SILICON FOUNDERS

SF / 03

The Fundraising Readiness Handbook

Evidence, Metrics & Investor Process



SF PUBLICATIONS

SILICON FOUNDERS / SF PUBLICATIONS

The Fundraising Readiness Handbook

Evidence, Metrics & Investor Process

SF PUBLICATIONS / VOLUME 03

Publisher: Silicon Founders

Edition: 1.0 | 30 October 2026

Audience: Startup founders, venture finance teams, business advisers, and investor-relations professionals

> **Important notice.** This handbook is general educational material. It is not an offer or solicitation of securities, personalized investment advice, a legal opinion, a compliance certification or a guarantee of financing. Securities, privacy, tax and company law are jurisdiction-specific and change over time. Consult properly qualified local professionals before fundraising, advertising an offering, issuing instruments or signing legally binding terms. Fictional cases and numbers are explicitly illustrative.

About this handbook

Fundraising is a process of transferring information, trust, risk and legal rights. A compelling pitch can open a conversation, but it cannot compensate for unreliable accounts, unclear ownership, weak demand or an unexplained use of proceeds. Equally, a technically sound business may be an unsuitable candidate for a particular investor's mandate. This handbook helps founders prepare the underlying records and make financing decisions deliberately, without confusing preparation for approval.

The material is organized around four questions. **Should the company raise external capital? Which financing pathway is plausible and lawful? Can a reviewer reproduce the company's operating and financial claims? Is the team able to run a disciplined, appropriately authorized process?** The answers create a reusable internal financing file whether a round happens now, later or never.

This handbook does not teach tricks for pressuring investors or bypassing securities rules. It emphasizes truthful representations, appropriate confidentiality, careful terms and explicit stop conditions. Publication of an educational guide by Silicon Founders should not be interpreted as a claim that the company operates a licensed investment service.

Contents

1. Decide Whether to Raise
2. Map Financing Pathways and Legal Boundaries
3. Build an Evidence-First Investor Narrative
4. Produce a Defensible Financial Model
5. Traction, Retention and the Metrics Review
6. Equity, Governance and the Cap Table
7. The Data Room and Information Controls
8. Investor Outreach, Meetings and Follow-Up
9. Terms, Closing and Post-Financing Discipline

Appendix A. The 50-Point Fundraising Readiness Checklist

Appendix B. Milestone Budget and Cash Planning Template

Appendix C. Investor Questions and Response Register

Appendix D. Fictional Fundraising Case Study

Appendix E. Sources and Publication Notes

CHAPTER 01

1. Decide Whether to Raise

Capital should solve a defined constraint

The existence of investors does not create an obligation to seek investment. A financing round is appropriate only when the capital's expected benefits justify its economic cost, governance implications and execution demands. The question is not 'Can we raise money?' but 'What constrained milestone could new capital make possible, and is it better than the available alternatives?' Good answers name a measurable outcome, a costed plan, a realistic time horizon and a downside scenario.

Begin with the venture's actual financing need. Some companies require capital to complete expensive technical development, secure approvals, build distribution or support working capital before receipts arrive. Others can grow by collecting customer payments, narrowing the product, hiring gradually or securing commercially structured partnerships. Equity may be valuable for long-horizon risk, but it dilutes existing owners and can affect control and reporting. Debt preserves ownership but imposes repayment; revenue-based arrangements and strategic financing can create other obligations. Do not compare instruments by their label alone. Read the terms and model the cash consequences.

A financing decision memo should compare at least three paths: remain customer-funded, obtain a limited amount of outside capital, and raise a larger institutional round. For each, record the expected milestone, funding cost, hiring commitments, timeline, legal requirements, dilution or repayment, and what happens if growth is slower than planned. Explain why the preferred route is better under the company's actual constraints.

The three tests before a round

Strategic test: Does the business have a plausible outcome and time profile for the proposed capital? A modest local services company may be excellent but incompatible with an investor seeking outsized portfolio returns. **Evidence test:** Are the product, customers, revenue and assets sufficiently documented for the current stage? **Resilience test:** Can the company survive the fundraising period without neglecting customers and cash management?

