

# Due Diligence Checklist

An Exit Planning Tool from NAVIX Consultants



The following items are commonly requested by a potential business buyer during the due diligence phase. The more prepared you are to provide this information in an organized manner, the easier your sale process and potentially the higher value you receive for your business.

	Document Name	Status	Location
BUSINESS BOOKS AND RECORDS	1. Articles of Incorporation and all amendments		
	2. Bylaws and all amendments		
	3. Minute book, including all minutes and resolutions of shareholders and directors		
	4. Organizational chart		
	5. List of owners and percentage ownership held by each		
	6. Agreements relating to options, voting trusts, warrants, puts, calls, subscriptions, and convertible securities		
	7. A list of all states, provinces, or countries where the business owns or leases property, maintains employees, or conducts business		
	8. Certificate of Good Standing from the Secretary of State and of the state where the business is domiciled		
	9. A list of the business's assumed names and copies of registrations		
	10. Audited financial statements for three years, together with auditor's reports		
FINANCIAL INFORMATION	1. The business's credit report, if available		
	2. Any financial projections and capital budgets		
	3. Schedule of all indebtedness and contingent liabilities		
	4. Schedule of inventory		
	5. Schedule of accounts receivable		
	6. Schedule of accounts payable		
	7. Description of depreciation and amortization methods and accounting methods over the past three years		

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TAXES	1. The business's federal, state, local, and foreign income tax returns for the last three years		
	2. States sales tax returns for the last three years		
	3. Any audit and revenue agency reports		
	4. Any tax settlement documents for the last three years		
	5. Employment tax filings for three years		
	6. Excise tax filings for three years		
	7. List and description for any tax liens		
ASSETS	1. A schedule of fixed assets and the locations thereof		
	2. All UCC filings		
	3. A list and description of all equipment leases, along with copies of lease contracts and agreements		
	4. A schedule of sales and purchases of major capital equipment during last three years		
	5. Copies of all real estate leases, deeds, mortgages, titles, surveys, zoning approvals, variances or use permits		
	6. A list and description of domestic and foreign patents and patent applications		
	7. A schedule of trademark and trade names		
	8. A schedule of copyrights		
	9. A description of important technical know-how		
	10. A description of methods used to protect trade secrets and know-how		
	11. Any "work for hire" agreements		
	12. A list of and copies of all consulting agreements, agreements regarding inventions, and licenses or assignments of intellectual property to or from the business		
	13. A schedule of any claims or threatened claims by or against the business regarding intellectual property		

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PLAN	1. Copy of all documents pertaining to strategic planning for the last two years		
OPERATIONS	1. A list and copy of business operational manuals in any process areas such as work flow, marketing, sales, accounting and bookkeeping, customer service, etc.		
EMPLOYEES AND EMPLOYEE BENEFITS	1. A list of employees including positions, dates of hire and compensation paid during last three years		
	2. Resumes of key employees		
	3. A list and description of all independent contractors used within the last three years		
	4. All employment, consulting, nondisclosure, nonsolicitation or noncompetition agreements		
	5. Copies of collective bargaining agreements, if any		
	6. The business's personnel handbook and a schedule of all employee holiday, vacation, and sick leave policies		
	7. Summary plan descriptions of qualified and non-qualified retirement plans		
	8. A list and description of employee health and welfare insurance policies or self-funded arrangements		
	9. A description of all employee problems within the last three years, including alleged wrongful termination, harassment, and discrimination		
	10. A description of any labor disputes, requests for arbitration, or grievance procedures currently pending or settled within the last three years		
	11. A description of worker's compensation claim history		
	12. A description of unemployment insurance claims history		
	13. Copies of all stock option and stock purchase plans and a schedule of grants		

	Document Name	Status	Location
LICENSE/ PERMITS	1. Copies of governmental licenses, permits or consents		
	2. Any correspondence or documents relating to any proceedings of any regulatory agency		
ENVIRONMENTAL ISSUES	1. Environmental audits, if any, for each property owned or leased by the business		
	2. A listing of hazardous substances used in the business's operations and description of the disposal methods		
	3. A list of environmental permits and licenses		
	4. Copies of all notices and files related to EPA, state or local regulatory agencies		
	5. A description of any environmental litigation, investigations or exposure		
	6. A list and description of any contingent environmental liabilities or continuing indemnification obligations		
MATERIAL CONTRACTS	1. A list and description of all subsidiary, partnership, or joint venture relationships and obligations		
	2. Copies of all contracts between the business and any officers, directors, shareholders or affiliates		
	3. All loan agreements, financing arrangements, credit lines, or promissory notes		
	4. All security agreements, mortgages, indentures, collateral pledges, and similar agreements		
	5. All guaranties to which the business is a party		
	6. Any installment sale agreements		
	7. Any agreements covering distribution, sales representatives, marketing and supply activities		
	8. Letters of intent and closing documents from mergers, acquisitions, or divestitures within last five years		
	9. Any options and stock purchase agreements involving interests in other companies		
	10. The business's standard quote, purchase order, invoice and warranty forms		
	11. All nondisclosure or noncompetition agreements to which the business is a party		

	Document Name	Status	Location
PRODUCT OR SERVICE LINES	1. A list and description of all existing products or services and products or services under development		
	2. A summary of all complaints or warranty claims		
	3. A summary of results of all tests, evaluations, studies, surveys, and other data regarding existing products or services and products or services under development		
	4. Copies of files related to any regulatory approvals or disapprovals of any business's products or services		
CUSTOMER INFORMATION	1. A breakdown of business revenues by customer, sector, product/service		
	2. A list and description of the customers that comprise the top 20% of the sales for the last two years		
	3. A list and explanation for any major customers lost over the last two years		
	4. A description or copy of the business's credit policy		
	5. A schedule of unfilled orders		
	6. All surveys and market research reports relevant to the business or its products or services		
	7. A summary of the business's current advertising programs, marketing plans and budgets, and printed marketing materials		
	8. A list and description of the business's major competitors		
LITIGATION	1. A list and description of all pending litigation		
	2. A list and description of any threatened litigation		
	3. Copies of insurance policies providing coverage as to pending or threatened litigation		
	4. Any documents relating to injunctions, consent decrees, or settlements to which the business is a party		
	5. A list and description of unsatisfied judgements		

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INSURANCE/RISK MANAGEMENT	1. A schedule and copies of the business's general liability, personal and real property, product liability, errors and omissions, key-man, directors and officers, worker's compensation, and other insurance		
	2. A schedule if the business's insurance claims history for past three years		
	3. Disaster recovery plan		
PROFESSIONAL SERVICES	1. A schedule of all law firms, accounting firms, consulting firms, and similar professionals engaged by the business during past five years		
PUBLICITY	1. Copies of all articles and press releases relating to the business within the past three years		



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NAVIX® helps owners of closely held businesses plan for and execute successful exits: achieving financial freedom, creating a sustainable legacy, and exiting on their own terms.

NAVIX® was designed out of experience seeing business owners struggle to achieve financial freedom, create a sustainable business legacy, and exit on their own terms. NAVIX® is a dual track process, that prepares both the business and its owner(s) for exit. NAVIX® is not just about planning; we also help clients execute the strategies and tactics needed to achieve a successful exit.

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