ISDA Phase 2 Due Diligence Checklist

**Important Note:** Items noted in **Bold**-**faced** type are typical ongoing concerns for existing operations and are generally required to be in place, prior to, or at the time of our engagement with ISDA. To help us best organize our due diligence team and resources, please submit this form indicating with a **check mark** ( [x]  ) which items are currently available. Any other items listed are not required to submit at this time, however, should be available in electronic format (Adobe PDF preferred) within **5 business days** of the applicant’s primary submission or upon request (whichever comes first).

 Items marked as **“N/A”** require an explanation as to the “Time to Completion” (T2C) in whole numbers of weeks (e.g. 1, 2, 3, or 4+) and “Cost to Completion” (C2C) in USD (e.g. $5,000). This initial due diligence document is for transparency. It is absolutely necessary for truthful and accurate transparency, communication for accurate processing, and the ability to proceed with due diligence.

|  |
| --- |
| 1. **Business Plan, Corporate Structure, Financing**
 |
| Item | Yes | N/A |  | Description | T2C | C2C | Comments |
|  | [ ]  | [ ]  | **Business Plan** | **Two (2) Page Executive Summary** |  |  |  |
|  | [ ]  | [ ]  | **Current full business plan (10-Year)** |  |  |  |
|  | [ ]  | [ ]  | Executive Summary |  |  |  |
|  | [ ]  | [ ]  | **Business Strategy** | **Brief review of organization and operating history** |  |  |  |
|  | [ ]  | [ ]  | **Short-term and long-term operating strategy** |  |  |  |
|  | [ ]  | [ ]  | **Philosophy towards (future) acquisitions and divestitures of assets or businesses**  |  |  |  |
|  | [ ]  | [ ]  | **Discuss vulnerability of the current strategy to: the economic cycle, regulatory changes, variances in the Company’s competitive situation, and industry trends** |  |  |  |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | [ ]  | [ ]  |  | **Discuss the growth opportunities for each of the Company’s business lines or product markets** |  |  |  |
|  | [ ]  | [ ]  | **Corporate Organization** | **Articles of incorporation, IRS Letter of Determination if Non-Profit, legal status, etc.** |  |  |  |
|  | [ ]  | [ ]  | **Fictitious name(s) and their uses (dba's)** |  |  |  |
|  | [ ]  | [ ]  | **Corporate Bylaws** |  |  |  |
|  | [ ]  | [ ]  | **Federal Employer Identification Number (FEIN)** |  |  |  |
|  | [ ]  | [ ]  | **Primary & Secondary SIC Codes and NAICS Code or ISIC Codes** |  |  |  |
|  | [ ]  | [ ]  | **Recent changes in corporate structure; change of strategic direction; emphasis** |  |  |  |
|  | [ ]  | [ ]  | Parent, subsidiaries, divisions and affiliates |  |  |  |
|  | [ ]  | [ ]  | **Organizational flow chart with relevant subsidiary relationships** |  |  |  |
|  | [ ]  | [ ]  | **Shareholders’ agreements** |  |  |  |
|  | [ ]  | [ ]  | **Minutes from board meetings** |  |  |  |
|  | [ ]  | [ ]  | **Shareholders** | **Current ownership structure (i.e. management, key employees, institutional %'s)** |  |  |  |
|  | [ ]  | [ ]  | **Number of outstanding shares or membership units** |  |  |  |
|  | [ ]  | [ ]  | Stock option plan |  |  |  |
|  | [ ]  | [ ]  | **If applicable, samples of common and preferred stock certificates, debentures, and other outstanding securities** |  |  |  |
|  | [ ]  | [ ]  | Warrants, options, and other rights to acquire equity securities |  |  |  |
|  | [ ]  | [ ]  | **Current shareholders, including number of shares owned, dates that shares were acquired, considerations received, and contact information** |  |  |  |