If any test fails, consider a targeted preparatory phase. Do not spend months conducting investor meetings merely to learn that the operating records are incomplete. Conversely, do not postpone forever in pursuit of perfect evidence; early-stage financing necessarily involves uncertainty. Label the uncertainty precisely and ask whether a responsible investor could evaluate it.

Fictional illustration. Atlas Workflow has $90,000 in cash, a monthly net burn of $15,000 and promising paid pilots. A simplistic runway calculation is six months, but a large invoice may arrive late and a contractor payment is due next quarter. The team models weekly cash and delays non-essential hiring while deciding whether its next step is a small strategic contract or outside equity. The scenario is educational, not a real financing transaction.

Chapter workbook

Deliverable: Financing alternatives memo and a costed milestone plan. **Stop flag:** A company that cannot show who owns it, who can authorize fundraising, or whether it can meet immediate

obligations must repair those issues before a formal process. **Exercise:** Explain in 100 words why raising no capital this quarter might be the correct decision.

CHAPTER 02

2. Map Financing Pathways and Legal Boundaries

Fundraising has a legal perimeter

When a company sells shares, convertible securities or other investment instruments, legal requirements apply. The details depend on the issuer's location, investor location, instrument, communication channels and transaction structure. In the United States, the Securities and Exchange Commission explains that an offering of securities generally must be registered or qualify for an available exemption. Different exempt routes have different conditions, including limits on general solicitation and investor eligibility. [R1] These U.S. examples are not rules for every country.

Founders should distinguish private discussions with appropriately identified prospective parties from public marketing of a security. Even a website page or social-media post may raise legal questions if it invites people to invest on certain terms. Do not infer that adding a disclaimer makes an otherwise restricted solicitation lawful. Before sending detailed financing materials or collecting funds, qualified counsel should confirm permissible structure, audiences, disclosures, filings and communications for the jurisdictions involved.

The core financing categories include equity, convertible arrangements, debt, grants, customer contracts and strategic commercial arrangements. Each has distinct implications. A grant may restrict uses and require reporting. A customer advance can create delivery obligations. A loan introduces payment timing and covenants. A convertible instrument may postpone valuation questions but still carry conversion, cap, discount, maturity or other rights that should be modeled. Equity arrangements may affect governance and liquidation outcomes.

Build a pathway screening sheet

For each proposed instrument ask: What exactly is issued or promised? Who is the issuer? Which jurisdiction governs? Who may be approached and how? What investor qualifications and restrictions apply? Which approvals, filings and disclosures are required? What cash or ownership outcomes arise under three scenarios? What happens if the targeted financing does not close? Record 'unknown - counsel review' where appropriate. Speculation is not a compliance strategy.

The SEC's Small Business Advocacy Office publishes accessible explanations of capital-raising pathways; use official regulator guidance as an entry point, not as a replacement for legal work. [R2] The National Venture Capital Association provides model documents for certain venture financings, which it describes as starting points rather than transaction-specific legal advice. [R3]

Guard against pressure and misleading claims

A legitimate process allows a prospective investor reasonable time to evaluate information. Do not advertise 'risk-free returns,' fictitious investor participation, signed partnerships that do not exist, or guarantees of exit outcomes. Investor.gov highlights pressure tactics and guaranteed-return claims among investment-fraud warning signs. [R4] These are investor-protection principles; they do not imply that every failed business or optimistic plan is fraudulent.

Chapter workbook

Deliverable: A financing pathway comparison with explicit counsel/approval gates. **Stop flag:** Pause any outreach that may constitute unlawful investment marketing until a qualified adviser confirms

the permissible route. **Exercise:** Review a hypothetical public fundraising announcement and identify statements that imply promised returns, public solicitation or unsupported institutional endorsement.

CHAPTER 03

3. Build an Evidence-First Investor Narrative

The argument must have verifiable links

An investor narrative is not a list of fashionable market terms. It is a causal explanation of the company: a clearly identified customer faces a meaningful and recurring problem; available alternatives create measurable friction; the company delivers a different result; real customer behavior indicates demand; the acquisition and service model may generate attractive economics; and additional financing supports a specific next milestone. When one link is hypothetical, state it as such and specify how it will be tested.

