

## **Due Diligence Requirements**

### **Financial Records**

- \_\_\_\_\_ Off-balance sheet liabilities
- \_\_\_\_\_ List of any borrowings or related guarantees
- \_\_\_\_\_ Firm's accounting policies and procedures
- \_\_\_\_\_ Explain any significant changes to these policies over the past five years
- \_\_\_\_\_ Provide comparative financial statements for past three years explaining significant fluctuations
- \_\_\_\_\_ Tax Returns for the past three years
- \_\_\_\_\_ Explain firm's method for calculating bad-debt and work-in-progress reserves
- \_\_\_\_\_ Cash Receipts for last year and YTD (schedule and/or deposit book)
- \_\_\_\_\_ Bank statements: last year and Y-T-D
- \_\_\_\_\_ Accounts Receivable, as of end of last month
- \_\_\_\_\_ General Ledger for Corporation for last year and YTD

### **Clients Information**

- \_\_\_\_\_ Detailed Billings by Client for last year and YTD (schedule and/or invoices)
- \_\_\_\_\_ List of Clients and Recurring Fees:
- \_\_\_\_\_ All Client Files
- \_\_\_\_\_ Work in Progress, list and detail work remaining plus any fees collected
- \_\_\_\_\_ List of major clients comprising more than 5% of annual revenue
- \_\_\_\_\_ List of clients that own more than one entity, list entities

### **Human Resource Records**

- \_\_\_\_\_ Company Organization Chart
- \_\_\_\_\_ Schedule of salaries and compensation, including most recent raises and bonus structure
- \_\_\_\_\_ List Partners who have exited in the past three years and reasons for leaving
- \_\_\_\_\_ Create a schedule of partner compensation including salaries, bonuses, equity, and perks for the past three years
- \_\_\_\_\_ List any employees or sub-contractors receiving commissions detailing the arrangement
- \_\_\_\_\_ List employees' billing rates and billable hours
- \_\_\_\_\_ List any sub-contractors and their compensation and how often they work
- \_\_\_\_\_ Shareholders' agreements
- \_\_\_\_\_ Compensation agreements/plans
- \_\_\_\_\_ Retirement plans or agreements
- \_\_\_\_\_ Severance agreements
- \_\_\_\_\_ Copies of Current CPE Education Compliance
- \_\_\_\_\_ Payroll Register and Records last year and YTD

## **Company Records**

- \_\_\_\_\_ Charters, Bylaws, Records or Ownership, Minutes
- \_\_\_\_\_ Licenses and Permits (Business, Occupational, etc.)
- \_\_\_\_\_ Copies of Firm and Individual CPA Licenses
- \_\_\_\_\_ Copies of Insurance Policies
  - \_\_\_\_\_ E & O
  - \_\_\_\_\_ Malpractice
  - \_\_\_\_\_ Business/Property
  - \_\_\_\_\_ General Liability
  - \_\_\_\_\_ Health Insurance
  - \_\_\_\_\_ Life Insurance
  - \_\_\_\_\_ Workers Compensation
  - \_\_\_\_\_ Other \_\_\_\_\_
- \_\_\_\_\_ Creation and state filing of new corporate entity, i.e. L.L.C.
- \_\_\_\_\_ Explanations of any insurance claims of the past five years
- \_\_\_\_\_ Copies of any litigation or arbitration pending or resolved in the past five years
- \_\_\_\_\_ Copies of any Employment and/or Non-Compete Agreements
- \_\_\_\_\_ Copy of Lease
- \_\_\_\_\_ Any licensing agreements, including software license agreements
- \_\_\_\_\_ Copies of Executed Engagement Letters
- \_\_\_\_\_ Copies of any indebtedness or leases to the company or its shareholders
- \_\_\_\_\_ Any other material agreements
- \_\_\_\_\_ Provide any policies or procedures related to quality control
- \_\_\_\_\_ Provide any internal human resource manuals and/or policies
- \_\_\_\_\_ Provide information on any reseller/dealer/alliance relationships or contingency fees and/or referral or commission arrangements between the company and outside vendors
- \_\_\_\_\_ Maintenance Contracts

## **Technology Information**

- \_\_\_\_\_ List a Complete Inventory of all Computers, Printers, Servers, Backups, etc. (age, type, platform)
- \_\_\_\_\_ Describe the communication/LAN cabling systems
- \_\_\_\_\_ List of Computer Applications along with their corresponding contracts and invoices
- \_\_\_\_\_ Name of Internet Browser Used
- \_\_\_\_\_ Names of Website Designer and Host