

# Cleanup Checklist Before Series A

Most cap table issues won't kill a deal. But they create doubt. When investors spot a missing signature or an outdated 409A, they start asking harder questions about everything else. It suggests a lack of rigor, even if it's just an oversight.

Series A diligence is already tight, investors move fast, legal is managing 10 pieces, momentum matters. Finding these gaps mid-process forces a choice: slow everything down to fix it, or explain why you didn't catch it earlier. Either way, you've burned credibility.

The checklist is insurance. In 30 minutes you will be able eliminate the friction points that derail momentum, keeps investor focus on your business instead of your housekeeping gaps, and means you control the narrative instead of explaining oversights.

## Recommended approach

- 1 Start 90 days before fundraising**  
Most fixes take 2-6 weeks. Corporate counsel changes, SAFE conversions, and data room builds all need lead time.
- 2 Assign owners to each section**  
Typically: CFO owns option pool + financials. GC / outside counsel owns legal agreements. CEO owns investor rights.
- 3 Fix blockers first**  
Red items (blockers) must be resolved before a term sheet is signed. Yellow items should be resolved before closing.
- 4 Build your data room in parallel**  
Every 'done' item should have a corresponding document in the data room, organized by category.
- 5 Run a clean cap table, not a spreadsheet**  
Investors' counsel will build their own cap table from source documents and compare it to yours. Any discrepancy pauses diligence.

