



**VENTURE-MED™**

*“Sharing Medical Innovation for Advancing Future Medicine.”*

Venture-Med Angels is an Association of Professionals  
Dedicated to Improving Healthcare Results for Patients.  
Assisting Startup CEOs in their preparation for a funding process.

*Questionnaire excerpt from*  
***Due Diligence Guide***

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*Excerpts from Keiretsu Forum Due Diligence Handbook.*

*Feb 1, 2012*

Company Name:

Company CEO:

## Company Information

### Appendix A – Company Overview

Ask Entrepreneur what information below is immediately available and what will take more time to produce. Post available material immediately – determine up front what of the remainder will be required.

#### Corporate Structure/Organization

1. Founding information: date, founder(s)
2. Legal structure: type of corporation, certificate(s) of incorporation, list of states/countries in which (Company) is authorized to do business
3. Current By-laws (including all amendments)
4. Agreements related to significant acquisition(s) or disposition(s) made by (Company) in the last 3 years.
5. Company organization: Organization chart, FTEs; consultants/ service providers (including legal); outsourced functions and relevant contracts

#### Funding/Ownership

6. Funding raised: Capitalization table including capital raised to date, form/structure(s) including bridge loan(s) valuation, funding sources and relationship/commitments to (Company), contact information

#### Proposed Deal

7. Current round of funding: amount expected, timeframe, expected use of funds, expected milestones, shortfall contingency plan
8. Planned next round of funding: targeted capital sources, amount required, expected use of funds, expected milestones

## Venture-Med Due Diligence Questionnaire

9. Company valuation: current valuation, basis for valuation, industry comparables for both valuations and exit multiples, and company's financial model and underlying assumptions as they related to future valuation

### Financial Structure

10. 3 yrs Historic financial statements: Balance Sheet, Income Statement, Cash-flow (audited if available)

11. Schedule of all liens and encumbrances against assets/stock

12. Schedule of all (Company)'s investments

13. Copies of all federal, state, local and foreign tax returns for the current year and past three years

### Financial Model

14. Historical and current financial model: debt, cash-flow, burn rate, income, balance sheet

15. Margin: gross, operating, net each product/service; expected trend over time & product cycle

16. Projected financials: cash-flow and income projections for next 3-5 years

17. Assumptions driving projected financials: market share/penetration; price; revenue model; sale and payment cycles; cost of goods/services; overhead; ...etc.

## Venture-Med Due Diligence Questionnaire

### Product/Service

18. Expected time frame and milestones to reach commercialization

19. Product marketing materials, including product, pricing & customer list(s), marketing collateral

20. Status of product(s)/service(s) development cycle (pre- $\alpha$ ,  $\alpha$ ,  $\beta$ , commercial trial or launch...)

### Customers

21. Existing customer(s) and nature of relationship: names, contacts & their position; targeted sales volumes & revenues for top 10 customers 22. Customers' pipeline

23. Letter(s) of intent from potential customer(s)

### Suppliers

24. All suppliers critical to development, procurement, deployment & servicing of product(s)/service(s)

### Marketing

Most relevant & recent press releases; coverage of Company, target market, competitors & customer

## Appendix B - Document Binder

Ask the Entrepreneur what information from the list below is immediately available and what will take more time to produce. Obtain and post immediately available material—determine up front what of the remainder will be required.

### Corporate

Certificate of Incorporation and all related documents:

1. Certificate of Incorporation and related documents .....  *Pending*  N/A  Provided
2. Articles of Incorporation .....  *Pending*  N/A  Provided
3. By Laws .....  *Pending*  N/A  Provided
4. Shareholder Agreement .....  *Pending*  N/A  Provided
5. Schedule of all business entities, which comprise, or are affiliated with the Company  
 *Pending*  N/A  Provided
6. Stockholder Agreements .....  *Pending*  N/A  Provided
7. Options Plan, rights of first refusal .....  *Pending*  N/A  Provided
8. Voting trust Agreements .....  *Pending*  N/A  Provided
9. Warrants Agreements .....  *Pending*  N/A  Provided
10. Any other agreements with respect to ownership of the Company or relating to rights to purchase the capital stock and/or assets of the Company  *Pending*  N/A  Provided
11. Agreements, documents or closing volumes related to any significant acquisitions or dispositions made by the company during the last three years or which are currently proposed  
 *Pending*  N/A  Provided
12. List of current officers and directors of the company and all employees and consultants of the company.....  *Pending*  N/A  Provided