|  | [ ]  | [ ]  | Overview of contemplated equity investments |  |  |  |
|  | [ ]  | [ ]  | **Relevant private placement memoranda and other offering circulars, Blue Sky (state) registrations** |  |  |  |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | [ ]  | [ ]  | **Lenders** | **Out Standing convertible, senior, or other debt financing instruments** |  |  |  |
|  | [ ]  | [ ]  | **Current Bank lines of credit, loan agreements, or bank guarantees** |  |  |  |
|  | [ ]  | [ ]  | **Loan defaults or expected defaults** |  |  |  |
|  | [ ]  | [ ]  | **Recent Transactions** | **Description and rationale for each transaction** |  |  |  |
|  | [ ]  | [ ]  | **Purchase and sale agreements** |  |  |  |
|  | [ ]  | [ ]  | **Historical & Potential Acquisitions** | Outline of potential acquisition opportunities |  |  |  |
|  | [ ]  | [ ]  | Description of acquisitions in the last 3 years (including acquired revenue and EBITDA, purchase price, area of integration and performance post acquisition closing)  |  |  |  |
|  | [ ]  | [ ]  | Overview of structure and transaction rationale |  |  |  |
|  | [ ]  | [ ]  | **Estimated timeline and sequence of events to closing** |  |  |  |
|  | [ ]  | [ ]  | Describe integration process and expected timeline to complete assimilation |  |  |  |
|  | [ ]  | [ ]  | Outline challenges to integration (i.e. turnaround, personnel) |  |  |  |
|  | [ ]  | [ ]  | Describe expected synergies (i.e. consolidation of operating facilities, cost savings, etc.) |  |  |  |
|  | [ ]  | [ ]  | Provide a schedule of existing and projected earnings |  |  |  |
|  | [ ]  | [ ]  | Discuss acquisition candidate’s philosophy towards merger |  |  |  |
|  | [ ]  | [ ]  | **Regulations** | **Business licenses** |  |  |  |
|  | [ ]  | [ ]  | **Environmental permits (EPA) for building contracts** |  |  |  |
|  | [ ]  | [ ]  | **Workers’ health and safety permits, insurance** |  |  |  |
|  | [ ]  | [ ]  | **Succession Plan** | **Description of how the business operates without the current management** |  |  |  |
|  | [ ]  | [ ]  | **Reasoning for current management’s desire to divest or sell the business** |  |  |  |
|  | [ ]  | [ ]  | Brief review of ESOP formation |  |  |  |
|  | [ ]  | [ ]  | Vesting schedules  |  |  |  |
|  | [ ]  | [ ]  | Share repurchase strategy |  |  |  |

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| --- |
| 1. **Marketing, Products, Sales, Service**
 |
| Item | Yes | N/A |  | Description | T2C | C2C | Comments |
|  | [ ]  | [ ]  | **Industry & Competitive Market Analysis** | **Overview of Market size (current and future); Market growth rate; Market profitability; Industry cost structure; Distribution channels; Market trends** |  |  |  |
|  | [ ]  | [ ]  | **Discuss current industry specific trends and how these trends affect the Company/programs** |  |  |  |
|  | [ ]  | [ ]  | Overview of government budgetary historical and projected expenditures as they relate to the Company |  |  |  |
|  | [ ]  | [ ]  | **Discuss Company’s market share in each market segment** |  |  |  |
|  | [ ]  | [ ]  | Review of applicable procurement trends at major federal agencies that relate to the Company |  |  |  |
|  | [ ]  | [ ]  | **List primary competitors by division or market segment and their respective market share** |  |  |  |
|  | [ ]  | [ ]  | **Competition by product line (include contact details, market size, market share, and competitive advantages and disadvantages)** |  |  |  |
|  | [ ]  | [ ]  | **List Company’s strengths, weaknesses, opportunities, and threats (SWOT)** |  |  |  |
|  | [ ]  | [ ]  | **List primary competitors strengths, weaknesses, opportunities, and threats (SWOT)** |  |  |  |
