



BlueTree Allied Angels Due Diligence Checklist

In connection with a potential investment with the BlueTree Allied Angels, please provide us with the following materials or information, and any subsidiaries (together, the “Company”). Upon review, we may request additional documents. If compiling any of the requested items would be unduly burdensome, please let us know so that we may discuss a less burdensome alternative. Please note that some items requested might not be applicable to your situation. If you have already delivered any of the information, please indicate so and you need not provide an additional copy.

1) Corporate Documents of the Company and Subsidiaries

- a) Articles of Incorporation or equivalent, Bylaws (if any), Operating Agreement (if any) and all amendments thereto.
- b) Minutes of all Board of Directors, committee and shareholder meetings and all consents to actions without meeting.
- c) Documents furnished to shareholders and directors from date of incorporation.
- d) List of subsidiaries, if any, and place of incorporation.
- e) List of states and jurisdictions in which qualified to do business and in which the Company has offices, holds property or conducts business.
- f) Documents related to all Federal, State and local government related funding sources applied for, regardless if funding received or not.

2) Previous Issuances of Securities

- a) Stock transfer books and records.
- b) Summary of the ownership of the Company (“capitalization table”). Securities authorized and outstanding, by class and series. Stockholder information indicating number of shares held, dates of issuance, and consideration paid.
- c) All applications and permits for issuance/transfer of securities.
- d) Sample copy of stock certificates, warrants and options.
- e) All stock option, stock purchase and other employee benefit plans and forms of agreements.
- f) List of any outstanding stock options and warrants, including date of grant, exercise price, vesting periods, exercises to date and expiration dates.
- g) Agreements and other documents relating to the purchase, sale, issuance, transfer, voting or registration of securities (including any voting trust agreements, buy/sell agreements, stockholder agreements, warrant agreements, proxies, or right of first refusal agreements, registration rights or pre-emptive rights agreements).

- h) Equity investment documents, including any preferred stock agreements, convertible debt agreements, Founders' stock purchase agreements, etc.
- i) Other contracts, arrangements, or public or private documents or commitments relating to the stock of the Company.
- j) Any debt arrangements, guarantees or indemnification agreements between officers, directors or the shareholder and the Company.
- k) Copies of private placement memoranda, business plans, projections and other documents provided to investors in this and prior securities offerings.

3) Material Contracts and Agreements

- a) List of banks or other lenders with whom Company has a financial relationship (briefly describe nature of relationship - lines of credit, equipment lessor, etc.).
- b) Credit agreements, debt instruments, security agreements, mortgages, financial or performance guaranties, indemnifications, liens, equipment leases or other agreements evidencing outstanding obligations to which the Company is a party or was a party (including lines of credit, source, and amount drawn to date).
- c) All material correspondence with lenders, investors and shareholders during the last three years, including all compliance reports submitted by the Company or its accountants.
- d) List of major customers/clients, their locations, contact information and copies of their contracts.
- e) Distribution, OEM, Reseller and other similar agreements.
- f) Documents pertaining to potential acquisitions, divestitures, alliances, joint ventures, partnerships or other corporate affiliations, if any.
- g) Descriptions and/or contracts/agreements of all materially related 3rd party transactions which have occurred during the last three years (and any currently proposed transactions).

4) Litigation

- a) Copies of any pleadings or correspondence for pending or prior lawsuits involving the Company, the Founders or the Company's Officers.
- b) Summary of disputes with suppliers, competitors, or customers.
- c) Correspondence with auditor or accountant regarding threatened or pending litigation, assessment or claims or other litigation contacts.
- d) Decrees, orders or judgments of courts or governmental agencies.
- e) Settlement documentation.
- f) List of all current and prior law firms, accounting firms and other consultants.

5) Financial Information

- a) Audited financial statements (including balance sheet, statement of profit and loss (P&L), and cash flow statement) since inception (**unaudited if audited financials are unavailable**).
- b) Quarterly income and expense statements for the last three years and the current year (to date).
- c) Financial or operating budgets or projections for the next five years, with monthly projections for at least the next year, including detailed assumptions.
- d) A description of accounting method used (for example, accrual or cash) and of all changes in accounting methods or principles during the last three fiscal years.
- e) Any documents relating to material write-downs or write-offs other than in the ordinary course of business.
- f) Revenue, gross margin and average selling price by product or service.

- g) Management letters or special reports by auditors and any responses thereto for the last three fiscal years.
- h) Letters/Reports of counsel to the Company delivered to/from auditors.
- i) Aging schedules for accounts receivable for the last two years.
- j) Current aging schedule showing all accounts and notes payable.
- k) Breakdown of General and Administrative (G&A) expenses for the last two years.
- l) Copies of any valuations of the Company's stock.
- m) Description of all contingent liabilities.
- n) Detail of pricing plans and policies.
- o) Analysis of any extraordinary income or expenses.
- p) A summary of any bad debt.

