



Due Diligence Information Request List

Your deal team will need copies of all items listed. Indicate "N/A" for those that are not applicable. It is very important that entire documents (including the backside, if necessary) be copied.

<u>RESPONSIBLE PARTY</u>	<u>DUE DILIGENCE ITEM</u>	<u>COMPLETED</u>
	1. CORPORATE/OPERATIONAL MATTERS	
	(A) Articles of Incorporation together with all amendments	
	(B) Bylaws as amended and currently in effect	
	(C) Stock Certificates and Stock Book (including copies of the front and back of all stock certificates including cancelled certificates), stock transfer records and all documents relating to stock ownership including a list of all outstanding options, warrants or other rights relating to the stock	
	(D) Minutes of Board of Directors Meetings and any committees thereof (or written consents in lieu thereof)	
	(E) Minutes of Shareholder's Meetings (or written consents in lieu thereof)	
	(F) Shareholder's Agreements, including Buy-Sell or Stock Redemption Agreements; stock options or conversion rights	



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	(G) Voting Agreements, proxies, powers of attorney	
	(H) All agreements, arrangements or understandings by Company or its shareholders to issue, purchase or sell any securities of the Company	
	(I) List of Shareholders, including number of shares and percent of ownership	
	(J) List of current Board of Directors	
	(K) List of current Officers	
	(L) All licenses, permits and certificates from regulatory authorities	
	(M) List of all jurisdictions outside home state where Company has facilities or authority to transact business. Has company "qualified" to do business in each state?	
	(N) List of all locations where the Company maintains offices (owned or leased), facilities or employees, pays any kind of taxes on a recurring basis to solicit or perform business, identifying the nature and function of each location including the street address of each	
	(O) Good Standing certificates for the state of incorporation and business qualification certificates for each foreign jurisdiction in which the Company is qualified	
	(P) List of any subsidiaries or related companies in which officers, directors or	



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	shareholders or their families have an interest, including name, state of incorporation and capitalization	
	(Q) List of all partnerships, joint ventures or affiliates	
	(R) List of professional advisors and consultants including attorneys, accountants, marketing and advertising firms	
	(S) List of ten largest customer and suppliers and related contracts	
	(T) All business plans prepared by or for the Company in the last two years	
	(U) All projections, forecasts and budgets (including capital budgets) prepared by or for the Company in the last two years, including all assumptions integral thereto	
	(V) All studies, reports, analyses, summaries or memoranda prepared by or for the Company in the last two years (for any purpose) relating to the Company's business operations, prospects or financing	
	(W) Independent valuation or appraisals of the Company's capital stock and/or its assets	
	(X) List of any related party activities, i.e., related party contracts agreements, leases	
	2. EMPLOYEE MATTERS	
	(A) List of all employees by:	
	• Position/title	



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	• Compensation/annual	
	• Commission/commission plan	
	• Full or part-time status	
	• Date of hire	
	• Accrued vacation, sick time, etc.	
	• Other eligible benefits, i.e., automobile, cell phone, pager, cafeteria plan	
	(B) Organization chart with reporting responsibilities	
	(C) Employment, consulting, commission and independent contractor agreements	

	(D) Confidentiality, non-compete, and trade secret agreements with present and former employees	
	(E) Employee Handbooks and employment and personnel policies and procedures (both written and informal policies), including Separation pay (severance)	
	(F) Union or collective bargaining agreements	
	(G) Unfair labor practice or labor law violations	
	(H) Subcontractor Labor Agreements or Outsourcing Service Agreements	
	(I) Pension, profit-sharing 401(k) Plan:	
	• Plan Document	
	• Summary Plan Description	
	• Summary of Material Modifications	



