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The Ultimate Investor Due Diligence Checklist

A complete, category-by-category guide: what documents you need, why investors ask for each one, red flags to avoid, and how long it takes by funding stage.

Why Due Diligence Exists

Due diligence isn't an audit of your character — it's risk management. An investor is about to hand over capital they're accountable for, and their job is to verify the company is what it claims to be: legally sound, financially honest, and operationally real. A clean, organized data room is itself a signal of how you run the company.

How Long Due Diligence Takes, by Stage

Stage	Typical Duration	What Drives the Timeline
Pre-seed / Seed	1–2 weeks	Mostly incorporation docs, cap table, founder agreements
Series A	3–6 weeks	Deeper financial/legal review, possible customer calls
Series B+	6–12+ weeks	Full audit review, IP verification, sometimes technical DD

Being unprepared can easily double any of these windows. Every extra week is a week the investor's enthusiasm has to survive.

1. Corporate Documents

Why investors ask: Proves the company legally exists and that the cap table you pitched matches the one on paper.

- [ ] Certificate of incorporation and current registration
- [ ] Fully diluted cap table (options, warrants, convertibles included)
- [ ] Board and shareholder meeting minutes
- [ ] Shareholders' agreement
- [ ] ESOP documents and current pool utilization
- [ ] Group/subsidiary structure chart

> **Red flag:** a cap table that doesn't reconcile to 100%, or undocumented verbal equity promises.

2. Financial Documents

Why investors ask: Verifying your growth story matches what's actually happening in the bank account.

- ☐ Financial statements, last 2–3 years (audited or management-prepared)
- ☐ Current year budget vs. actuals
- ☐ Monthly cash position / burn rate
- ☐ Core metrics: MRR/ARR, gross margin, churn, LTV/CAC
- ☐ Bank statements and outstanding loan/debt agreements
- ☐ AR/AP aging

> **Red flag:** revenue recognized before it's earned, or a burn rate that doesn't match the claimed runway.

3. Legal Documents

Why investors ask: They need to know what liabilities they're inheriting.

- ☐ Ongoing or past litigation
- ☐ Key commercial contracts
- ☐ Lease agreements and insurance policies
- ☐ Licenses and permits
- ☐ Prior funding round documents

> **Red flag:** undisclosed litigation discovered independently — one of the fastest ways to lose investor trust.

4. Intellectual Property

Why investors ask: For most startups, IP *is* the asset — they need certainty the company actually owns what it's selling.

- ☐ Trademark registrations and pending applications
- ☐ Patent/design registrations
- ☐ IP assignment agreements from every founder, employee, and contractor
- ☐ Open-source license inventory
- ☐ Domain and brand usage rights

> **Red flag:** no signed IP assignment from a departed co-founder or early contractor.

5. Human Resources

Why investors ask: Team stability reduces post-investment surprises.

- [ ] Org chart and employee roster
- [ ] Founder agreements and vesting schedules
- [ ] Employee contract templates, non-compete/confidentiality clauses
- [ ] Consulting agreements
- [ ] Hiring pipeline and open roles

> **Red flag:** founders with no vesting on their own shares.

6. Commercial & Operational

Why investors ask: Tests whether growth is durable or fragile.

- [ ] Customer list and key contracts
- [ ] Marketing and sales funnel metrics
- [ ] Competitive analysis
- [ ] Product roadmap
- [ ] KPI dashboard

> **Red flag:** revenue concentrated in 1–2 customers with no diversification plan.

7. Tax & Compliance

Why investors ask: Unpaid liabilities become the new investor's problem.

- [ ] Most recent tax filings
- [ ] Certificates of no outstanding tax/social security debt
- [ ] Data protection (GDPR) compliance documentation
- [ ] Past tax audit results, if applicable

> **Red flag:** no documented data protection policy at a company processing significant personal data.

Common Mistakes That Slow Down Diligence

- Building the data room after diligence starts, not before
- Sending documents by email, one at a time
- Giving everyone full access to everything, including sensitive salary data
- No version control across cap tables or financial models
- Skipping the NDA before sharing sensitive financials

FAQ

Do I need audited financials for a seed round? Usually not — management-prepared financials are typically fine pre-Series A.

Should I share everything at once? No — stage access. Overview and summaries early, sensitive detail after a term sheet or serious interest.

What if we have a gap, like a missing IP assignment? Flag it proactively. Disclosed gaps are far more forgivable than discovered ones.