6) Property and Operations

- a) List of all real property and material personal property owned by the Company.
- b) Documents of title, mortgages, deeds of trust and security agreements pertaining to the properties listed above.
- c) Detail of any easements or other encumbrances.
- d) An appraisal, including age, of all equipment and fixed assets
- e) Recent appraisals and property surveys
- f) Loan agreements, lines of credit, promissory notes, guarantees, etc.
- g) All documents purporting to create liens, mortgages, security interests, pledges, charges or other encumbrances on real or personal property owned by the Company.
- h) Financing (UCC) statements filed.
- i) Insurance, including litigation tendered to and accepted by insurance companies in defense, and title insurance policies.
- j) All outstanding lease/sub-lease/purchase agreements with an original term greater than one year for real and personal property to which the Company is either a lessor/purchaser or lessee/seller.
- k) Expansion plans.

7) Intellectual Property

- a) Agreements between shareholders or employees of the Company and other former employers (including employment agreements, termination agreements, non-disclosure agreements, patent assignments, and correspondence relating to intellectual property matters).
- b) List of all foreign and domestic patents and patent applications held by the Company.
- c) List of any copyrights, trademarks, trade names, or service marks.
- d) Copies of all agreements for licensing of technology, including cross licensing, to/from third parties.
- e) Summary of any claims of infringement or misappropriation of intellectual property rights, including relevant litigation documents, if any.
- f) Documents pertaining to or describing the Company's policies regarding trade secrets and proprietary information.
- g) Copies of all agreements under with the Company developed, acquired or divested any Intellectual Property.
- h) List of all royalty or other payment obligations of the Company to third parties for Intellectual Property.
- i) Company nondisclosure and confidentiality agreements.

- j) List of persons/entities to whom intellectual property has been disclosed and the date of disclosure.
- k) Government grant agreements or other agreements for funding of research or development.

8) Taxation

- a) Any notice of assessment, revenue agents' reports, etc. from federal, state or local authorities with respect to any currently "open" years.
- b) Federal, state and local income and/or other tax returns for the last three years.
- c) Evidence of Company being current on sales and use, franchise, unemployment, social security, and other tax payments.

9) Insurance and Liability

- a) Schedule or copies of all material insurance policies of the Company covering property, liabilities and operations, including product liabilities.
- b) Schedule of any other insurance policies in force such as "key man" policies or director and officer indemnification policies.
- c) All other relevant documents pertaining to the Company's insurance and liability exposure, including special reserve funds and accounts.
- d) Evidence of workers compensation audits and payments.

10) Government Regulations and Filings

- a) Summary of OSHA inquiries for past three years.
- b) Summary of federal and state EPA, EEO, or other governmental agency inquiries during the past three years.
- c) Material reports to government agencies for past three years (e.g., OSHA, EPA). Documents relating to possible environmental pollution, including, without limitation, correspondence with governmental agencies and internal and external consultant reports regarding same.
- d) Copies of all permits and licenses necessary to conduct the Company's business.
- e) Copies of all correspondence between the Company and the FDA, including any filings with the FDA, and a summary of the status of the Company's products/services with respect to FDA applicability and regulatory process.

11) Directors, Management and Personnel

- a) A current management organization chart
- b) List of all employees and job descriptions
- c) Full resumes for all officers, key employees and founders, including home addresses, phone numbers, email addresses, social security numbers, and dates and place of birth. We will need an authorization from each to perform background checks.
- d) List of company Directors, a summary biography and contact information for them.
- e) References (including former employers) for all officers, key employees and founders with permission to contact them and contact information.
- f) All employment and consulting agreements, loan agreements, guarantees and documents relating to other transactions with officers, directors, key employees and related parties.
- g) Schedule of all compensation paid to officers, directors and key employees for most recent fiscal year showing separately salary, bonuses and non-cash

- compensation (i.e. use of cars, property, etc.) including accrued but unpaid salaries and bonuses.
- h) Documents outlining any management incentive or bonus plans, as well as other non-cash forms of compensation.
 - i) Summary of employee benefits, oral agreements or promises of future benefits. Copies of any healthcare, dental, life, retirement, pension, profit sharing, management incentive, deferred compensation and retirement plans.
 - j) Offer letters to all employees.
 - k) Confidentiality, work-for-hire, patent rights, invention assignment, non-disclosure, and non-compete agreements with employees.
 - l) Personnel policies and procedures manuals.
 - m) Details of any labor disputes, grievances, terminations, etc.

12) Products, Services and Markets

- a) Business plans outlining current and future markets and products.
- b) Detail of product offering including potential market share by product line.
- c) List of all major suppliers including dollar amount purchased per year.
- d) Warranty and returns policy.
- e) List of competitors and detail of market share.
- f) List of major current and/or future customers.
- g) Analysis of pricing strategy.
- h) Current brochures and marketing materials.
- i) Sales commission structure.
- j) Sales projections by product line.
- k) Any pertinent marketing studies conducted by outside parties.
- a) Company press releases.
- b) Articles relating to the Company or its industry.
- l) Company newsletters.
- m) Major research in progress.