|  | [ ]  | [ ]  | **Review basis of competition (technical performance, price, contract/relationship history, etc.)** |  |  |  |
|  | [ ]  | [ ]  | **Discuss target market segments (including total market size and forecasts)** |  |  |  |
|  | [ ]  | [ ]  | **List any relevant industry reports the Company has used** |  |  |  |
|  | [ ]  | [ ]  | **List Trade publications and contact information** |  |  |  |
|  | [ ]  | **[ ]**  | **Marketing, Products, Sales, and Service** | **Outline strategy for each product line or division**  |  |  |  |
|  | [ ]  | **[ ]**  | **Review selling or bid and proposal process (i.e. authorization of proposals)** |  |  |  |
|  | [ ]  | **[ ]**  | Bid and proposal win rates by division (new business and compete) on both a dollar and volume basis (last 3 years) |  |  |  |
|  | [ ]  | **[ ]**  | Any contemplated changes to strategy, specifically distribution, pricing, and performance in relation to recent acquisition(s) or market trends |  |  |  |
|  | [ ]  | **[ ]**  | **Outline sales/marketing coverage model (i.e. personnel, budgets, etc.)** |  |  |  |
|  | [ ]  | **[ ]**  | **Impact of internet or other media to current marketing strategy** |  |  |  |
|  | [ ]  | **[ ]**  | **Current and historical market research/customer surveys**  |  |  |  |
|  | [ ]  | **[ ]**  | **Product rollout schedule and product life cycle** |  |  |  |
|  | [ ]  | **[ ]**  | **Copies of patents, trademarks or other intellectual property filed or obtained** |  |  |  |
|  | [ ]  | **[ ]**  | **Pricing strategy of product or service** |  |  |  |
|  | [ ]  | **[ ]**  | **Descriptions of existing partners and joint ventures** |  |  |  |
|  | [ ]  | **[ ]**  | **Distribution channels and methods** |  |  |  |
|  | [ ]  | **[ ]**  | **Promotion tactics** |  |  |  |
|  | [ ]  | **[ ]**  | Top-10 customers by product line and total installed base |  |  |  |
|  | [ ]  | **[ ]**  | **Sales and marketing presentations and campaigns** |  |  |  |
|  | [ ]  | **[ ]**  | **Features and benefits of product offerings** |  |  |  |
|  | [ ]  | **[ ]**  | **Product catalogs and brochures** |  |  |  |
|  | [ ]  | **[ ]**  | **Press releases or articles written about the organization (last 3 years)** |  |  |  |
|  | [ ]  | [ ]  | **Professional affiliations and associations** |  |  |  |
|  | [ ]  | [ ]  | **Customer service strategy** |  |  |  |
|  | [ ]  | [ ]  | **Transactions & Contracts with Affiliated Parties** | **Revenue and EBITDA/profit for major customers/contracts/programs/products (last 3 years)** |  |  |  |
|  | [ ]  | [ ]  | **Discussion of margins and trends for customer/contract/program/product categories** |  |  |  |
|  | [ ]  | [ ]  | **Customer/contract/program/product concentrations** |  |  |  |
|  | [ ]  | [ ]  | **Total revenue for top 10 (last 3 years) Total EBITDA/margin for top 10 (last 3 years)** |  |  |  |
|  | [ ]  | [ ]  | **Major customers/contracts/programs/products gained or lost (last 3 years)** |  |  |  |
|  | [ ]  | [ ]  | **Major customer/contract/program/product descriptions including scope of work, terms, contract type, period of performance, cost basis, status (prime/sub), along with discussion of renewal risk** |  |  |  |
|  | [ ]  | [ ]  | **Contract backlog/booking report including a breakdown of contract ceiling, funded and unfunded values, revenue-to-date, and estimated remaining value** |  |  |  |
|  | [ ]  | [ ]  | Projected backlog forecast/waterfall showing revenue based on existing, follow-on, and new business |  |  |  |
|  | [ ]  | [ ]  | **Discuss any contracts performing at a loss** |  |  |  |