CHECKLIST ITEM	STATUS	INVESTOR RED FLAG
<b>Certificate of Incorporation (Col) is current and matches the cap table exactly</b> All share classes, authorized amounts, and amendments filed with the state. Pull the state registry copy and compare line by line.	<input type="checkbox"/>	Unfiled Col amendments invalidate share issuances. Most common Series A hard stop takes 2-4 weeks to remedy.
<b>Authorized share count is sufficient for the round + new option pool</b> Total authorized shares must exceed post-round fully diluted count (new shares + new pool + all options + all SAFEs converted).	<input type="checkbox"/>	Insufficient authorized shares requires stockholder vote to increase shares hence delays closing by 3-6 weeks minimum.
<b>All share classes are properly defined with voting, conversion, and liquidation rights</b> Common and all preferred series fully described in Col. No oral or side-agreement rights that contradict filed documents.	<input type="checkbox"/>	Undefined or inconsistent class rights create disputes at liquidation. Investors will require legal opinion on validity.
<b>All board and stockholder consents are signed and in the minute book</b> Every share issuance, option grant, SAFE, material contract, and officer election must have a corresponding board resolution.	<input type="checkbox"/>	Missing board consents for option grants are the single most common Series A diligence delay. Can require reissuance of grants.
<b>No shares were issued before the company was properly incorporated</b> Common at Y Combinator / accelerator companies. Pre-incorporation 'agreements' to issue shares must be formalized post-incorporation.	<input type="checkbox"/>	Pre-incorporation share promises are legally unenforceable and may have created undisclosed cap table entries.
<b>All founder shares have signed Restricted Stock Purchase Agreements (RSPAs)</b> Founder shares should be subject to a company repurchase right for unvested shares. Standard: 4-year vesting, 1-year cliff.	<input type="checkbox"/>	Founders without RSPAs are 'free riders.' Investors require vesting to be installed; founders must return and re-receive shares.
<b>All founder 83(b) elections were timely filed within 30 days of share issuance</b> File with the IRS within 30 days of receiving restricted shares. Keep the signed return receipt as proof. No extension possible.	<input type="checkbox"/>	Missing 83(b)s = massive founder tax liability as shares vest (ordinary income on full spread). Must be disclosed to investors. Can be deal-killing.
<b>Founder vesting schedule is documented and current. Know unvested balance</b> Know exactly how many shares vest on what date. Investors model remaining unvested equity as a retention signal and compensation liability.	<input type="checkbox"/>	Founders with <12 months remaining unvested shares are considered flight risks. Investors may require additional retention grants or extended vesting.
<b>No founder holds shares outside the company's capitalization records</b> No pledge agreements, nominee arrangements, or undisclosed side transfers. Founders must represent this in writing at closing.	<input type="checkbox"/>	Undisclosed arrangements discovered post-close create fraud liability for founders and can void the investment agreement.
<b>Founder IP assignments are signed and cover all pre-company work</b> All IP created by founders before incorporation, and during any part-time / 'building on the side' period, must be formally assigned to the company.	<input type="checkbox"/>	IP ownership gaps discovered in diligence are one of the top 5 deal killers at Series A. Cannot be remedied retroactively if founder is departed.
<b>All outstanding SAFEs are fully documented with signed copies in the data room</b> Per SAFE: investor name, amount, cap, discount, MFN clause, pro-rata rights, pre- vs. post-money structure, execution date.	<input type="checkbox"/>	Missing SAFE documents mean investors cannot model their post-conversion ownership. Diligence pauses until every instrument is produced.
<b>SAFE conversion math is modeled and verified at your anticipated Series A valuation</b> Run the conversion scenarios before the term sheet. Know who gets what. Premoney vs. post-money SAFEs convert very differently.	<input type="checkbox"/>	Founders are surprised by SAFE conversion dilution at signing are a red flag. Investors expect you to know your fully diluted count precisely.
<b>All MFN (most-favored nation) clauses are identified and any triggered adjustments are made</b> If later a SAFE was issued at better terms, prior MFN holders are entitled to those terms. Audit every instrument for MFN provisions.	<input type="checkbox"/>	Unexercised MFN rights give investors leverage post-close. Investors' counsel will find them before they surface and resolve them first.
<b>SAFE and note holders with blocking rights or consent rights are identified</b> Some early SAFEs carry veto rights over future financing. Review every document for consent to financing, antidilution, or approval requirements.	<input type="checkbox"/>	SAFE holders with blocking rights can hold up a Series A close. Must be identified in term sheet stage not during legal review.
<b>Convertible note interest is accrued to expected close date</b> Model interest accrual to a realistic closing date (+30 day buffer). Unaccounted interest creates cap table discrepancies at closing.	<input type="checkbox"/>	Accrued interest that wasn't reflected in the final cap table has caused post-close disputes and amended closing documents.
<b>Option pool size is negotiated before the pre-money valuation is set</b> A pre-money pool increase dilutes founders and existing holders, not new investors. Model the 'true' pre-money before agreeing to the headline.	<input type="checkbox"/>	Founders who accept a 20% option pool increase without modeling it often discover they've implicitly accepted a lower effective pre-money valuation.
<b>All option grants have valid, signed board consents</b> Unsigned consents raise validity questions during diligence. Investors pause. Get board approval documented now.	<input type="checkbox"/>	Undocumented or informally granted options are legally invalid. Employees may sue; investors require pre-close remediation often costly and contentious.
<b>409A valuation is current (within 12 months) and predates every pending grant</b> The 409A appraisal date must be earlier than the board consent date for every grant. A new round or 12month expiry requires a fresh valuation.	<input type="checkbox"/>	Options issued without a current 409A are 'cheap stock.' At IPO, SEC requires disclosure and compensation expense restatement — sometimes material.
<b>Option register is fully reconciled to the cap table (granted + exercised + cancelled = pool)</b> Total outstanding + exercised + cancelled + available must equal the authorized pool. Any unexplained balance must be resolved.	<input type="checkbox"/>	Cap table discrepancies discovered by investors' counsel trigger a full equity audit adds 3-4 weeks to timeline and significant legal cost.
<b>All employee option agreements are signed and match the option register</b> Unsigned agreements may mean the grant never legally vested. Employees with unsigned option agreements may have no enforceable rights.	<input type="checkbox"/>	Unsigned option agreements discovered in diligence require individual employee outreach and re-execution employees may negotiate during the process.
<b>All existing investor rights are inventoried in a rights matrix</b> Map every right by holder: pro-rata, information rights, co-sale, ROFR, board seats, drag-along, anti-dilution, consent to financing.	<input type="checkbox"/>	Investors' counsel will find rights you forgot. A rights matrix shows competence and prevents surprises that re-open negotiation.
<b>Pro-rata rights holders are identified and their allocation is built into the round model</b> Pro-rata holders who exercise reduce new investor allocation. Discuss pro-rata waivers with key holders before the term sheet not after.	<input type="checkbox"/>	Surprise pro-rata exercises at signing reduce your lead investor's allocation. Some leads make their commitment conditional on pro-rata waivers.
<b>Right of First Refusal (ROFR) and Co-Sale agreements are documented and waiver process is clear</b> Any secondary share sale triggers ROFR and co-sale rights. Know which holders have these rights and the waiver procedure for your state.	<input type="checkbox"/>	Undisclosed co-sale rights can block secondary transactions that founders use for personal liquidity a source of founder-investor conflict post-close.
<b>No existing investor has a right of first refusal over the Series A itself</b> Some early-stage side letters include rights to participate as lead or match term sheets. These must be disclosed to your Series A lead immediately.	<input type="checkbox"/>	ROFR on financing rounds that must be offered to existing investors before new investors can participate can delay or kill a deal.
<b>Information rights obligations are current and all commitments are compiled</b> Know every periodic reporting obligation (quarterly financials, annual audit, board observer seat) you have committed to in SAFEs or side letters.	<input type="checkbox"/>	Investors' counsel will consolidate information rights in the Series A invest or rights agreement. Conflicts with prior side letters require renegotiation.
<b>Fully diluted cap table is accurate, current, and matches all source documents</b> Every shareholder, option, SAFE, warrant, and convertible note — reconciled to corporate records. No estimated or 'approximately' figures.	<input type="checkbox"/>	Investors' counsel will independently rebuild your cap table. Any discrepancy, even 1 share, triggers a full equity audit and diligence delay.
<b>Cap table is maintained on a recognized platform (Carta, Pulley, Capshare), not a spreadsheet</b> Spreadsheet cap tables at Series A are a yellow flag. They indicate potential for error, lack of audit trail, and difficulty for investors to verify.	<input type="checkbox"/>	Spreadsheet cap tables increase legal review time by 15-20 hours. Some investors' counsel require migration to a platform before closing.
<b>Minute book is complete: all board consents, stockholder approvals, and officer elections</b> Board meeting minutes or written consents for every material event since incorporation. Organized by date, indexed, and ready to upload.	<input type="checkbox"/>	Missing minute book entries for historical events require time-consuming reification, at attorneys charge \$400-600/hour to reconstruct.
<b>Stock ledger is current and every share certificate or electronic record is issued and accepted</b> Every stockholder must have received and accepted their share certificate or electronic record on your cap table platform.	<input type="checkbox"/>	Unissued share certificates create ambiguity about ownership. Investors cannot confirm the cap table without a confirmed, accepted ledger.
<b>All employee agreements, offer letters, and IP assignments are executed and filed</b> Every current employee: signed offer letter, IP assignment, and (if applicable) non-compete or non-solicitation. Contractors: signed work-for-hire agreement.	<input type="checkbox"/>	Missing IP assignments for key engineers or founders are in the top 3 deal-killer findings. Cannot be remedied if employee has departed.

