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## Keystone Business Ventures, Inc.

*Certified Business Valuations – Certified Machinery & Equipment Appraisals  
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. \_\_\_\_\_

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### **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. \_\_\_\_\_

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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, \_\_\_\_\_



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- 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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