other tax returns filed for the last five years, including proof of current status.		
H. List of all tax matters.		

VII. Management, Employees and Consultants		
A. List of officers, directors, management, and key consultants, with biographies and description of relevant experience. Note any officers who are not working full-time for the Company. Include an organization chart.		
B. Any oral or written agreements between the Company and any of its employees, officers or directors, including employment agreements (i.e., non-compete, assignment, etc.), indemnification agreements, and any loans or guarantees.		
C. Management team leadership, technical, and character (e.g., attitude, humility, integrity, intelligence, judgment, communication) assessments.		
D. Consulting contracts with outside firms or individuals.		
E. Background checks on all officers, directors, management and staff.		
F. Compensation, deferred compensation or bonus plans or agreements for employees and consultants.		

	Date Provided	Does Not Exist
VIII. Other Matters (What has not been asked that is material to an investor?)		
A. Any other written or oral agreements material to the business of the Company, or outside the ordinary course of business.		
B. Any Non-Competition Agreements restricting the ability of the Company to compete in any line of business or with any person or entity.		
C. Describe whether the Company's business is subject to governmental regulation on the Federal, State or local level.		

IX. Office Visit / General Analysis, Observations
A. Office general impression (i.e., professional, etc.)
B. Employees working and reasonableness of work environment.
C. Ratio Analysis.
D. Positive impressions/conclusions/comments.
E. Negative impressions/conclusions/comments.
F. Recommend to continue by Lead Angel, Executive Director, Due Diligence team member(s), and analyst for the following reasons.