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	<ul style="list-style-type: none"> • Related Trust Agreements 	
	<ul style="list-style-type: none"> • Group Annuity Contract 	
	<ul style="list-style-type: none"> • IRS Form 5500 and Schedules for the last three (3) years 	
	<ul style="list-style-type: none"> • Most recent actuarial report 	
	<ul style="list-style-type: none"> • IRS Determination Letter 	
	<ul style="list-style-type: none"> • ADP/ACP Testing Reports for the last three (3) years 	
	(J) Deferred compensation plans and salary continuation plans	
	(K) Stock option plans, including a list of each employee who has been granted options and the number of shares subject to the option	
	(L) Bonus plans or arrangements	
	(M) Incentive compensation plans and phantom stock plans	
	(N) Severance agreements, arrangements or policies	
	(O) List of all employees entitled to or receiving COBRA benefits	
	(P) Other Employee Benefits:	
	<ul style="list-style-type: none"> • Medical, dental, vision 	
	<ul style="list-style-type: none"> • Life, disability insurance 	
	<ul style="list-style-type: none"> • Retirement benefits 	
	<ul style="list-style-type: none"> • Medical reimbursement 	
	<ul style="list-style-type: none"> • "Cafeteria" 	
	<ul style="list-style-type: none"> • Tuition Reimbursement 	
	<ul style="list-style-type: none"> • Savings Programs 	
	<ul style="list-style-type: none"> • Automobiles or automobile allowances 	
	<ul style="list-style-type: none"> • Club membership 	
	<ul style="list-style-type: none"> • Telephone/pager services 	



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	<ul style="list-style-type: none"> • Computers • Other incentives 	
	3. <u>CONTRACTS, AGREEMENTS AND ARRANGEMENTS</u>	
	(A) Contracts and agreements with manufacturers, distributors, customers, vendors, suppliers, i.e., preferred vendor or supplier contracts	
	(B) Sales, supply, service, maintenance, or requirements agreements (including long-term agreements)	
	(C) Government contracts, Minority Entitlement Contracts	
	(D) Any forms of express warranties and disclaimers of warranty made by the Company during the past five years and a summary of any breach of representation claims against the Company during the past five (5) years	
	(E) Joint venture/partnership agreements	
	(F) Agreements with advertising/public relations agencies	
	(G) Performance or customs bonds	
	(H) Powers of attorney	
	(I) Research and development contracts	
	(J) Agreements with investment bankers, brokers and finders	



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	(K) Agreements restricting the conduct of the company or its business	
	(L) Letters of intent	
	(M) Personal property leases (i.e. equipment and computer leases, maintenance leases, telephone leases, leases of photocopy machines, postage meters, and automobiles)	
	(N) Other contracts, agreements and arrangements, including descriptions of all the foregoing that are oral	
	(O) Standard company business forms, i.e. purchase orders, and invoices	
	(P) All indemnification agreements	
	4. <u>PERSONAL PROPERTY</u>	
	(A) Any and all bills of sale, leases and other agreements to purchase or lease personal property (together with financing and security arrangements)	
	(B) Schedule of all tangible personal property such as machinery, equipment, vehicles, furniture and fixture, including but not limited to the following:	
	• Owned or leased status	
	• Financing agreement or lease contracts	
	• Date acquired	
	• Summary of insurance in force	
	5. <u>REAL PROPERTY</u>	
	(A) Owned real property - Provide the following	



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	information for each parcel of owned real property:	
	• Transfer Deed	
	• Location/Address, including the county	

	• Name of record owner	
	• Deeds of Trusts/other encumbrances, i.e., purchase option agreements	
	• Encroachments or boundary disputes	
	• Title insurance policy	
	• Any "Phase I" or other environmental assessment, audit, or other study	
	• Zoning letters	
	• Building code restrictions	
	• Inspection reports	
	• Appraisals	
	• Surveys	
	• Copies of leases between the company, as lessor, and the third parties for land not used by the company	
	(B) Leased real property - all lease documents, including:	
	• Location/Address, including the county	
	• Name, address and phone number of lessor and/or property manager	
	• Lease Agreement with all amendments	
	• Any subleases or assignments of leases	
	• Deeds of Trust and other encumbrances or liens	
	• Was it originally owned by you, then sold and leased back?	
	• Purchase options or rights of first refusal	
	6. <u>INTELLECTUAL PROPERTY</u>	
	(A) List of all patents, trademarks, service	



