

# Preliminary Documents and Information Checklist for Business Valuation & Due Diligence

## Financial Statements

Balance sheets, income statements, statements of cash flows, statements of stockholders' equity for the last five fiscal years

Income tax returns for the same years

Latest interim statements and interim statements for comparable periods of previous year

## Other Financial Information

Property, plant, and equipment list; depreciation schedule; capital budget

Aged accounts receivable

Aged accounts payable

Inventory and necessary information on inventory accounting policies

Lists of marketable securities and prepaid expenses

Leases for equipment and facilities

Other existing contracts (employment agreements, covenants not to compete, supplier agreements, customer agreements, royalty agreements, equipment lease or rental contracts, loan agreements, labor contracts, employee benefit plans, etc.)

Capitalization table - list of stockholders with number of shares owned by each

Schedule of insurance in force (key person life, property and casualty, liability)

Budgets or projections for a minimum of five years; business plan

List of subsidiaries and/or financial interests in other companies

Key personnel compensation schedule including benefits and personal expenses

Details of any transactions with related parties

## Company Documents

Articles of incorporation, bylaws, and any amendments to either

Any existing buy-sell agreements, options to purchase stock, or rights of first refusal

Franchise or operating agreement

## Other Company Information

History including how long in business and details of any changes in ownership

Description of the business, including position relative to competition and any distinctive characteristics that make the business unique

Web site and marketing literature (catalogs, brochures, ads, etc.)

Locations where company operates; size and recent appraisals

List of competitors including relative size and market position with respect to critical success factors

Organization chart

Resumes of key personnel with age, position, compensation, length of service, education and prior experience

Personnel census: number of employees by functional group (production, sales, marketing, customer service, engineering/R&D, applications engineering, human resources, accounting, etc.)

Trade associations to which the company belongs or would be eligible

Relevant trade, analyst, or government publications including market forecasts

Existing indicators of asset values, including latest property tax assessments, and asset appraisals

List of customer relationships, supplier relationships, and contracts

List of patents, copyrights, trademarks, and other intangible assets

Contingent or off-balance sheet liabilities (pending lawsuits, compliance agreements, warranty or other product liabilities, estimate of medical or pension benefits for retired employees, etc.)

Filings or correspondence with regulatory agencies

Information regarding prior transactions in the stock or related party transactions