

## Readiness Checklist for Due Diligence

As your company embarks on discussions surrounding potential deals, it is essential to lay a solid foundation by ensuring that key documents and information are readily accessible. This readiness checklist serves as your strategic companion, offering guidance on the critical information and documentation necessary for a seamless due diligence process. Keep in mind that document requirements may vary based on company structure, and early preparation is key to positioning your company for success in any transaction.

### Background Information & Corporate Documents

- Company organization chart
- Board of Directors listing
- Board meeting minutes
- If the company is an S corporation, the company should maintain a copy of the 2553 Election. A request can be made for a copy if this cannot be found but it takes time to get.
- Articles of incorporation, By-laws, and operating agreements as applicable.
- Description of the capital structure.
- Listing of all registered trademarks including expiration dates.
- If an audit has been done, a copy of any legal letters received and any management letter issued by the auditors should be retained.
- The company should maintain a binder with their insurance policies and a summary schedule of coverage, policy dates, and locations.
- A history of workers compensation claims should be maintained.
- A list of jurisdictions where the company is doing business, certificates of good standing in states where they require these certificates, and if they have not been obtained but required.
- A listing of employees by state.



## Contracts & Commitments

- Lease agreements (including equipment leases) with an abstract of the terms should be maintained.
- Loan agreements with an abstract of the terms.
- Future minimum payment schedules for debt and lease obligations (financial statement footnotes would include these schedules).
- Security agreements and UCC filings.
- Co-packer agreements with a summary of commitments included in the contract.
- Product Recalls – If there have been any product recalls, details should be maintained.
- Summary of any pending or threatened litigation.
- Description of any environmental issues.
- The company should maintain resale certificates and file sales and use tax returns in the appropriate jurisdictions.
- A listing of any other miscellaneous state or local taxes that the company is subject to along with copies of recent filings.
- Employment agreements and equity incentive plans
- Employee benefit plan documents and copies of form 5500 filed for each of the past three years (401k plans, health plans)
- Correspondence with regulatory agencies should be maintained.