	marks or copyrights issued or applied for, including the name of the record owners and the registration/application number	
	(B) List of all trade names used by the company and registered jurisdiction, if any (current and discontinued)	
	(C) Patent/trademark/copyright licensing agreements (company as licensee or licensor; royalties paid out or received)	
	(D) Infringement actions or challenges to ownership (pending or threatened)	
	(E) Inventory of computer systems (hardware and software), including copies of all leases and licenses	
	(F) Other agreements respecting trade secrets or confidential designs or information	
	7. <u>INDEBTEDNESS</u>	
	(A) List of all banking and credit activities and relationships by bank name, account number, account type and/or purpose, authorized signer	
	(B) All agreements related to indebtedness for borrowed money or trade credit:	
	• Loan and Credit Agreements	
	• Promissory Notes	
	• Financing Statements	
	• Security Agreements	
	• Pledge Agreements	
	• Subordination Agreements	
	• Deeds of Trust	

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	(C) List of all guarantees or indemnity contracts in connection with obligations of the company, including personal guarantees	
	(D) Letters of Credit	
	(E) Revolving credit agreements/line of credit	
	(F) Lease-purchase agreements	
	• Automobiles	
	• Equipment	
	(G) Equity purchase agreements/arrangements	
	8. <u>LITIGATION</u>	
	(A) List of all pending or threatened legal proceedings and all files related thereto; investigations, grievance proceedings, arbitration or mediation	
	(B) All settlement agreements, court orders or judgments or threatened litigation or asserted claims	
	(C) List of all potential claims (asserted or unasserted, liquidated or contingent), i.e., discrimination, products liability	
	(D) Summary of all administrative proceedings, claims or investigations by or before federal, state or local governmental bodies (i.e., OSHA, EPA)	
	9. <u>INSURANCE</u>	
	(A) All insurance certificates and schedule of insurance policies, coverage, expiration dates, rate and summary of claims history:	



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	<ul style="list-style-type: none"> • Health 	
	<ul style="list-style-type: none"> • Vehicles 	
	<ul style="list-style-type: none"> • Property 	
	<ul style="list-style-type: none"> • Liability 	
	<ul style="list-style-type: none"> • Business interruption and discontinuance 	
	<ul style="list-style-type: none"> • Key Man 	
	<ul style="list-style-type: none"> • Other 	
	(B) List of any pending uninsured claims indicating whether and to what extent any reserves have been established in the financial statements of the Company	
	(C) All outstanding workers compensation claims	
	(D) Insurance claims loss runs for the last five (5) years, including:	
	<ul style="list-style-type: none"> • General commercial liability 	
	<ul style="list-style-type: none"> • Workers compensation 	
	10. <u>GOVERNMENTAL COMPLIANCE</u>	
	(A) Describe the Company's compliance or noncompliance with applicable governmental regulations. Possible regulated areas of the Company's business include:	
	<ul style="list-style-type: none"> • Health, safety, labeling of products 	
	<ul style="list-style-type: none"> • Health and safety in company's plants and facilities 	
	<ul style="list-style-type: none"> • Equal Employment Opportunity 	
	<ul style="list-style-type: none"> • Wages and hours of employment 	
	<ul style="list-style-type: none"> • Environmental protection and pollution controls (including hazardous waste disposal) 	
	<ul style="list-style-type: none"> • Pricing, sale and distribution of products 	



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	<ul style="list-style-type: none"> • Import/export permits or licenses 	
	<ul style="list-style-type: none"> • Interstate Commerce Commission requirements 	
	<ul style="list-style-type: none"> • Unclaimed property, including customer deposits 	
	(B) List any governmental or non-governmental agencies (such as Underwriter's Laboratories) which regulate or affect the Company's business	
	(C) Federal, state and local permits, authorizations, registrations, licenses or qualifications necessary for the conduct of the Company's business. List the name of the government agency, type of license, expiration date and whether it is assignable or transferable	
	(D) Any violations cited in inspections by Federal, State or local regulatory agencies (e.g. EPA, OSHA, FDA, USDA, etc.) in the last year	
	11. TAX	
	(A) Income tax returns for the last five (5) years:	
	<ul style="list-style-type: none"> • Federal 	
	<ul style="list-style-type: none"> • State 	
	<ul style="list-style-type: none"> • Local 	
	(B) Last three years sales and use tax returns (grouped by jurisdiction)	
	(C) Last three years payroll and unemployment tax returns:	
	<ul style="list-style-type: none"> • Federal 	
	<ul style="list-style-type: none"> • State 	