A practical investor presentation covers the problem, customer, product, market boundaries, current traction, commercial model, competitive alternatives, team, financial position, risks, funding requirement and use of proceeds. Some investors will ask for different detail or sequence. Keep the underlying evidence file independent of the slide deck. If numbers change, update the metric source before changing chart labels. Y Combinator's startup education materials include examples of simple investor communication, but clarity and truthfulness matter more than any single slide recipe. [R5]

Avoid the false certainty of unsupported market share claims. 'If we win 1% of a trillion-dollar market...' bypasses the hard questions of reachability, procurement, distribution and product scope. Prefer a bottom-up account model with visible assumptions. Use actual interview insights, observed sales-cycle lengths and costed delivery constraints. Separate the product's present capabilities from roadmap items. A public case study should only name real customers with appropriate permission.

Create three depths of the same story

The **30-second explanation** states who the customer is, what painful job you solve and the evidence of value. The **two-minute explanation** adds current traction, differentiation and commercial model. The **full review** provides the financial model, operating risks, source documents and financing alternatives. These should be different levels of detail, not different stories. A conflict between a website claim, executive summary and data room document may undermine trust.

Present risk without theatrical pessimism. A useful risk slide identifies the top operational, legal, competitive and financial uncertainties, current mitigations, owner and trigger for action. Investors must assess both upside and downside; they cannot do that from a deck that treats every uncertainty as already resolved.

Chapter workbook

Deliverable: One-page evidence-first narrative plus an annotated presentation index. **Stop flag:** Do not publicize invented fundraising progress, investor affiliations or deal outcomes. **Exercise:** Attach an evidence reference to every number and external claim on the proposed presentation; remove or reclassify what cannot be supported.

CHAPTER 04

4. Produce a Defensible Financial Model

Model the business before the fundraising headline

A financial model should explain how decisions drive revenue, delivery cost, cash and financing needs. Begin with the smallest operational drivers that can be defended: qualified prospects, conversion, time to go live, customer price, churn or repeat purchasing, cost to serve, staffing requirements, billing cycle and collections. Add complexities only when they change decisions. The model should enable the team to reconcile actual performance against assumptions each month.

For a recurring enterprise product, a useful revenue bridge separates opening recurring revenue, new recurring revenue, expansion, contraction and customer churn. Different companies may recognize accounting revenue on a different schedule from invoicing and cash receipt. Maintain separate views for contracted value, recognized revenue, billed receivables and cash collected. Ask an accountant to review material accounting treatment rather than improvising a universally applicable policy.

Costs require equal discipline. Include infrastructure, third-party fees, customer support, onboarding labor, payment fees, development, administration, marketing, taxes where appropriate and regulatory/compliance expenses. Some expenses are fixed, others vary with customer activity, and some rise in steps when capacity is reached. Separate base operations from proposed expansion hires so the reader can see what additional capital buys.

A numerical example, fully hypothetical

Assume a company opens a quarter with 20 customers paying $400 per month, with no discounts for the example. Its starting MRR is $8,000. It adds five customers at the same price ($2,000 new MRR), loses two ($800 churned MRR) and has no expansions or contractions. Ending MRR is $9,200. This arithmetic does not mean $9,200 was collected in cash or recognized under accounting rules during the quarter; it is an illustrative recurring-revenue movement.

Assume next that the company begins with $180,000 usable cash and has $25,000 average monthly net cash burn under a simple steady-state assumption. Dividing yields 7.2 months of approximate runway. If sales receipts arrive quarterly and payroll is monthly, a weekly cash forecast can show a shorter practical liquidity horizon. Therefore use a dated cash flow, not just the average-burn shortcut.

Scenario design is a management tool

Build three cases. The **downside** case delays sales, weakens collections, increases implementation costs and holds retention constant or worse. The **base** case uses observed conversion and current operational constraints. The **upside** case can assume faster adoption, but it must remain compatible with delivery capacity. Show sensitivity to the inputs most likely to dominate outcomes. Do not display precise valuations or return forecasts without explaining assumptions, method and limits.