Venture-Med Due Diligence Questionnaire

13. Internal operation manuals, all policy manuals, including those related to hiring, regulatory compliance, internal controls and internal policy statements of the company

Pending  N/A  Provided

14. Closing volumes and any other agreements or documents relating to any secured or unsecured borrowings of the company, including any debt instruments, debt/equity exchanges, letters of credit, sale and leaseback transactions, guarantees, pledges, security agreements and any other documents relating to liens and security interests.

Pending  N/A  Provided

Bonds or other government financing programs. ....  Pending  N/A  Provided

All material correspondence with lenders including correspondence related to refinancing of any the company debt. Need to review and summarize any loan agreements

Pending  N/A  Provided

**Finance**

A summary of any loans, guarantees, performance bonds, and/or cash infusions of any officer, director or stockholder of the company or any other related party and amounts and terms of such loans or transactions .....  Pending  N/A  Provided

Financing for specific facilities of the company, including documents and agreements evidencing equipment and vehicle financing arrangements. ..  Pending  N/A  Provided

Schedule of all liens and encumbrances against any of the Company’s assets or stock  Pending  N/A  Provided

Venture-Med Due Diligence Questionnaire

Any correspondence with creditors or Companies during the last two years not in the ordinary course of business .....  Pending  N/A  Provided

Schedule & documents supporting loans and loan guarantees .  Pending  N/A  Provided

Schedule of all investments related to the business of the company  
 Pending  N/A  Provided

Schedule of all bank accounts and safe deposit boxes of the company  
 Pending  N/A  Provided

Audited financial statements for the past three years .....  Pending  N/A  Provided

List of all current inventories including location of inventory  Pending  N/A  Provided

Detail list of all tangible property and equipment including location  
 Pending  N/A  Provided

Detail list of current Accounts Payable and Accounts Receivable aging  
 Pending  N/A  Provided

List of all products and services offered and their pricing  Pending  N/A  Provided

Description of financial and management information systems and related contracts with outside vendors if applicable  Pending  N/A  Provided

Current and future years Budget and strategic plans .....  Pending  N/A  Provided

Venture-Med Due Diligence Questionnaire

**Taxes**

Copies of all federal, state, local and foreign tax returns for the current year and past three years  Pending  N/A  Provided

Copies of memoranda and other documentation relating to the company’s income or other tax liability or prepared in connection with any tax problems affecting the business of the company since inception or which may rise in the future .  Pending  N/A  Provided

Copies of all state sales and use tax reports and returns of the company for the current and past three years .....  Pending  N/A  Provided

A schedule describing any ongoing tax disputes with copies of documentation with respect to pending federal, state, local or foreign tax proceedings with regard to open items.

Pending  N/A  Provided

**Employee Relations**

Management compensation plans and agreements including bonus and deferred compensation agreements .....  Pending  N/A  Provided

Employment, consulting and advisory contracts .....  Pending  N/A  Provided

Summary of employees including wages/salaries and job description  Pending  N/A  Provided

Employee background investigations and degree verification documents  Pending  N/A  Provided

Pension and retirement plans and all related plan documents  Pending  N/A  Provided

Management & consulting agreements, agreements not to compete, agent agreements, confidentiality agreements with employees, & agreements with employees covering inventions

Pending  N/A  Provided



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Key man life insurance plans or other death benefits .....

Pending  N/A  Provided

All correspondence and documents received from and filed in the last three years with relevant employee relations, occupational safety and civil rights organizations

Pending  N/A  Provided

Schedule and brief description of all pending legal or arbitration proceedings

Pending  N/A  Provided

All employee manuals, handbooks, policy statements, payroll practices and personnel practices

Pending  N/A  Provided

Acquisition or divestiture agreements affecting any Qualified Plans

Pending  N/A  Provided

Any other material agreements or documents relating to employees, consultants or agents of the company .....

