

Sample Due Diligence Checklist



Request Description	
1: General Corporate and Securities	
1.01	Organizational chart, including subsidiaries (names of legal entities and relationship to the Company), divisions, business units, or other affiliates, and reporting of officers.
1.02	List of authorized capital stock and amounts outstanding (by class and series) of the Company and holder thereof.
1.03	History of the Company including dates for key milestones, acquisitions, management team hirings, etc.
1.04	List of all joint ventures and partnerships in which the Company participates and copies of all agreements and a summary of the Company's obligations.
1.05	Documentation regarding any ownership interests, convertible debt or options held by the Company with respect to any other corporation or other entity, as of the end of the last fiscal year and most recent interim date.
1.06	Minutes of all Board of Directors meetings and information packages distributed to Board members in advance of meetings for the past two years.
1.07	A list of all assumed fictitious and other business or trade names under which the Company is conducting or has conducted business.
1.08	Charter and bylaws for the Company and all amendments thereto (including the certificate of incorporation, or, with respect to non-corporate entities, any partnership agreements, operating agreements, LLC formation documents, etc.)
2: Historical Financial Information	
2.01	Annual consolidated financial statements for the past three fiscal years.
2.02	Monthly detailed financial statements for the last three fiscal years and YTD.
2.03	Copies of any periodic financial and operational reports utilized by management for the past three years and YTD.
2.04	Details of any extraordinary or significant non-recurring income or expense items relating to historical financial statements (i.e. EBITDA addbacks). Examples include <ul style="list-style-type: none"> - bad debt write-offs; - above market owners' compensation/perquisites; - items that were expensed but which could have been capitalized; - extraordinary legal/consulting/advisory expenses; and - anything that is not related to the normal course operations of the Company.
2.05	Provide a breakdown of sales and gross profit for the past three years and YTD for the current fiscal year. <ul style="list-style-type: none"> - By End Market - By Line of Business / Product / SKU
2.06	Summary of capital expenditures for the last three years and current fiscal year.
2.07	List of any off-balance sheet liabilities not appearing in most recent financial statements (including the notes thereto).
2.08	Summary of inter-company and related party transactions during the last fiscal year and YTD for the current fiscal year. Provide brief explanation of such transactions and transfer pricing policies between divisions and operating units.
3: Projected Financial Information	
3.01	Provide any forward-looking projections for the Company, including income statement, balance sheet, and capital expenditures, with all available supporting documentation. Please include all new business (awarded and prospective).
3.02	Description of all product/service offerings included in the financial forecast but not currently being offered (e.g., new product offerings, expansion plans).

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4: Industry and Competition	
4.01	Provide any internal or external market studies. Discussion of industry trends, particularly as they relate to pricing and products.
4.02	Detailed list and description of competitors, including discussion of competitive advantages and disadvantages of the Company relative to its competitors
5: Real Estate	
5.01	Summary of all office and manufacturing facilities, including description of size, primary operations, and products produced.
5.02	List of all material leases, including descriptions, terms of leases, options, annual costs, etc. Please include copies.
5.03	Description of the present and past uses of all real estate owned or leased by the Company.
5.04	Description of any non-conforming or conditional use for all properties.
5.05	Copies of all easements which affect such property and describe the Company's ownership or other interest therein.
5.06	Copies of all deeds under which the Company holds title to real estate.
5.07	Copies of each existing title insurance policies or any abstracts.
5.08	Copies of the most recent real or personal property tax bills.
5.09	Copies of any recent real estate appraisal (including personal property appraisals).
5.10	Copies of all occupancy permits or certificates.
5.11	Copies of existing real estate surveys.
6: Operations	
6.01	Schedule of operational capacity, capacity utilization, and throughput by operating facility, and summary of how measured and frequency of monitoring.
6.02	Copy of most recent fixed asset listing.
6.03	Summary of quality data collected over past three years.
6.04	Summary of number of shifts and number of managers and employees per shift by major job classification.
6.05	Description of all operational processes involved in producing the Company's major product lines. If possible, provide a flow chart of processes, from receipt of raw materials through shipment of finished goods.
7: Customer & Suppliers	
7.01	List of customers (or projects) representing more than 5 percent of sales for each of the past three years and for YTD in the current year. For each customer, provide <ul style="list-style-type: none"> - total dollar sales and gross margin for each time period - product(s) / service(s) purchased - start date and duration of contract (if appropriate) - key relationship manager at Company - estimate as to each customer's total annual purchases that are provided
7.02	Copies of contracts listed above.
7.03	List of the 10 largest suppliers in each of the past three years. For each supplier include <ul style="list-style-type: none"> - total dollar purchases for each time period - product/service provided.
8: Sales & Marketing Information	
8.01	Samples of marketing and sales literature currently used by the Company, including brochures, advertisements and tapes of television and radio commercials.
8.02	Summary of sales and marketing personnel (both internal and external) including head count, geographic locations / channels covered, key customer relationships, etc.
8.03	Provide a listing and description of any awards, customer designations, or quality designations/certifications received by the Company.
8.04	Any available short- or long-term business plans.

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9: Product Information	
9.01	Provide as many product pictures as possible.
9.02	Describe pricing policies such as target margins or benchmarks.
9.03	Description of all products or services sold, including representative end market uses.
9.04	Data relating to geographic areas served by the Company, e.g. what percentage of the Company's overall sales are within a given radius of each production facility?
10: Research & Development	
10.01	List of all patents, trademarks, service marks, trade names, copyrights (pending/approved/expired and dates), owned by, assigned to, or licensed to the Company (including registration numbers and date of registration).
10.02	General description of all secret processes, trade secrets, inventions, know-how and technology used in the business.
11: Personnel	
11.01	List of all employees; including name, position / title, department, start date, compensation
11.02	Summary of all benefit plans and arrangements (including retirement, 401(k), profit sharing, incentive, bonus and stock option plans, sales commission plans, and health and welfare benefits programs) of the Company.
12: Material Litigation	
12.01	Litigation claims history, including claims directly against the Company, related party, or management in the past five years.
12.02	For any item above identify the parties to each such litigation, the nature of the claim, the amount at issue; provide copies of all documentation relating thereto.
13: Regulatory Matters, Government Approvals and Permits	
13.01	All material permits, licenses, authorizations or approvals held by the Company, or any of its employees, or required for its current or planned operations. Information relating to expiration, termination, compliance or renewal of such permits or authorizations.
13.02	Any outstanding court or administrative orders or decrees, and correspondence, memoranda or notes relating to the Company concerning inquiries from governmental agencies regarding potential violations of any law, rule or regulation.
14: Tax Matters	
14.01	Description of transactions giving rise to significant tax attributes (losses, credits, etc.) of the Company during any open year. Provide tax cushion analyses, if any.
14.02	Copies of all federal and state tax returns over the past five years.
14.03	All agreements regarding taxes, if any, including transfer-pricing arrangements with other operating entities. Copies of any transfer pricing studies, if performed.
15: Environmental and Safety Matters	
15.01	All environmental reports, audits, samplings, testings, analyses and investigations conducted with respect to real property currently or previously owned or leased by the Company.
15.02	List and description of any past or current investigations, proceedings, violations and lawsuits relating to environmental or safety, including those for any real property currently or previously owned or leased by the Company.
16: Insurance	
16.01	Summary of claims experience for the Company.
16.02	All insurance analyses or reports prepared internally or by consultants for the Company.
16.03	Descriptions and copies of all existing insurance policies of the Company (including property damage, third party liability, D&O, key employees or EPO), including premiums (including premium history for worker's comp insurance), liability retention limits, self-insurance and inter-group premium reimbursement agreements.