A milestone-linked use-of-funds model should show cash required for each workstream, owner, acceptance criterion and date. If a $600,000 raise would finance engineering, sales and compliance, show what happens if only $300,000 is available or if closing is delayed. Do not make commitments that depend on uncommitted proceeds.

Chapter workbook

Deliverable: A driver-based 18-month operating model and 13-week cash forecast, with assumptions, sources and scenarios. **Stop flag:** Do not send financial forecasts described as independently audited when no audit exists. **Exercise:** Stress-test collections delayed 60 days and churn 50% higher than the base assumption; record the first corrective action.

CHAPTER 05

5. Traction, Retention and the Metrics Review

Define the metric before reporting it

Investors often compare companies using words such as ARR, GMV, retention, active accounts, paid pilots and pipeline. These terms are not interchangeable. Define each figure and its limitations in a metric dictionary, including numerator, denominator, source system, date range and owner. If the number cannot be reproduced from records, it should not appear as verified in a deck.

A sales pipeline requires clear qualification and stage rules. A prospect who visited the website is not equivalent to an economic buyer reviewing a signed proposal. Expected contract value is not revenue, and an unsigned agreement is not a booked sale. Reconcile commercial data with finance. Disclose material discounts, one-off services and canceled contracts where relevant to interpreting growth.

Retention and cohort analysis often reveal more about a recurring business than isolated acquisition volume. Group customers by their first meaningful paid activation and track subsequent use and revenue. Distinguish gross revenue retention, which excludes expansion, from net revenue retention, which includes expansion but not revenue from new logos. Stripe explains these concepts in a public educational guide. [R6] Use conservative descriptions if the sample is small or the customer contract cycle is long.

Quality-of-revenue questions

Ask how concentrated revenue is, how much depends on a single channel or partner, whether contract terms allow early termination, whether customer collections are timely, and which parts require substantial custom delivery. An enterprise customer may generate attractive contracted revenue and still strain a startup's cash if payments follow complex milestones. Revenue concentration is not automatically fatal, but it changes the risk analysis.

A metrics review should explain negative results. If three customers left, record their original use case, time since activation, contract value and reason if known. Do not silently remove canceled accounts from historical charts. Show cohort windows and disclose changes in definitions. A credible management team understands its measurement limitations.

Chapter workbook

Deliverable: A two-page metrics memo and source-linked KPI dictionary. **Stop flag:** Suspend any material claim based on manipulated, non-reconciled or intentionally misleading figures. **Exercise:** Reconcile the company's 'customers' number across CRM, billing and product analytics, documenting each difference.

CHAPTER 06

6. Equity, Governance and the Cap Table

Ownership must be reconstructable

A cap table summarizes the issued and potential ownership of a company. Its accuracy depends on underlying signed records: incorporations, stock ledgers, founder issuances, option grants, transfer agreements, convertibles and other instruments. Equity percentages can change with financing, vesting, option-pool adjustments and conversions. A spreadsheet alone is not a substitute for legally operative documents.

Model ownership under multiple financing scenarios before discussing terms. Illustrative pre-money and post-money calculations are useful, but their simplicity can hide contractual rights. For example, a $2 million equity investment at an illustrative $8 million pre-money valuation implies $10 million post-money value and 20% new-investor ownership in a simplified new-money-only calculation. It does not account for option-pool increases, convertibles, preferences, transaction costs or side agreements. Do not treat it as the actual result of a real financing without reviewing the complete documents.

Discuss rights, not only percentages

Review voting rights, board composition, reserved matters, information rights, preference economics, dilution provisions, transfer limits, founder vesting and employee incentives. Some terms can alter outcomes more significantly than the headline valuation. Do not rely on generic explanations as legal advice. NVCA's model venture documents illustrate the breadth of agreements that may be relevant, while explicitly recommending tailoring by counsel. [R3]

Maintain a decision-rights register: who can approve fundraising, change bank signatories, issue securities, hire executives or sell important intellectual property? The exact authority derives from applicable law and company documents. Investors may reasonably ask whether the company controls source code, brands, data and material vendor dependencies. If a contractor created the product, confirm the intellectual property ownership and licensing terms rather than assuming payment automatically transferred all rights.