## THE 10 INVESTOR RED FLAGS

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| <b>01 Missing board consents for option grants</b><br>Invalid grants. Must reissue. Employees may resist. Adds 3-5 weeks.              | <b>06 IP assignment gaps for founders or key engineers</b><br>Product IP ownership uncertain. Investors cannot acquire what company doesn't own. |
| <b>02 Stale or missing 409A valuation</b><br>Cheap stock problem. Potential SEC restatement at IPO. Employee tax liability.            | <b>07 Unexercised pro-rata rights not disclosed to lead</b><br>Lead's allocation smaller than modeled. May withdraw or reprice.                  |
| <b>03 No founder RSPAs or 83(b) elections</b><br>Founders with no vesting = retention risk + investor repricing demand.                | <b>08 Option pool math doesn't reconcile</b><br>Unexplained share count = distrust in all other records. Full audit required.                    |
| <b>04 Cap table discrepancy vs. corporate records</b><br>Full equity audit triggered. Diligence pauses until every share is explained. | <b>09 Missing or unsigned employee option agreements</b><br>Employees may have no enforceable rights — or may claim rights not documented.       |
| <b>05 Undisclosed SAFE with MFN or blocking rights</b><br>Holdout risk. Early investor can demand better terms or block the close.     | <b>10 Cap table maintained in spreadsheet, not platform</b><br>Signals lack of process maturity. Increases legal review time and cost.           |

## Start cleanup 90 days early.

Every item on this checklist takes time to fix. Corporate counsel changes take 2 weeks. Data room builds take 3 weeks. SAFE conversions take a week. 83(b) remediation takes a month.

<b>Day 1-30</b> <b>Fix blockers</b> Board consents, 409A refresh, RSPAs, 83(b) review, founder IP assignments	<b>Day 31-60</b> <b>Build data room</b> Minute book, option register, SAFE docs, employment agreements, cap table platform	<b>Day 61-90</b> <b>Investor-ready</b> Run your cap table by counsel, model SAFE conversions, confirm pro-rata holders
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