



# Due Diligence Checklist



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Legend:  Provided |  Not Applicable

## Section 1: Corporate

### Corporate Structure & General Matters

- Organizational Chart
- Stockholder Agreement(s)
- Agreements Related to Any Sales or Purchases of Businesses

## Section 2: Financial

### Tax

- Federal, State, Local, and Foreign Income, Sales, and Other Tax Returns
- Correspondence or Notice from Any Foreign, Federal, State, or Local Taxing Authority
- Government Audits (If Any)
- Settlement Documents With the IRS or Other Tax Authorities
- IRS Form 5500 for Qualified Retirement Plans

### Financials

- Balance Sheets
- Income Statements
- Cash Flow Statements
- Projections (if any)
- Budgets - Capital and Operating

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## Billing Protocols (Continued)

- How are fees established?
- What are the collection/AR policies?

## Section 8: Client Events

- How often? (Does group size matter?)
- How are clients notified of scheduled events?
- How far in advance are events scheduled?

## Section 9: Work Product

- Provide copies of a standard and an exceptional report provided to clients.

## Section 10: Work Product

### Work Product

- Provide a written description or a chart of workflow from information receipt to finished product.
- Provide a sample of communication material sent to clients.

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## Debt Agreements

- Facility Lease Agreement
- Equipment Lease Agreement(s)
- Debts to be Assumed (Confirm None)
- Contingent Liabilities

## Clients

- List of All Clients and Contact Information

## Section 3: Human Resources

### Employee

- Employee census, medical coverage election, and pay schedule
- Employment contracts (written and oral)
- Employment agreements, consulting agreements, non-compete agreements
- Commitments to retirees (if any)
- Other agreements or promises (cars, club dues, etc.)
- Copies of short-term and long-term management incentive plans (if any)
- Copies of severance pay plans (if any)
- Employee handbook or guidelines
- List of employees broken down by those who work under and over 30 hours per week; and labeled exempt or non-exempt
- Job descriptions for each employee

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## Insurance

- Group life, health, accident and disability (current and prior) for employees
- Premiums (employer and employee)
- Claims data
- COBRA compliance (if relevant)
- List of people on short and/or long-term disability
- General Liability Policy
- E&O Policy
- Worker's Compensation – claims, loss experience
- SUTA rate and recent claims (Rate =      %)

## Compliance

- Litigation of any kind (employee, client, vendor, contractor, government, agency, etc.)?

## Facilities

- Alarm codes and contact information of monitoring facility
- Clarify the significant vendor relationship

## Integration & Transition

- Proper notification to suppliers
- Proper notification to credit agreements
- Equipment leases
- Settlement agreements

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## Integration & Transition (Continued)

- License agreements
- Premiums (employer and employee)
- Non-competition agreements
- Assumption of real estate leases

## Technology

- Hardware
- Software
- Internet and telecom system
- Security systems
- User support person/company

## Section 4: Intellectual Property

- Patents
- Copyrights
- Trademarks
- Commitments to retirees (if any)
- Domain names
- Trade secrets
- Licenses and licensing agreements
- IP litigation and claims
- Liens or encumbrances on the company's intellectual property

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## Section 5: Material Assets

- Inventory
- Equipment
- Technology

## Section 6: Contracts

- Customer and supplier contracts
- Schedule of accounts receivable
- Guaranties, loans and credit agreements
- Agreements of partnership or joint ventures
- Accounts payable to be assumed (confirm none)
- Settlement agreements
- License agreements
- Distribution, dealer, sales agency or advertising agreements
- Franchising agreements
- Employment contracts

## Section 7: Billing Protocols

### When Do You Bill?

- In advance or in arrears?