|  | [ ]  | [ ]  | **Revenue by contract vehicle (i.e., FP, CP, T&M) (last 3 years)** |  |  |  |
|  | [ ]  | [ ]  | **Revenue by international vs. domestic** |  |  |  |
|  | [ ]  | [ ]  | **Discuss pricing dynamics and trends** |  |  |  |
|  | [ ]  | [ ]  | **Discuss collection process and terms extended** |  |  |  |
|  | [ ]  | [ ]  | **Major contracts by product line** |  |  |  |
|  | [ ]  | [ ]  | **Support/maintenance contracts** |  |  |  |
|  | [ ]  | [ ]  | **Warranties and guarantees** |  |  |  |
|  | [ ]  | [ ]  | **Other customer-related contracts** |  |  |  |
|  | [ ]  | [ ]  | **Supplier contracts** |  |  |  |
|  | [ ]  | [ ]  | **Technology** | **Assess the impact of technology changes on business or industry** |  |  |  |
|  | [ ]  | [ ]  | **Technology strategy in place** |  |  |  |
|  | [ ]  | [ ]  | **Overall technology/engineering capabilities** |  |  |  |
|  | [ ]  | [ ]  | **Technical competitive advantages and weaknesses** |  |  |  |
|  | [ ]  | [ ]  | **Technical personnel professional level** |  |  |  |
|  | [ ]  | [ ]  | Copies of user documentation by product (current and historical) |  |  |  |
|  | [ ]  | [ ]  | Copies of technical requirements, code strategy by product (current and historical) |  |  |  |
|  | [ ]  | [ ]  | **Development process** |  |  |  |
|  | [ ]  | [ ]  | **Current research & development programs** |  |  |  |
|  | [ ]  | [ ]  | **Manufacturing** | **Describe manufacturing process for each product line** |  |  |  |
|  | [ ]  | [ ]  | **Describe present usage of facilities and equipment** |  |  |  |
|  | [ ]  | [ ]  | **List production capabilities by facility and discuss current utilization of capacity (% capacity, number of shifts/plant)** |  |  |  |
|  | [ ]  | [ ]  | **Summary of quality assurance programs/procedures** |  |  |  |
|  | [ ]  | [ ]  | **Risk Factors & Mitigation** | **Critical risks and problems including, but not limited to the following:** |  |  |  |
|  | [ ]  | [ ]  | * + - **price cutting by competitors**
 |  |  |  |
|  | [ ]  | [ ]  | * + - **potentially unfavorable industry-wide trends**
 |  |  |  |
|  | [ ]  | [ ]  | * + - **design or operating costs overruns**
 |  |  |  |
|  | [ ]  | [ ]  | * + - **sales projections not achieved**
 |  |  |  |
|  | [ ]  | [ ]  | * + - **development schedules not met**
 |  |  |  |
|  | [ ]  | [ ]  | * + - **difficulties or long lead times for procurement of materials**
 |  |  |  |
|  | [ ]  | [ ]  | * + - **difficulties in obtaining bank line of credit**
 |  |  |  |
|  | [ ]  | [ ]  | * + - **cost overruns in R&D**
 |  |  |  |
|  | [ ]  | [ ]  | * + - **lack of availability of trained labor**
 |  |  |  |
|  | [ ]  | [ ]  | * + - **others specific to industry**
 |  |  |  |
|  | [ ]  | [ ]  | **Suppliers & Subcontractors** | **Discuss relationships with primary suppliers** |  |  |  |
|  | [ ]  | [ ]  | **Supplier volumes and degree of concentration**  |  |  |  |
|  | [ ]  | [ ]  | **Total purchases from top 10 suppliers by product category (last 3 years)** |  |  |  |
|  | [ ]  | [ ]  | **Major suppliers gained or lost (last 3 years)** |  |  |  |
|  | [ ]  | [ ]  | **Discuss purchasing power relative to competition** |  |  |  |
|  | [ ]  | [ ]  | **Summary of agreements or contracts with major suppliers** |  |  |  |
|  | [ ]  | [ ]  | **Discuss any relevant pricing trends** |  |  |  |
|  | [ ]  | [ ]  | **Discuss material prices, pricing dynamics, and trends** |  |  |  |
|  | [ ]  | [ ]  | **Discuss relationships with primary subcontractors** |  |  |  |
|  | [ ]  | [ ]  | **Discuss relevant technical skills of subcontractor base** |  |  |  |
