

Piedmont Angel Network

The Entrepreneur's Fund

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Piedmont Angel Network Due Diligence Request for Documents

Please put a check mark by the documents you will be providing to the PAN Due Diligence Committee. If not available please write n/a.

EXECUTIVE MANAGEMENT & CONSULTANTS

- List of Company's Directors/Advisory Board and their experience
- Management organizational chart and bios/resumes of senior personnel
- Contact information and means for background/reference checks
- Detail of various employee compensation plans including pension, option, profit sharing, deferred compensation and retirement
- Detail of various management incentive plans including pension, option grants, Profit sharing, deferred compensation, re-vesting for founders and key employees, retirement and any non-cash compensation
- Confidentiality Agreements with employees
- Employee and/or Consulting Agreements
- List of Non-Compete Agreements
- Cap table and shareholder roster
- Current Management Experience (relevance to field/industry)
- List of future Management and Staffing needs (CEO, CFO, Sales, reps, etc.)
 - Timing
 - Costs

LEGAL ISSUES

Corporate Documents

- Articles of Incorporation
- Bylaws
- Minutes of Board of Directors, Committee and Shareholder meetings
- Documents furnished to shareholders and directors over the last two years

Contracts and Agreements

- List of Bank and non-Bank lenders
- Joint venture and partnership agreements
- License agreements
- Purchase agreements
- Liens, equipment leases, mortgages or any other outstanding loans
- Insurance contracts and agreements
- Property Lease agreements

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- Any additional agreements or contracts relevant to the business of the Company including contracts with suppliers, vendors and customers
- Royalty agreements
- Distributor agreements
- Consulting Agreements
- Information on stock option, stock purchase and other employee stock benefit programs

Governmental Regulations

- Copies of any permits and licenses (Business/city/state permits)
- Copies of reports made to government agencies
- Detail of any enquiries made by any local, state or federal agencies including OSHA, EPA, EEO and any others

Litigation

- Description of any current litigation including potential damages
- Description of any potential litigation including potential damages
- Settlement documentation
- Detail of any labor disputes

INTELLECTUAL PROPERTY & OTHER ASSETS

Intellectual Property

- Copies of all patents applications – applied for and approved
- Copies of all research related to applied for patents – prior art search, etc.
- List all trademarks/service marks being used
- List all trademark registrations – applied for and approved
- Provide registrations

Real Property and Equipment

- An appraisal, including age, of all equipment and fixed assets of the company
- List of all real property owned by company
- Recent appraisals and property surveys
- Titles, mortgages, deeds of trust and any other agreements relating to company-owned real property
- Detail of any easements or other encumbrances
- Leases and sub-leases
- Expansion plans
- Value and levels of Inventory and raw materials
- List of suppliers

MARKET OPPORTUNITY

- ___ Define all markets
- ___ Provide relevant market figures
- ___ Define problem or pain in these markets
- ___ Provide any industry articles addressing this market
- ___ Provide relevant market figures

MARKETING

- ___ List of major clients – include customer references w/contact information
- ___ Current brochures and marketing materials
- ___ Sales commission structure
- ___ Sales projections by product line
- ___ Any pertinent marketing studies conducted by outside parties
- ___ Potential for market expansion (outside US)
- ___ Customer turnover rate
- ___ Associated switching costs
- ___ Product/Service sales cycle – length and depth
- ___ List of strategic and marketing partners
- ___ List of key marketing and sales milestones

COMPETITION

- ___ List of competitors and detail of market share
- ___ Analysis of pricing strategy
- ___ Update on status of competition
- ___ New developments that may threaten market share
- ___ Comparison of product/service technology.

PRODUCTS AND SERVICES

Product or Service

- ___ Detail of product offering including potential market share by product line
- ___ List of all major suppliers including dollar amount purchased per year
- ___ Warranty and returns policy
- ___ Potential for product application expansion

Research & Development

- ___ Research in progress
- ___ Documentation policies including examples
- ___ Current facilities (housing, space, equipment)
- ___ Future needs/expansion for company and/or product growth

PRODUCT DEVELOPMENT

- ___ Product development process/cycle and projected timeline
- ___ Detailed development plan – including all expenditures related to milestones and best/worst case scenarios
- ___ Overview of Critical Success Factors
- ___ Uniqueness of product (“me too” technology?)
- ___ Uniqueness to market (first to market?)
- ___ ”Next generation” of product/technology (How long until obsolete?)
- ___ Key personnel/staff required
- ___ Reliance on strategic partners/suppliers/vendors
- ___ Short term and long term objectives
- ___ Barriers to entry

FINANCIALS

Financial Information

- ___ Audited financial statements since inception including Income Statements, Balance Sheets, Statements of Cash Flow and Changes in Equity Position
- ___ Detail of accounting methods and practices
- ___ Internal monthly or quarterly statements
- ___ Accounts Receivables
- ___ Accounts Payable
- ___ Analysis of any extraordinary income or expenses
- ___ Analysis of any material write-downs or write-offs
- ___ A summary of any bad debt experience
- ___ Detail of any outstanding contingent liabilities
- ___ Any reports from outside consultants or accountants on the Company's financial condition
- ___ Bank Account information and contact

Financial Projections – in Excel format if applicable

- ___ Budgets and financial projections (monthly expenses, capital expenditures, etc.) through year five – Include best and worst case scenario projections including causation review
- ___ Full Business Plan – One copy per team member
- ___ Detail of pricing plans and policies
- ___ A breakdown of revenue and gross margins by product line or service
- ___ Current and projected burn rates/cash on hand
- ___ Company Valuation and Price per Share
- ___ Funding Needs – forecast through year five (at minimum)
- ___ Documented use of proceeds from the funding needed
- ___ Cost structure/Pricing structure/Margins
- ___ List of all assumptions supporting revenue sources and projections.

Tax Status

- Federal and state income tax returns for the last three years
- Any Federal and/or State Tax lien or demand letters

INVESTORS

- Sample copies of stock certificates, warrants and options
- Copies of Shareholder agreements
- Stockholder information, including dates of issuance, number of outstanding shares and percent ownership (Capitalization Table)
- Detail of any outstanding preferred and/or common stock, including covenants and agreements
- Detail of any outstanding options, warrants or convertible securities
- Copy of current term sheet (if applicable)
- Line of credit docs for any provided by Investor(s)

VALUATION/RETURN/EXIT STRATEGY

- Identify potential acquirers
- Provide a timeline for exit with comparables

Valuation

- Future/exit valuation
- List of comparable companies for comparison

MISC COMPANY INFORMATION

- Company press releases
- Articles relating to the Company or its industry
- Company newsletters
- Any other material information or documents
- Reports from independent consultants