Introduction to Due Diligence Requirements

As part of the business acquisition process, due diligence is a critical step to ensure a comprehensive understanding of the company being purchased. This phase allows us to assess the financial health, operational structure, legal obligations, and overall value of the business. While this document provides a high-level overview, it outlines the key areas we will analyze to evaluate the company effectively.

The goal of this process is to identify opportunities, mitigate risks, and build confidence in the transaction for both parties. Transparency and collaboration during due diligence will help ensure a smooth transition and preserve the legacy and value of the business. Below is a list of essential items that will be needed to proceed with the analysis.

- Last 3 years profit & loss statements
- Year-to-date profit & loss statement
- Last 3 years tax returns
- Current balance sheet
- Current bank statements
- Account payable schedule
- Accounts receivable schedule
- Net working capital statement
- Pro forma budget
- Contracts with customers
- All contracts entered into by the company
- Employment contracts
- List of employees & compensation
- List of customers (if seller doesn't want you to have this until close, ask them to redact contact info so you can see customer concentration and purchase frequency)
- Lease to review (if the business has an office or storefront)
- Landlord approval to transfer lease
- List of assets
- Physically verify all the assets exist and are in good condition
- Quality of Earnings report