|  | [ ]  | [ ]  | **Summary of teaming arrangements with major subcontractors** |  |  |  |
|  | [ ]  | [ ]  | **Discuss trends in subcontractor staffing** |  |  |  |
|  | [ ]  | [ ]  | **Inventory** | Inventory analysis by product line (i.e. raw materials, work-in-process, finished goods, age)  |  |  |  |
|  | [ ]  | [ ]  | **Discuss inventory controls** |  |  |  |

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| 1. **Financial and Operations**
 |
| Item | Yes | N/A |  | Description | T2C | C2C | Comments |
|  | [ ]  | [ ]  | **Accounting Methods** | **Summary of significant accounting policies, including comparison and contrast to industry specific nuances** |  |  |  |
|  | [ ]  | [ ]  | **Discussion of internal accounting controls** |  |  |  |
|  | [ ]  | [ ]  | **Review any adjustments required for GAAP** |  |  |  |
|  | [ ]  | [ ]  | **Outline revenue recognition methodology (i.e. cash, accrual, etc.)** |  |  |  |
|  | [ ]  | [ ]  | Outline pension funding policy |  |  |  |
|  | [ ]  | [ ]  | **Accounting & Tax Planning** | **Discussion of write-offs, non-recurring items, and discontinued operations** |  |  |  |
|  | [ ]  | [ ]  | **Discussion of major balance sheet accounts (i.e. short-term/long-term debt schedules)** |  |  |  |
|  | [ ]  | [ ]  | **Discussion of any major reserves related to accounts receivable, inventory, and bad debt (last 3 years)**  |  |  |  |
|  | [ ]  | [ ]  | **Review off-balance sheet items (joint ventures, minority investments, venture investments, and contingent liabilities)** |  |  |  |
|  | [ ]  | [ ]  | **Identify any major tax issues (related to acquisition or otherwise)** |  |  |  |
|  | [ ]  | [ ]  | **Audited Financial Statements** | **Auditor’s review letters and annual management letters (last 3 years)** |  |  |  |
|  | [ ]  | [ ]  | **Three years of quarterly historical statements:** |  |  |  |
|  | [ ]  | [ ]  | * + **Income statement (P&L) by division (if applicable)**
 |  |  |  |
|  | [ ]  | [ ]  | * + **Balance sheet**
 |  |  |  |
|  | [ ]  | [ ]  | * + **Statement of cash flows**
 |  |  |  |
|  | [ ]  | [ ]  | * + **Statement of shareholders’ equity**
 |  |  |  |
|  | [ ]  | [ ]  | **CYTD statements (by division if applicable)** |  |  |  |
|  | [ ]  | [ ]  | **Historical Management/Financial reporting packages (last 3 years)** |  |  |  |
|  | [ ]  | [ ]  | **Accountant prepared due diligence report** |  |  |  |
|  | [ ]  | [ ]  | **Review distribution and concentrations in revenues and EBITDA within divisions** |  |  |  |
|  | [ ]  | [ ]  | Detail historical growth – acquisition versus organic |  |  |  |
|  | [ ]  | [ ]  | **Volume and pricing by quarter (last 3 years)** |  |  |  |
|  | [ ]  | [ ]  | **Research & development expenditures (last 3 years)** |  |  |  |
|  | [ ]  | [ ]  | **Budgeting** | **Review of actual versus budgeted results (last 3 years)** |  |  |  |
|  | [ ]  | [ ]  | **Outline fixed versus variable expenses**  |  |  |  |
|  | [ ]  | [ ]  | **Discussion of corporate allocations**  |  |  |  |
|  | [ ]  | [ ]  | **Discuss seasonality of business and impact on working capital needs** |  |  |  |
|  | [ ]  | [ ]  | **Plans for future financing arrangements** |  |  |  |
|  | [ ]  | [ ]  | **Outline budget / long-term planning process** |  |  |  |
|  | [ ]  | [ ]  | **Projections** | **Provide detailed financial model for pro forma Company (including acquisitions)**  |  |  |  |
|  | [ ]  | [ ]  | **Projected income statement with breakout of synergies (10 years)**  |  |  |  |
|  | [ ]  | [ ]  | **Projected revenue, gross profit, operating profit, and EBITDA by division/program/contract/product (10 years)**  |  |  |  |
