

Project Larkspur

To The Buyer (a search fund)
From Ferenda Partners
Date October 12, 2026
Stage Before LOI
Basis A 90-minute call with the founder, a screen-share of production accounts, and a review of the source code, which is public

Sample memo. The code reviewed is a real, public, source-available invoicing codebase. The company, people, deal, and account details are fictional. This sample shows the format of a Ferenda Partners Red Flag Scan. It is not an assessment of that project or its maintainers.

BOTTOM LINE

Go, with conditions

The product is well built and actively maintained. The risks are about who owns and runs it, not how it's written. Price the key-person risk, and write three protections into the LOI.

Top risks

	RISK	SEVERITY	WHAT TO ASK FOR
1	One person writes the product. The founder wrote about 90% of commits in the past year, up from about half in 2021. Deploys run through a personal script only the founder uses, and nothing is written down.	HIGH	A 12-month transition agreement with knowledge-transfer milestones. Budget for a senior engineer hire.
2	The founder, not the Company, owns the code. The license file names the founder personally as the copyright holder.	HIGH	An IP assignment to the Company as a closing condition.
3	The founder controls every account. Cloud hosting, the domain, and both app stores are in the founder's personal name. The Stripe Connect platform that links customers' payment accounts belongs to an older LLC.	HIGH	All accounts transferred to the Company before closing. Stripe's written transfer process for the payments platform.
4	Security basics are missing. The cloud root account has no MFA, three former contractors still have access, and the last penetration test was in 2023.	MEDIUM	MFA and access cleanup now, at no cost. A penetration test in the first 90 days.
5	One license question. A GPL-licensed PDF library ships inside a product under a more restrictive license. This is likely fixable, but it needs a lawyer's view.	MEDIUM	Deal counsel's view during confirmatory diligence.

What looks good

- **A current platform.** It runs on the latest major version of its framework, so there's no forced upgrade waiting.
- **A real test suite**, larger than we usually see at this size, run across four PHP versions.
- **Steady delivery**, at about two releases a week for the past year.
- **Clean contributor terms.** Outside contributions go through a contributor license agreement.

What we'd put in the LOI

1. IP assignment and account transfers as conditions to closing.
2. A founder transition period of 12 months, with part of the consideration tied to it.
3. Access for confirmatory diligence, including read-only cloud access, all repositories (including the admin UI and mobile apps), and the payment-processor agreements.

Cost to fix. From what we've seen, we expect one-time fixes of roughly \$75–150k in the first year, plus the cost of a senior engineer. A Full Technical Diligence will tighten that range and price each item. The fee for this scan is credited toward it.

This memo reflects a short review with limited access, and some findings rely on what the founder showed us on screen. Ferenda Partners provides technical assessments only, not legal, tax, financial, or investment advice.