Pending  N/A  Provided

Insurance Policies including product liability, E & O, D & O, liability limits etc.

Pending  N/A  Provided

Name of broker\_\_\_\_\_

Pending  N/A  Provided

**Contracts and Commitments**

Material &/or long-term contracts and purchase orders w/customers & suppliers

Pending  N/A  Provided

All government contracts .....

Pending  N/A  Provided

Material and/or long-term equipment, automobile or other leasing contracts

Pending  N/A  Provided

## Venture-Med Due Diligence Questionnaire

All management or service contracts for the sale of services related to the business of the company  *Pending*  N/A  Provided

Agreements requiring the company to indemnify or hold harmless any other person  *Pending*  N/A  Provided

Agreements related to waste disposal and environmental services  *Pending*  N/A  Provided

Any other material and/or long-term contract related to the products, services or business of the company .....  *Pending*  N/A  Provided

Information services and data processing agreements, including lists of software and licensing status  *Pending*  N/A  Provided

All requirements or take-or-pay contracts .....  *Pending*  N/A  Provided

All warranties and service contracts .....  *Pending*  N/A  Provided

All license agreements .....  *Pending*  N/A  Provided

All distribution and distributorship agreements .....  *Pending*  N/A  Provided

### **Property**

Deeds held by the company and options to sell or purchase real property  *Pending*  N/A  Provided

Original real property leases and all amendments thereto .....  *Pending*  N/A  Provided

Easements, licenses and restrictions on use relating to real property related to the business of the company .....  *Pending*  N/A  Provided

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Title insurance policies & surveys relating to real property related to the company

Pending  N/A  Provided

Maps and blueprints of all buildings and property of the company

Pending  N/A  Provided

Appraisals on any owned real property .....  Pending  N/A  Provided

Schedule of material personal property owned & related to the business of the company

Pending  N/A  Provided

### **Governmental Licenses, Permits and Filing**

Federal licenses, permits or clearances related to the business of the company if applicable

Pending  N/A  Provided

State, county, and city licenses, certificate of occupancy, and environmental-related permits related to the business of the company .....  Pending  N/A  Provided

All other licenses, certificates and letters of accreditation .....  Pending  N/A  Provided

Policies related to the treatment, storage and disposal of hazardous waste and other waste products  Pending  N/A  Provided

### **Intellectual Property**

Schedule of patents, trademarks, service-marks, trade-names, copyrights and other agreements used or held in the name of the company .....  Pending  N/A  Provided

Documents regarding any claim of infringement of the intellectual property rights of Companies and any claims against the company alleging any such infringement ..

Pending  N/A  Provided

Any other material intellectual property rights or claims.....  Pending  N/A  Provided

**Insurance**

Schedule and description of all insurance policies now in effect  Pending  N/A  Provided

Copies of all insurance policies in effect and certificate of insurance for each policy  
 Pending  N/A  Provided

Loss and/or claims history for all such insurance coverage's maintained for company, past five years  Pending  N/A  Provided

**Litigation and Regulatory Compliance**

Copies of all material correspondence or notices concerning compliance with occupational safety, civil rights, labor or environmental laws .....  Pending  N/A  Provided

Consent decrees, judgments, settlement agreements and other agreements to which the company is bound, requiring, regulating or prohibiting any future activities ..  
 Pending  N/A  Provided

Schedule and brief description of all pending legal or arbitration proceedings to which the company is a party and the names of the court or agency in which the proceedings are pending  
 Pending  N/A  Provided

Schedule of potential or threatened government investigations and legal proceedings and any other contingent liabilities of the company .....  Pending  N/A  Provided

All material correspondence with respect to any administrative or regulatory body which regulates the business of the company .....  Pending  N/A  Provided

Audit response letters from all outside legal counsel to the company, past three years  
 Pending  N/A  Provided