|  | [ ]  | [ ]  | **Projected balance sheet (10 years)**  |  |  |  |
|  | [ ]  | [ ]  | **Projected cash flow statement (10 years)** |  |  |  |
|  | [ ]  | [ ]  | **Capital expenditure plans (10 years)** |  |  |  |
|  | [ ]  | [ ]  | **Detailed description of projection assumptions (i.e. revenue growth, EBITDA margin, etc.)** |  |  |  |
|  | [ ]  | [ ]  | **Monthly sales projections and sales pipeline over next 18 months, including assumptions (by division if applicable)** |  |  |  |
|  | [ ]  | [ ]  | Contemplated restructuring programs and cost/benefit analysis |  |  |  |
|  | [ ]  | [ ]  | **Areas for potential acquisition synergies, in terms of revenue enhancement and cost savings** |  |  |  |
|  | [ ]  | [ ]  | **Outline of capital needs and impact on capital structure** |  |  |  |
|  | [ ]  | [ ]  | **Key Financial Ratios** | **Liquidity** |  |  |  |
|  | [ ]  | [ ]  | **Leverage** |  |  |  |
|  | [ ]  | [ ]  | **Operating efficiency** |  |  |  |
|  | [ ]  | [ ]  | **Profitability** |  |  |  |
|  | [ ]  | [ ]  | **Return to investors** |  |  |  |
|  | [ ]  | [ ]  | **Corporate Philanthropy exceeds US national average** |  |  |  |
|  | [ ]  | [ ]  | **Job Creation** |  |  |  |
|  | [ ]  | [ ]  | **Industry comparison & contrast** |  |  |  |
|  | [ ]  | [ ]  | **Taxes & Audits** | **Historical tax rate** |  |  |  |
|  | [ ]  | [ ]  | **Federal and state net operating loss carryforwards** |  |  |  |
|  | [ ]  | [ ]  | **Tax returns (3 Years personal & business)** |  |  |  |
|  | [ ]  | [ ]  | **Summary results of all tax examinations and audits** |  |  |  |
|  | [ ]  | [ ]  | **Receivables** | **Accounts receivable turnover** |  |  |  |
|  | [ ]  | [ ]  | **Accounts receivable / payable aging schedule** |  |  |  |
|  | [ ]  | [ ]  | **Accounts receivable / payable control and credit policy** |  |  |  |
|  | [ ]  | [ ]  | **Accounts receivable / payable seasonality** |  |  |  |
|  | [ ]  | [ ]  | **Capital Expenditures** | **Last three years** |  |  |  |
|  | [ ]  | [ ]  | **Five-year gross projection** |  |  |  |
|  | [ ]  | [ ]  | **Detailed priority list** |  |  |  |
|  | [ ]  | [ ]  | **Tangible Property** | **List all real estate owned by the company, including but not limited to the following:** |  |  |  |
|  | [ ]  | [ ]  | * + **improvements**
 |  |  |  |
|  | [ ]  | [ ]  | * + **assessed valuation and amount of current real estate taxes**
 |  |  |  |
|  | [ ]  | [ ]  | * + **mortgages, including amount, rate of interest, and due date**
 |  |  |  |
|  | [ ]  | [ ]  | * + **liens or encumbrances**
 |  |  |  |
|  | [ ]  | [ ]  | * + **estimated present value**
 |  |  |  |
|  | [ ]  | [ ]  | * + **copies of documents of title, mortgages, deeds of trust, leases and security agreements pertaining to the properties listed above**
 |  |  |  |
|  | [ ]  | [ ]  | **Property Leases** | **List all real estate leased by the company, including but not limited to the following:** |  |  |  |
|  | [ ]  | [ ]  | * + **amount of space per location**
 |  |  |  |
|  | [ ]  | [ ]  | * + **rent fixed and contingencies per location**
 |  |  |  |
|  | [ ]  | [ ]  | * + **lease terms per location**
 |  |  |  |
|  | [ ]  | [ ]  | * + **minimum total gross rental obligations to expiration of all leases in force**
 |  |  |  |
|  | [ ]  | [ ]  | **Equipment** | **List (itemized separately)** |  |  |  |
|  | [ ]  | [ ]  | * + **Depreciation method**
 |  |  |  |
|  | [ ]  | [ ]  | * + **Age of primary equipment and categories**
 |  |  |  |
|  | [ ]  | [ ]  | * + **Liquidation value**
 |  |  |  |
|  | [ ]  | [ ]  | * + **Replacement value**