Treat conflicts and identities accurately

Adviser, director, investor and partner status should reflect real consent and executed arrangements. Do not list an individual on the website as a governing official because the founder hopes to recruit them. Disclose material related-party transactions and conflicts where required. The goal is not to construct a large-looking board; it is to demonstrate accountable decision-making and truthful corporate records.

Chapter workbook

Deliverable: Reconciled cap table, ownership instrument index and governing-approvals list, all reviewed by appropriate counsel. **Stop flag:** An unresolved material ownership dispute, missing authority or unlicensed critical IP is not cured by attractive growth metrics. **Exercise:** Run a simplified ownership scenario and list five contractual features the spreadsheet omits.

CHAPTER 07

7. The Data Room and Information Controls

Preparedness is an operational habit

A data room is a governed collection of source records. The value is not its number of folders but whether the documents tell a consistent, inspectable story. Build the index continuously. Recommended categories include corporate and governance; ownership and financing; finance and taxes; commercial customers; product and technology; intellectual property; employment and contractors; security, privacy and regulation; material disputes; and strategy and forecasts.

Tag every item with a named custodian, version date, approval status and access level. A draft policy is not a completed control. An unsigned partnership term sheet is not an active partnership. A projected customer is not an operating customer. Missing documents should appear on an exceptions list with an accountable next action, not be hidden. Reconcile marketing claims to the documents before opening external access.

Protect confidential materials proportionately. Sensitive personal data, bank records, customer contracts, pricing details and proprietary technical information may require redaction, confidentiality agreements, controlled access and local-law review. Do not collect passports or bank records from founders through public website forms. Use secure, restricted channels for any due diligence that requires sensitive information, and ensure the collecting party has legitimate authority.

Make the room reviewable in stages

Create a high-level overview suitable for initial dialogue and a deeper restricted collection for qualified processes. Some investors will request additional materials; maintain a formal request log rather than granting blanket access. Define who may answer questions on finance, legal matters, technology and customers. Require approvals before releasing material that belongs to a client or counterparty.

Use a versioned 'facts sheet' as the canonical source for public and investor statements: legal name and status, product state, executive roles, customer count under an explicit definition, finance period, capital structure and published claims. This prevents a founder from correcting the deck while an older summary remains in circulation.

Chapter workbook

Deliverable: Permission-tiered data room index and exceptions register. **Stop flag:** Do not use confidentiality language to conceal known material misstatements. **Exercise:** Have a reviewer trace a customer metric, a revenue number and a founder shareholding to their documentary source.

CHAPTER 08

8. Investor Outreach, Meetings and Follow-Up

Target fit before volume

An indiscriminate list of investors is less useful than a smaller list with verified mandate fit. Research the investor's public focus, stage, geography, sector and typical process using current official sources. Record evidence date and avoid inventing contact names or assumed interest. An investor's public portfolio does not mean they will consider an unrelated opportunity, and an informal meeting does not establish a partnership or investment commitment.

Before any communication, confirm the fundraising route and marketing permissions with qualified counsel. The company may be allowed to discuss general business progress publicly while being restricted from soliciting investment in a particular way. No mass-email procedure should be launched on the assumption that a private placement rule in one country applies internationally. Outreach should be honest, targeted, lawful and documented.

If a permitted investor discussion takes place, the founder should present the business clearly and ask diagnostic questions: what stage does the investor consider, which evidence would change a decision, how long does review normally take, who participates, and what additional records are expected? Do not imply that a meeting is a term sheet or that a verbal expression of interest has financing value.

Keep the investor CRM factual

Use fields for target name, official reference, mandate fit, introduction channel, contact permission, date, stage, last interaction, questions raised, requested materials, next step, owner and confidentiality level. Separate 'research prospect,' 'contact approved,' 'meeting held,' 'diligence requested,' 'non-binding interest,' 'executed term sheet' and 'closed funding.' Stage definitions should require evidence, not optimism.

After a legitimate meeting, send a concise factual follow-up summarizing the discussion, clearly stating any next step and identifying requested information. Do not attach restricted materials automatically. Preserve the date and version of anything disclosed. If an investor declines, a short respectful acknowledgment is sufficient; do not pressure them or claim there is urgency that does not exist.

