



Super Sleuth Check List

When investing long term you really want to dig deep into the details. It is these details that will give you the peace of mind that you have placed your investment dollars into a company worthy of your trust.

This is just a sample of areas you can begin your due diligence.

Name

Symbol

How long has the company operated under this name and symbol? If it were anything prior to this name why did it change? New companies are a possible re-birth of a failed company.

Physical Address (not PO Box)

Telephone Number and Email

Google earth addresses, check phones and emails. Real companies may use PO boxes but also have real offices, plant, etc.

Is the corporation up to date with the state?

You can check the status of almost every corporation by checking online with the secretary of state in the state it is domiciled. Make sure they are current.

Who are the auditors, and law firm?

Google them to see if they have any negative history relating to public companies.

- **Top Management**
 - **CEO**
 - **President**
 - **Board Members**



Have any of the officers or directors been disqualified, disbarred from professional organizations or have a criminal record?

I. Financial Information

A. Annual and quarterly financial information for the past three years

1. Income statements, balance sheets, cash flows, and footnotes
2. Planned versus actual results
3. Management financial reports
4. Breakdown of sales and gross profits by:
 - a. Product Type
 - b. Channel
 - c. Geography
5. Current backlog by customer (if any)
6. Accounts receivable aging schedule

B. Financial Projections

1. Quarterly financial projections for the next three fiscal years
 - a. Revenue by product type, customers, and channel
 - b. Full income statements, balance sheets, cash
2. Major growth drivers and prospects
3. Predictability of business
4. Risks attendant to foreign operations (e.g., exchange rate fluctuation, government instability)
5. Industry and company pricing policies
6. Economic assumptions underlying projections (different scenarios based on price and market fluctuations)
7. Explanation of projected capital expenditures, depreciation, and working capital arrangements
8. External financing arrangement assumption

C. Capital Structure

1. Current shares outstanding
2. List of all stockholders with shareholdings, options, warrants, or notes
3. Schedule of all options, warrants, rights, and any other potentially dilutive securities with exercise prices and vesting provisions.
4. Summary of all debt instruments/bank lines with key terms and conditions
5. Off balance sheet liabilities

D. Other financial information



1. Summary of current federal, state and foreign tax positions, including net operating loss carry-forwards
2. Discuss general accounting policies (revenue recognition, etc.)
3. Schedule of financing history for equity, warrants, and debt (date, investors, dollar investment, percentage ownership, implied valuation and current basis for each round)

II. Products

A. Description of each product

1. Major customers and applications
2. Historical and projected growth rates
3. Market share
4. Speed and nature of technological change
5. Timing of new products, product enhancements
6. Cost structure and profitability

III. Customer Information

A. List of top 15 customers for the past two fiscal years and current year-to-date by application

(name, contact name, address, phone number, product(s) owned, and timing of purchase(s))

B. List of strategic relationships

(name, contact name, phone number, revenue contribution, marketing agreements)

C. Revenue by customer

(name, contact name, phone number for any accounting for 5 percent or more of revenue)

D. Brief description of any significant relationships severed within the last two years.

(name, contact name, phone number)

E. List of top 10 suppliers for the past two fiscal years and current year-to-date with contact information

(name, contact name, phone number, purchase amounts, supplier agreements)

IV. Competition

A. Description of the competitive landscape within each market segment including:

1. Market position and related strengths and weaknesses as perceived in the market place
2. Basis of competition (e.g., price, service, technology, distribution)

V. Marketing, Sales, and Distribution

A. Strategy and implementation

1. Discussion of domestic and international distribution channels



2. Positioning of the Company and its products
3. Marketing opportunities/marketing risks
4. Description of marketing programs and examples of recent marketing/product/public relations/media information on the Company

B. Major Customers

1. Status and trends of relationships
2. Prospects for future growth and development
3. Pipeline analysis

C. Principal avenues for generating new business

D. Sales force productivity model

1. Compensation
2. Quota Average
3. Sales Cycle
4. Plan for New Hires

E. Ability to implement marketing plan with current and projected budgets

VI. Research and Development

A. Description of R&D organization

1. Strategy
2. Key Personnel
3. Major Activities

B. New Product Pipeline

1. Status and Timing
2. Cost of Development
3. Critical Technology Necessary for Implementation
4. Risks

VII. Management and Personnel

A. Organization Chart

B. Historical and projected headcount by function and location

C. Summary biographies of senior management, including employment history, age, service with the Company, years in current position



D. Compensation arrangements

1. Copies (or summaries) of key employment agreements
2. Benefit plans

E. Discussion of incentive stock plans

F. Significant employee relations problems, past or present

G. Personnel Turnover

1. Data for the last two years
2. Benefit plans

VIII. Legal and Related Matters

A. Pending lawsuits against the Company

(detail on claimant, claimed damages, brief history, status, anticipated outcome, and name of the Company's counsel)

B. Pending lawsuits initiated by Company

(detail on defendant, claimed damages, brief history, status, anticipated outcome, and name of Company's counsel)

C. Description of environmental and employee safety issues and liabilities

1. Safety precautions
2. New regulations and their consequences

D. List of material patents, copyrights, licenses, and trademarks

(issued and pending)

E. Summary of insurance coverage/any material exposures

F. Summary of material contacts

G. History of SEC or other regulatory agency problem, if any