 |  |  |  |
|  | [ ]  | [ ]  | **Other Leases** | **Lenders (itemized separately)** |  |  |  |
|  | [ ]  | [ ]  | * + **Terms**
 |  |  |  |
|  | [ ]  | [ ]  | * + **Interest rate**
 |  |  |  |
|  | [ ]  | [ ]  | * + **Payment schedule**
 |  |  |  |
|  | [ ]  | [ ]  | **Licensing** | **Product / Service licenses owned and/or used** |  |  |  |
|  | [ ]  | [ ]  | **Copy of any license, private label, royalty, OEM or agreements that affect the proprietary nature of any of the company’s product(s) or service(s)** |  |  |  |
|  | [ ]  | [ ]  | **Permits for conduct of business, including licenses, franchises, concessions, and distributorship agreements and conditional sales contracts** |  |  |  |
|  | [ ]  | [ ]  | **List of all locations where the parent and its subsidiaries are authorized to do business.** |  |  |  |
|  | [ ]  | [ ]  | International - Authorization to operate in each location outside the United States |  |  |  |
|  | [ ]  | [ ]  | **Litigation / Arbitration** | **Current litigation and potential damages** |  |  |  |
|  | [ ]  | [ ]  | **Potential litigation and potential damages** |  |  |  |
|  | [ ]  | [ ]  | **Associated with any material outstanding payments or debts of any kind** |  |  |  |
|  | [ ]  | [ ]  | **Government** | **Summary of status with government regulatory agencies (IRS, EPA, OSHA, etc.)** |  |  |  |
|  | [ ]  | [ ]  | SEC Filings (last 3 years) |  |  |  |
|  | [ ]  | [ ]  | **Review of environmental issues** |  |  |  |
|  | [ ]  | [ ]  | **Insurance** | **Provide insurance coverage for major operations** |  |  |  |
|  | [ ]  | [ ]  | * + **Property & Casualty**
 |  |  |  |
|  | [ ]  | [ ]  | * + **Liability**
 |  |  |  |
|  | [ ]  | [ ]  | * + **Key-person replacement (not life)**
 |  |  |  |
|  | [ ]  | [ ]  | * + **Errors & Omissions; Officers & Directors and/or other indemnification**
 |  |  |  |
|  | [ ]  | [ ]  | * + **Workers’ compensation / history of workers’ compensation claims**
 |  |  |  |
|  | [ ]  | [ ]  | * + **Other**
 |  |  |  |
|  | [ ]  | [ ]  | **Information Systems** | **Description of infrastructure** |  |  |  |
|  | [ ]  | [ ]  | **Security layers** |  |  |  |
|  | [ ]  | [ ]  | **Backup strategy** |  |  |  |
|  | [ ]  | [ ]  | **Risk Factors & Mitigation** | **Critical risks and problems including, but not limited to the following:** |  |  |  |
|  | [ ]  | [ ]  | * + **economic**
 |  |  |  |
|  | [ ]  | [ ]  | * + **political**
 |  |  |  |
|  | [ ]  | [ ]  | * + **legislative / judicial**
 |  |  |  |
|  | [ ]  | [ ]  | * + **taxation**
 |  |  |  |
|  | [ ]  | [ ]  | * + **other financial / operational risks**
 |  |  |  |

|  |
| --- |
| 1. **Human Resources**
 |
| Item | Yes | N/A |  | Description | T2C | C2C | Comments |
|  | [ ]  | [ ]  | **Management** | **Organizational chart (including number of employees by department)** |  |  |  |
|  | [ ]  | [ ]  | **Biographies of officers and directors** |  |  |  |
|  | [ ]  | [ ]  | **Resumes for key managers and key employees** |  |  |  |
|  | [ ]  | [ ]  | Physician's report for officers and key personnel (clean bill-of-health) |  |  |  |
|  | [ ]  | [ ]  | **Management stock ownership and incentive programs** |  |  |  |
|  | [ ]  | [ ]  | **Has any officer, director, or major shareholder ever had any difficulties of any nature with the Securities and Exchange Commission (SEC), and/or the national Association of Securities Dealer (NASD), FINRA or any state securities commission or agency? If yes, describe the circumstances in detail.** |  |  |  |
|  | [ ]  | [ ]  | **Has any officer, director, or major shareholder ever been convicted of a felony? If yes, describe the circumstances in detail.** |  |  |  |