Manage the fundraising process without neglecting the business

Fundraising can consume an entire executive team's attention. Set a weekly time allocation and protect the commercial operating cadence. Maintain cash triggers; decide in advance how long the company can continue a process before switching strategies. Ensure that a fundraising announcement does not create obligations the venture cannot fulfill.

Chapter workbook

Deliverable: A target-fit research register, legally approved communication policy and investor question log. **Stop flag:** Any external investment solicitation awaits relevant legal authorization. **Exercise:** Write a fictional investor follow-up in which no agreement, valuation or amount is implied unless documented.

CHAPTER 09

9. Terms, Closing and Post-Financing Discipline

Understand the economics behind the headline

A proposed valuation is only one part of a financing. Term sheets may address liquidation preference, participation, anti-dilution adjustments, option pools, governance rights, transfer rights, information requirements, exclusivity and closing conditions. A founder should model example exit distributions and dilution under multiple outcomes, with counsel and finance advisers, rather than comparing headline valuations alone. An apparently higher valuation may come with terms that change risk allocation materially.

A non-binding expression of interest is not funded capital. A term sheet may contain binding provisions even when many economic terms remain non-binding. Executed definitive agreements, satisfaction of conditions and receipt of funds are distinct milestones. Record the exact status and communicate it accurately. Do not announce a completed financing until the legal and cash facts support that claim.

Prepare for the first ninety days after a close

If capital is successfully raised, the company should treat it as responsibility, not proof that the business model works. Translate use-of-proceeds assumptions into a board-approved operating plan, monthly financial reporting, milestone definitions, cash controls, risk ownership and a record of deviations. Establish a process for investor updates that distinguishes results, forecasts and open risks. Protect management time; reporting should improve operations, not become a substitute for operations.

Monitor the legal obligations of the specific financing. These may include reporting, information rights, filings, board or investor approvals, spending restrictions and other commitments. Assign an owner and compliance calendar. Use advisors where needed; do not assume all venture documents are interchangeable across countries or deals.

The right ending is an informed decision

A responsible fundraising process can conclude in several ways: a completed financing, a revised amount, a different instrument, a strategic commercial agreement, or a decision not to raise. The goal of readiness is to let the founders and prospective counterparties understand the business sufficiently to make informed decisions. A company that postpones a premature round and improves its revenue evidence may have made the better strategic choice.

Chapter workbook

Deliverable: Term-review issues list, closing conditions register and post-financing 90-day reporting plan. **Stop flag:** Do not sign documents or accept funds without authority, identity and legal checks appropriate to the transaction. **Exercise:** Model three simplified liquidation outcomes and list why real preferred-share terms may differ from the simplified calculations.

REFERENCE MATERIAL

Appendix A. The 50-Point Fundraising Readiness Checklist

Score each item **0 or 1** only for internal completeness. A total of 50 is not third-party certification or an investment recommendation. Do not let it override a legal or integrity stop flag.

Strategy and financing decision (10)

1. Current customer segment is precisely defined.
2. Core problem is supported by recent evidence.
3. Product capabilities are described accurately.
4. Current business model is documented.
5. At least one financing alternative was considered.
6. Reason to raise is linked to a measurable milestone.
7. Proposed financing amount has a costed calculation.
8. Downside operating case is modeled.
9. Next 12–18 months of milestones have owners.
10. Management has approved a financing decision memo.

Commercial and product evidence (10)

11. Customer counts use written definitions.
12. Signed contracts are separated from leads and pilots.
13. Revenue values reconcile to accounting records.
14. Product activation has an operational definition.
15. Retention or repeat use is reported where observable.
16. Key pipeline stages are defined.
17. Sales-cycle assumptions have evidence or a caveat.
18. Customer concentration is disclosed internally.
19. Major product dependencies are documented.
20. Critical claims have dated sources and owners.

Finance and risk (10)

21. Cash is reconciled to usable funds.
22. Monthly net burn is calculated consistently.
23. A 13-week cash forecast exists.
24. Accounting basis is stated.
25. Revenue, bookings and cash collection are distinguished.
26. Direct servicing costs are represented.