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	(D) List of all states where the Company is registered to collect sales and use taxes	
	(E) List of all out-of-state customers for whom sales and use taxes are withheld	

	(F) All correspondence from IRS or Department of Revenue as to audits or disputes	
	12. <u>FINANCIAL INFORMATION</u>	
	(A) Historical financial statements together with accountants opinions (audit, review or compilation) for last three (3) years	
	(B) Monthly financial statements for each month of current fiscal year	
	(C) Year-to-date financial statements for the current fiscal year	
	(D) Detailed accounts receivable aging and reconciliation to general ledger	
	(E) Credit issues and analysis of bad debt expense and write-offs for the last three (3) years	
	(F) Detailed inventory list by department and by item (units and value) and reconciliation to general ledger	
	(G) Analysis of inventory write-offs/obsolescence (including write-downs for last three years)	



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	(H) Detailed accounts payable aging and reconciliation to general ledger	
	(I) Detail of accrued liabilities and reconciliation to general ledger	
	(J) Schedule of notes and loans receivable	
	(K) Schedule of notes and loans payable (with copies of all notes and agreements) for the three (3) most recent fiscal years, and the most recent period including copies of the following:	
	<ul style="list-style-type: none"> • Any of all outstanding bonds, notes, debentures, trust indentures, loan agreements, bank credit lines (whether or not drawn upon), guarantees, or other indebtedness, and all amendments, consents, and waivers related thereto, as well as a list of all lenders or holders and certificates to the lenders or the holders during the past three (3) years 	
	<ul style="list-style-type: none"> • Any and all documents and agreements, evidencing other material financing arrangements, such as sale and leaseback arrangements, capitalized leases and installment purchases 	
	<ul style="list-style-type: none"> • Any and all bad debts and any agreements which might reasonably be expected to result in a loss 	
	<ul style="list-style-type: none"> • All warranties, guarantees, and other obligations given or incurred by the Company or any of its subsidiaries 	
	(L) Schedule of prepaid expenses	
	(M) Schedule of all bank accounts (operating, savings or investment), certificates of deposit and safe deposit boxes, including the following information:	



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	<ul style="list-style-type: none"> • Name and address of institution 	
	<ul style="list-style-type: none"> • Account number 	
	<ul style="list-style-type: none"> • Purpose of account 	
	<ul style="list-style-type: none"> • Authorized signer 	
	<ul style="list-style-type: none"> • Current month-end balance 	
	(N) General ledger, sales journals, and cash receipts journals for last fiscal year	
	(O) A breakdown of the officer's and other salary component of general and administrative expenses for fiscal the last three fiscal years and for the most recent subsequent period	
	(P) Description of accounting policies, estimates and methods used and any changes to these	
	(Q) Written documentation of the Company's accounting system/procedures/controls relating to:	
	<ul style="list-style-type: none"> • Cash receipts 	
	<ul style="list-style-type: none"> • Cash disbursements 	
	<ul style="list-style-type: none"> • Payroll 	
	<ul style="list-style-type: none"> • Credit, billings and collections 	
	<ul style="list-style-type: none"> • Purchasing procedures 	
	<ul style="list-style-type: none"> • Production (including quality control) 	
	<ul style="list-style-type: none"> • Distribution 	
	<ul style="list-style-type: none"> • Sales 	
	<ul style="list-style-type: none"> • Budgeting process 	
	<ul style="list-style-type: none"> • Financial reporting 	
	<ul style="list-style-type: none"> • Management Information Systems 	
	(R) Detail fixed asset schedule (furniture, fixtures, equipment, automobiles) with historical	



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	cost, accumulated depreciation, including recent appraisals of assets, if any, and reconciliation to general ledger	
	(S) Management letters (internal control letters from auditors; copies of attorneys' audit letters)	
	(T) Recent projections including forecasted balance sheets, income and cash flow statements and assumptions upon which the forecasts are based	
	(U) List and description of any other liabilities or obligations (including contingent ones) not reflected in the interim financial statements or incurred in the ordinary course of business since the date of the last financial statements.	