|  | [ ]  | [ ]  | **Has any officer, director, or major shareholder ever been under indictment, investigation, or threatened by the SEC, NASD, FINRA, a state commission, or a public agency with prosecution for violation of a state or federal statute? If yes, describe the circumstances in detail.** |  |  |  |
|  | [ ]  | [ ]  | **Has any officer, director, or major shareholder ever been adjudicated as bankrupt? If yes, describe the circumstances in detail.** |  |  |  |
|  | [ ]  | [ ]  | Current notarized Will and **"Family Love Letter"** |  |  |  |
|  | [ ]  | [ ]  | **Compensation and Benefits** | **Cash compensation per employee (including salary, bonuses, commissions)** |  |  |  |
|  | [ ]  | [ ]  | **Summary of standard employee benefits (such as medical insurance, disability insurance, vacation)** |  |  |  |
|  | [ ]  | [ ]  | **Copies of 401(k) and other qualified pension and profit-sharing plans** |  |  |  |
|  | [ ]  | [ ]  | **Incentive compensation** |  |  |  |
|  | [ ]  | [ ]  | **Other** | **Ownership interest** |  |  |  |
|  | [ ]  | [ ]  | **Provide number of employees and their detailed functional breakdown (i.e. number of PhD’s, M.A.s, engineers, technicians, medical personnel, etc.)** |  |  |  |
|  | [ ]  | [ ]  | **Employee Census Chart including but not limited to: Age; Education; Title and function; responsibilities; Length of service with company; Posts held and functions performed for the company prior to present post; Compensation; Past business associations and posts held; Special distinctions; Other directorates or present business affiliations** |  |  |  |
|  | [ ]  | [ ]  | **Employment and related confidentiality/non-compete contracts** |  |  |  |
|  | [ ]  | [ ]  | **Performance evaluation criteria** |  |  |  |
|  | [ ]  | [ ]  | **Discuss use of workers to address seasonal demand** |  |  |  |
|  | [ ]  | [ ]  | **Material transactions with insiders or associates of insiders** |  |  |  |
|  | [ ]  | [ ]  | Discuss any collective bargaining agreements currently in place and the number of employees under such agreements |  |  |  |
|  | [ ]  | [ ]  | Review any recent management changes |  |  |  |
|  | [ ]  | [ ]  | **References** | **Executives:** Three personal and professional references for each, including one from a community leader (showing community involvement) |  |  |  |
|  | [ ]  | [ ]  | **Attorney:** All legal relationships |  |  |  |
|  | [ ]  | [ ]  | **All directors and significant affiliates:** include brief biographies |  |  |  |
|  | [ ]  | [ ]  | **Investors:** List all individuals and institutional investors |  |  |  |
|  | [ ]  | [ ]  | **Customers:** List of top 10 |  |  |  |
|  | [ ]  | [ ]  | **Strategic Partners:** List of top 10 |  |  |  |
|  | [ ]  | [ ]  | **Consultants, freelance workers:** (current and historical) |  |  |  |
|  | [ ]  | [ ]  | **Accountants, Insurance, Trustees and Transfer Agents:** (current and historical) |  |  |  |
|  | [ ]  | [ ]  | **Bankers and creditors:** (current and historical) |  |  |  |
|  | [ ]  | [ ]  | **Associations:** All industry associations in which company and management are affiliated or active |  |  |  |

## Submitted By:

Principal Signature: Submittal Date:

**Note**: As of the date above, you acknowledge that all information provided by you is accurate and true. Please attach separately any supplemental items or facts not otherwise included in this general list. For those items you wish to provide additional commentary, please reference the corresponding item number for each description matter. Thank you.