27. Hiring assumptions appear in the model.
28. Downside collections and churn scenarios exist.
29. Material liabilities and obligations are listed.
30. Risks have owners, mitigation and review dates.

Legal, corporate and governance (10)

31. Corporate identity and status are verified.
32. Signing authority for financing is documented.
33. Cap table reconciles with underlying instruments.
34. Founder and key employee equity terms are indexed.
35. Critical intellectual property rights are documented.
36. Key contractor and supplier agreements are indexed.
37. Material regulatory constraints are identified.
38. Communication/solicitation route has counsel review.
39. Confidentiality and data protection controls exist.
40. Related-party and conflict matters are recorded.

Investor process and readiness (10)

41. A current factual one-page company summary exists.
42. Investor presentation links to evidence.
43. The data room has owners and version dates.
44. Restricted documents have access controls.
45. Investor targets are researched for mandate fit.
46. Outreach permissions are verified before contact.
47. Investor CRM stages have factual definitions.
48. Question-and-answer register is maintained.
49. Term review will involve qualified advisers.
50. Closing and post-close reporting responsibilities are defined.

Critical stop flags, separate from score: possible fraud; material misstatement; unresolved legal inability to offer securities; ownership or asset-rights dispute; unauthorized signing; inability to substantiate material financial claims; improper handling of sensitive data.

REFERENCE MATERIAL

Appendix B. Milestone Budget and Cash Planning Template

Milestone-linked funds plan

Product and engineering

- **Proposed spending:** TBD
- **Evidence milestone:** Repeatable core workflow delivered
- **Owner:** TBD
- **Earliest spend gate:** Budget and scope approval

Customer development

- **Proposed spending:** TBD
- **Evidence milestone:** Paid engagements from defined segment
- **Owner:** TBD
- **Earliest spend gate:** Lawful commercial communications

Security / regulatory

- **Proposed spending:** TBD
- **Evidence milestone:** Necessary controls or approvals confirmed
- **Owner:** TBD
- **Earliest spend gate:** Specialist requirements review

Operations and support

- **Proposed spending:** TBD
- **Evidence milestone:** Unit economics and service capacity measured
- **Owner:** TBD
- **Earliest spend gate:** Hiring approval

Cash reserve

- **Proposed spending:** TBD
- **Evidence milestone:** Liquidity protected through downside case
- **Owner:** TBD
- **Earliest spend gate:** Finance review

Thirteen-week cash template

Record each week: opening unrestricted cash; expected collected customer receipts; other committed receipts; payroll; vendors; taxes and liabilities; financing flows only if actually committed and appropriately classified; ending cash; minimum cash trigger; mitigation owner. Never assume unclosed investment proceeds are available for spending.

REFERENCE MATERIAL

Appendix C. Investor Questions and Response Register

Investor question	Evidence requested	Responsible owner	Response standard
Why is this problem urgent?	Customer episodes, measurable cost	Commercial lead	Observed facts and sample limits
Why will buyers choose you?	Alternatives, pilot outcomes	Product lead	Capabilities today vs planned
How do you acquire customers?	Funnel, channel costs, cycle	Sales lead	Reproducible source data
What is the growth model?	Driver model, cohorts	Finance lead	Base/downside assumptions
What could stop the company?	Risk register, legal constraints	Management	No hidden material exceptions
Who owns the core assets?	Cap table, IP assignments	Authorized counsel	Signed source records
Why this financing amount?	Use-of-funds and runway	Finance lead	Milestone-linked budget
What happens if the round fails?	Contingency cash plan	Management	Realistic alternatives

Every response should identify what is verified, estimated, incomplete or not appropriate to disclose at the current stage.

REFERENCE MATERIAL

Appendix D. Fictional Fundraising Case Study

Company: Atlas Workflow, an invented enterprise workflow software venture. **Problem:** mid-sized clients struggle to document multi-department purchase approvals. **Current proof:** five paying pilots, of which three have completed onboarding. **Revenue:** hypothetical figures used solely for teaching; no real customer or investor is referenced.

The founders propose a $600,000 equity raise to fund eighteen months of product development and sales. Initial modeling ignores support cost and assumes every pilot renews. An evidence review finds that pilot activation takes longer than planned, two clients lack budget ownership clarity and customer data rights require contract changes. The team revises the model, narrows the buyer segment, prepares appropriate legal review and sets a milestone of ten verified repeat-use accounts before launching a larger institutional process.

