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## Keystone Business Ventures, Inc.

*Certified Business Valuations – Strategic Merger & Acquisition Advisory – Commercial Real Estate Investments*

### Buyer’s Due Diligence Checklist

- Customer Related: Reviewed / NA
1. Seller to provide current lists of all present and past customers and distributors \_\_\_\_\_
  2. Seller to provide copies of open contracts or purchase orders with customers. \_\_\_\_\_
  3. Seller to provide copies of customers’ invoicing. \_\_\_\_\_
  4. Seller to provide current list of contracted sales (backlog) and a current production schedule. \_\_\_\_\_
  5. Seller to make available all customer quotes submitted from Jan 2013 through May 2014. \_\_\_\_\_
  6. Seller to allow Buyer to review customer files for contracts, correspondence, sales invoices, credit memos and payments. \_\_\_\_\_

- Vendor Related: Reviewed / NA
7. Seller to provide a list of primary vendors. \_\_\_\_\_
  8. Seller to provide a copy of any supplier contracts for goods and services. \_\_\_\_\_

- Administrative – Employees: Reviewed / NA
9. Seller to provide up-to-date list and copies of the following:
    - a) Company organizational chart, \_\_\_\_\_
    - b) Seller to allow Buyer to review all personnel files and payroll records, \_\_\_\_\_
    - c) Union contracts, \_\_\_\_\_
    - d) Employment contracts or parachute contracts, \_\_\_\_\_
    - e) Bonus or similar incentive plans, \_\_\_\_\_
    - f) Pension plans, \_\_\_\_\_
    - g) Profit sharing plans, \_\_\_\_\_
    - h) Stock option plans, \_\_\_\_\_
    - i) Secrecy agreements with outsiders; also employment agreements for non-disclosure, assignment or patents, etc., \_\_\_\_\_
    - j) ESOP and stock bonus plan, \_\_\_\_\_
    - k) Any other miscellaneous benefit plan exclusive of medical plans, including deferred compensation agreements, \_\_\_\_\_
    - l) Trust agreements related to any of the above plans, \_\_\_\_\_
    - m) Actuarial reports pertaining to benefit plans, \_\_\_\_\_
    - n) Financial statements pertaining to the above plans, \_\_\_\_\_



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- o) Form 5500, Affirmative Action Plans, EEO-I Reports and any other returns, reports or documents filed with the IRS, Department of Labor, Pension Benefit Guaranty Corporation (PBGC) or other agencies, \_\_\_\_\_
- p) Most recent IRS Determination Letter for each tax qualified plan and Summary Plan Description for each of the benefit plans, \_\_\_\_\_
- q) PBGC Administrators Certificate of Sufficiency where any plan has been terminated, \_\_\_\_\_
- r) Employee booklets, and \_\_\_\_\_
- s) Employment application forms. \_\_\_\_\_
- 10. Seller to provide any outside contract labor agreements. \_\_\_\_\_
- 11. Seller to provide any Real Estate or Personal Property tax bills for most recent year. \_\_\_\_\_

Current Assets: Reviewed / NA

- 12. Seller to provide a current customer accounts receivable aging report. \_\_\_\_\_
- 13. Seller to provide a list of notes receivables and make related information available for buyer to review. \_\_\_\_\_
- 14. Seller to allow Buyer and/or experts to observe and inspect physical inventory. \_\_\_\_\_
- 15. Seller to provide a list of all expendable tooling, raw material, work-in-process and finished inventory. \_\_\_\_\_
- 16. Seller to provide a list of prepaid expenses, deposits, and other assets. \_\_\_\_\_

Fixed Assets: Reviewed / NA

- 17. Seller to provide a list of all machinery, tooling and equipment owned and leased. List to include each item’s depreciation schedule through December 31, 2012. \_\_\_\_\_
- 18. Seller to make available repairs and maintenance information for machinery, major tools and equipment. \_\_\_\_\_
- 19. Seller to allow Buyer and/or approved expert to inspect and test machinery, Tools and equipment – prior to closing. \_\_\_\_\_
- 20. Seller to provide a list of any customer owned machinery, tools, molds, and Equipment, located at Seller’s facility. \_\_\_\_\_
- 21. Seller to provide a list and copies of all of the following:
  - a) Patents and patent applications, \_\_\_\_\_
  - b) Trademarks and trademark applications, \_\_\_\_\_
  - c) Copyright and copyright applications, \_\_\_\_\_
  - d) Licenses, \_\_\_\_\_
  - e) Trade secrets, and \_\_\_\_\_
  - f) Other intangible rights. \_\_\_\_\_



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Liabilities:	Reviewed / NA
22. Seller to provide a current accounts payable aging report.	_____
23. Seller to provide a current list of issued but not received purchase orders.	_____
24. Seller to provide a list and copies of the following:	_____
a) All loan or other credit agreements,	_____
b) All documents relating to security of indebtedness,	_____
c) All credit lines,	_____
d) All letters of credit issued on behalf of seller,	_____
e) All guarantees by company or other accommodation liabilities, and	_____
f) Guarantees by Seller of company indebtedness.	_____
25. Seller to provide the following product liability information:	_____
a) Sample of product warranties,	_____
b) Claims experience,	_____
c) Product recalls, and	_____
d) Product design and testing procedures.	_____
26. Seller to provide an accurate and up-to-date list and copies of the following contracts:	_____
a) Sales representative agreements and distributor contracts,	_____
b) Installment sales contracts for real or personal property,	_____
c) Operating leases for machinery, equipment, tooling or other personal property,	_____
d) Leases for real property, and	_____
e) Other miscellaneous contracts in connection with day-to-day operations.	_____
27. Seller to provide a current list of goods and services received but not included on the accounts payable report.	_____
28. Seller to provide a list of accrued expenses and other liabilities.	_____
29. Seller to provide accurate, up-to-date list and copies of information related to:	_____
a) Any pending legal actions, and	_____
b) OSHA, EPA, NLRD, EEOC, OFCCP, Immigration Act, IRS, State Human Rights Commission or other governmental proceedings which may result in a fine or Injunction.	_____
30. Seller to provide a list and copies of all insurance contracts:	_____
a) Occurrence type liability policies,	_____
b) Key man insurance, and	_____
c) Worker’s Compensation.	_____
31. Seller to provide details and copies of the following:	_____



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- a) Leases between Seller, Officers, Directors, or Shareholders, \_\_\_\_\_
- b) Loans from Seller, Officers, Directors, or Shareholders, and \_\_\_\_\_
- c) Guarantees of indebtedness or obligations by Seller, Officers, Directors, or Shareholders. \_\_\_\_\_
- 32. Seller to complete Preliminary Environmental Questionnaire (Exhibit B) \_\_\_\_\_
- 33. Seller to allow Buyer and/or their professional advisors to inspect internal financial statements and tax returns from 2008 to 2012. \_\_\_\_\_
- 34. Provide any recent Real Estate appraisal. \_\_\_\_\_

Make available 14 business days prior to closing. Reviewed / NA

- 35. Seller to make available to the Buyer and/or approved experts the following information:
  - a) Articles of Incorporation, \_\_\_\_\_
  - b) Minutes from Board of Directors, and shareholders meetings authorizing sale of the business, \_\_\_\_\_
  - c) Stock transfer book, \_\_\_\_\_
  - d) List of all states where company conducts business, and \_\_\_\_\_
  - e) Any stockholder agreements. \_\_\_\_\_



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