

Most Common Requests for Due Diligence Information

An Outline of What's to Come:

A. Organization and Good Standing.

- The Company's Articles of Incorporation and all amendments thereto.
- The Company's organizational chart.
- The Company's list of shareholders and number of shares held by each.
- A Certificate of Good Standing from the Secretary of State of the state where the Company is incorporated.

B. Financial Information.

- Financial statements for three years (balance sheets and income statements)
- Monthly bank statements/credit card statements to substantiate financials
- The Company's credit report, if available.
- Any projections, capital budgets and strategic plans, if developed

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A schedule of all liabilities,

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A schedule of inventory

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Aging A/R & A/P

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A description of depreciation methods and changes in accounting methods over the past five years.

C. Physical Assets.

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A schedule of fixed assets with estimated FMV

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A schedule of major equipment and their aging and condition (when do items need to be replaced)

D. Real Estate.

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Copies of all real estate leases.

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Copies of any other leases (equipment, etc.)

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Plat of survey

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Recent professional appraisals

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Tax schedules of property

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If property recently improved, all receipts and records of work done

E. Employees and Employee Benefits.

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A list of employees including positions, current salaries and bonuses paid during last three years, and years of service.

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All employment contracts and employee handbook.

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A description of all employee problems within the last three years, including alleged wrongful termination, harassment, and discrimination.

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A description of worker's compensation claim history, if any (loss runs from insurance agent)

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A description of unemployment insurance claims history, if any

F. Taxes.

- Federal, state, local income tax returns for the last three years.
- States sales tax returns for the last three years.
- Any tax settlement documents for the last three years.
- Employment tax filings for three years.
- Any tax liens.

G. *Material Contracts.*

- A schedule of all subsidiary, partnership, or joint venture relationships and obligations, with copies of all related agreements.
- Other material contracts (major vendors, major customers)

H. *Litigation.*

- A schedule of any pending litigation
- A description of any threatened litigation.

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Copies of insurance policies possibly providing coverage as to pending or threatened litigation.

I. Insurance Coverage.

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A schedule and copies of the Company's general liability, personal and real property, product liability, errors and omissions, key-man, directors and officers, worker's compensation, and other insurance.

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A schedule of the Company's insurance claims history for past three years.

J. Professionals.

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A schedule of all law firms, accounting firms, consulting firms, and similar professionals engaged by the Company during past three years.