Investment Checklist

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# Tasks:

☐ **Investment Opportunity**

☐ **List and define personal objectives for the investment.**

☐ **Know your probable return on investment (ROI)**

☐ **Estimate the payback period for the investment.**

☐ **Discuss the investment with other investors.**

☐ **Know how long this opportunity has been available.**

☐ **Compare the investment opportunity with alternatives.**

☐ **Make sure the financial plan is reasonable and realistic.**

☐ **Understand the financial plan.**

☐ **Let the financial plan be reviewed by independent professional advisors.**

☐ **Check if the marketing plan is realistic.**

☐ **Understand when the business is expected to become profitable.**

☐ **Know when to expect a return on investment in interest or dividends.**

☐ **Know how and when you will get the capital back.**

☐ **Know what you are purchasing (if purchasing equity).**

☐ **Know if there are warrants or share options attached.**

☐ **Investment Risk**

☐ **Calculate potential loses.**

☐ **Know the risk of loss on this investment.**

☐ **Check if all the regulatory requirements have been met.**

☐ **Know what the funds raised will be used for.**

☐ **Check if the business is operational now.**

☐ **Calculate the burn rate.**

☐ **Know how much the investment will be diluted as a result of the founders getting an interest for their sweat equity.**

☐ **Check if the founders have invested an appropriate amount of cash in the project.**

☐ **Know what level of involvement is expected of you.**

☐ **Check if you are entitled to representation on the board of directors.**

☐ **Understand the legal structure of the investment.**

☐ **Secure your investment by assets.**

☐ **Check if you could be legally bound to put up more money in the future.**

☐ **Understand the legal structure of the venture.**

☐ **Check if adequate insurance is in place for assets, key personnel and directors.**

☐ **Check if all tax filings are up to date.**

☐ **People**

☐ **Trust the people who are making the sales pitch.**

☐ **Know what and how the promoters are being paid.**

☐ **Know the history of the implementers of the business plan.**

☐ **Know the terms of employment, contractual and salary agreements for the key personnel.**

☐ **Know the reputations of the current shareholders, officers and directors and key professionals.**

☐ **Make sure a lawyer has conducted corporate and personal searches on those involved in the investment.**