

Sale Readiness Financial and Tax Checklist

Financial

1. Are your financials in compliance with US GAAP? Have they been audited or reviewed three years? Yes No
2. Do you have significant customer concentrations or significant customer contracts coming up for renewal? How would a transaction effect those customer relationships? Yes No
3. Has the company changed any significant accounting policies in the last three years? If yes, do you understand what impact these changes may have on company value? Yes No
4. Do you know the effects of recent accounting standards changes (ex. Revenue recognition; lease accounting; etc)? Yes No
5. Do you know what the key value drivers of your business are (e.g. fixed or intangible assets, customer base) and how they will be successfully transferred through a transaction? Yes No
6. Do you have a sense as to how much your business is worth? Yes No
7. Do you have well thought out, up-to-date budgets and financial projections? Yes No
8. Have you identified and summarized one-time or non-recurring expense or revenue items to understand adjusted EBITDA? Yes No
9. Are the financial statements prepared consistently on a monthly basis?
Are there quarterly or year-end adjustments that should be accounted for monthly? Yes No
 Yes No
10. Do you know the sufficient level of working capital the business requires to fund on-going operations? Yes No
11. Would there be a significant capital investment for a buyer to operate the business? Yes No
12. Do you know what your monthly cash flow is?
Is this something that is tracked and reviewed by management? Yes No
 Yes No
13. Do you understand the profitability with your customers, revenue lines, product mix etc.? Yes No

14. What does your customer churn rate look like? Yes No
15. Are your internal processes and controls appropriate to the size of the company? Are they documented? Yes No

Tax

1. Do you know if your current business entity status is appropriate for your transition or sale of the business? Yes No
2. Have you received any notices from the IRS or states related to income or sales / use tax matters that remain unaddressed? Yes No
3. Have you filed the required tax returns since inception of the business? Yes No
4. Do you feel you are receiving competent tax advice for your business and future business transition? Yes No
5. Have you assessed your company's exposure to state and local taxes (income tax nexus; sales taxes; payroll; etc.)? Yes No
6. Do you know your after tax proceeds after a transaction? Yes No

Workforce

1. Do you think that your management is ready for the business transition? Yes No
2. Do you know who the key employees that were critical for the business' success in the past and should be retained? Yes No
3. Is there a possible internal successor in your company? Yes No
4. Do you wish to stay in the management of your business after the transition? Yes No
5. If yes, do you know what your compensation expectations would be after the transaction?
If no, do you know what positions would be required to replace you? Yes No
 Yes No
6. Are there customer relationships that are strongly tied to a certain sales associate? Yes No
7. Is the business and it's operations heavily dependent upon the owner? Yes No