Due Diligence Documentation Checklist

Ready for Presentation	Requires Preparation	REQUIRED DOCUMENTS
☐	☐	**Federal tax returns for the past three years,** allowing the buyer to verify the revenues shown on financial statements. Present business tax returns, or if your business is a sole proprietorship, LLC or S corporation that passes revenue through to you personally, present Schedule C of your personal return.
☐	☐	**Business income statements and balance sheets** for the current and the past 2-3 years, plus current cash flow statement, all presented in formal, professionally reviewed reports following industry standards.
☐	☐	**Statement of seller's discretionary income or owner's cash flow,** presenting how much money the business generates annually for the benefit of its owner.
☐	☐	**Financial trends and ratios,** including revenue and profit growth trends.
☐	☐	**Accounts receivables/accounts payable** lists.
☐	☐	**Inventory list,** including value.
☐	☐	**Major equipment and furnishings list,** including value.
☐	☐	**Supporting financial information,** such as inventory turnover rate, receivable collection rate and current or liquidity ratio.
☐	☐	**Current building lease,** including lease duration and transferability.
☐	☐	**Fixtures, furnishings and equipment list,** including all items included in the sale with photos of major items, titles confirming ownership, lease and maintenance agreements and depreciation schedules from the most recent tax return.

Ready for Presentation	Requires Preparation	REQUIRED DOCUMENTS
☐	☐	**Copies of contracts and agreements** with employees, customers, suppliers, distributors and others.
☐	☐	**Intellectual property documentation** for patents, trademarks and other items, each showing ownership by the business rather than by individuals.
☐	☐	**Management and operational documentation,** including procedural manuals, product and price lists and other reports, plans and agreements.
☐	☐	**Staffing records,** including list of employees with hire dates, salaries, contracts and benefit summaries; description of employee benefits plan; organization chart; employee policy manual.
☐	☐	**Client information,** including descriptions of relationship and agreements.
☐	☐	**Supplier and distributor lists,** including descriptions of relationship and agreements.
☐	☐	**Business and marketing plans** or summary descriptions.
☐	☐	**Current business licenses, certifications or registrations,** including verification of transferability.
☐	☐	**Business formation documents.**