The case illustrates three decisions. First, a delayed financing process can be rational when evidence is not ready. Second, financial plans should reflect activation friction and cash timing. Third, public investment invitations and private financing terms require legal review; a clean deck does not establish permission to solicit investors.

REFERENCE MATERIAL

Appendix E. Sources and Publication Notes

Sources checked **30 October 2026**; consult current official versions before applying legal, accounting or regulatory material. These references do not establish any affiliation with Silicon Founders.

- [R1] U.S. Securities and Exchange Commission, 'Offering Pathways': https://www.sec.gov/resources-small-businesses/capital-raising-building-blocks/offering-pathways
- [R2] U.S. Securities and Exchange Commission, 'SmallBiz Essentials: What Pathways Are Available to Raise Capital from Investors?': https://www.sec.gov/resources-small-businesses/smallbiz-essentials-what-pathways-are-available-raise-capital-investors
- [R3] National Venture Capital Association, 'Model Legal Documents': https://nvca.org/model-legal-documents/
- [R4] SEC Investor.gov, 'Red Flags of Investment Fraud': https://www.investor.gov/protect-your-investments/fraud/how-avoid-fraud/red-flags-investment-fraud-checklist
- [R5] Y Combinator, 'How to Start a Startup: Sales and Marketing; How to Talk to Investors': https://www.ycombinator.com/library/dc-how-to-start-a-startup-sales-and-marketing-how-to-talk-to-investors
- [R6] Stripe, 'Net Revenue Retention': https://stripe.com/resources/more/net-revenue-retention
- [R7] U.S. Small Business Administration, 'Write your business plan': https://legacy.sba.gov/business-guide/plan-your-business/write-your-business-plan

Publication and rights note

No source listed is a sponsor, collaborator or endorser.

PRACTICAL WORKSHEET / 01

Financing Route Decision Memo

Use this page as a reusable internal working tool. Record dates, sources and accountable owners; do not invent entries.

Prepared by: _____ Date: _____

Specific milestone and financing need

_____

_____

Customer-funded and debt alternatives

_____

_____

Equity and control implications

_____

_____

Legal-permission questions for counsel

_____

_____

Owner decision and approval status

_____

_____

PRACTICAL WORKSHEET / 02

Financial Model Assumptions Sheet

Use this page as a reusable internal working tool. Record dates, sources and accountable owners; do not invent entries.

Prepared by: _____ Date: _____

Opening cash and month-end obligations

_____

_____

Revenue and collection timing assumptions

_____

_____

New sales, churn, support and hiring drivers

_____

_____

Downside trigger and contingency response

_____

_____

Formula checks and reconciliation owner

_____

_____

PRACTICAL WORKSHEET / 03

Claims and Sources Audit

Use this page as a reusable internal working tool. Record dates, sources and accountable owners; do not invent entries.

Prepared by: _____ Date: _____

Investor-facing statement or number

_____

_____

Primary record, period and definition

_____

_____

Status: verified, estimate, hypothesis or aspiration

_____

_____

Confidentiality or customer-permission limit

_____

_____

Reviewer and deadline

_____

_____

PRACTICAL WORKSHEET / 04

Investor Question and Follow-Up Log

Use this page as a reusable internal working tool. Record dates, sources and accountable owners; do not invent entries.

Prepared by: _____ Date: _____

Organization and externally verified mandate fit

_____

_____

Permitted communication route and owner

_____

_____

Meeting date, question and requested evidence

_____

_____

Response approved and access permissions

_____

_____

Next action without implying investment commitment

_____

_____

PRACTICAL WORKSHEET / 05

Term Review and Closing Gate

Use this page as a reusable internal working tool. Record dates, sources and accountable owners; do not invent entries.

Prepared by: _____ Date: _____

Economic and governance term requiring review

_____

_____

Authority to negotiate and sign

_____

_____

Local-law and securities compliance status

_____

_____

Outstanding closing conditions and evidence

_____

_____

Post-close report owner and review date

_____

_____