

MONTAGE PARTNERS

PEOPLE  CAPITAL

Example Company

Post-LOI Due Diligence Request List

*Please note this is an example only, meant to provide owners and management teams with an idea of what data or information could be requested during a sale or growth capital transaction. Actual request lists vary significantly and are specific to each company (and industry). This list assumes a transaction under LOI as of June 2023

Provided	N/A	Documents Description	Comments
		1. Personnel	
		a. A listing of employees and contractors hired or terminated from 2019-2022, including (i) name, (ii) title, (iii) location, (iv) start date, (v) end date (if applicable), (vi) department, and (vii) compensation and including distinction between salary or wages (including wage rate), overtime, commissions, and bonuses	<i>Please provide in excel</i>
		b. Copy of the Company's most recent payroll report	
		c. Resumes (including years for employment history and education, preferably with no time gaps) for [John Smith] and [Jane Doe]	
		d. Summary of all commission and bonus plans	
		e. Copies of all employment agreements, indemnification, founders, management, consulting, and severance agreements	
		f. Copies of employee non-compete, confidentiality, assignment of inventions, or similar agreements (or, alternatively, each form thereof along with a list of the employees subject thereto)	
		g. Copies of any collective bargaining agreement or other labor contract	
		h. Copies of all correspondence, notices of violation, memos, rulings, determinations, orders, etc. relating to compliance or non-compliance with employment laws	

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		i. Schedule of current accruals for paid time off and 2023 bonuses	
		j. Summary of the Company's current health insurance and dental insurance plans, including any health savings, dental savings, or other tax-advantaged plans, indicating for each such plan (i) the carrier or administrator, (ii) coverage limits and deductibles, and (iii) the portions of the premiums paid by the Company and by the employee	
		k. Copies of the most recent vendor invoices for the plans listed in item (j) above	
		l. Copies of all employee handbooks and personnel policies and, to the extent not contained therein, a description of existing vacation, sick leave, severance, and other policies	
		m. Copies of any stock option, stock purchase, phantom stock, stock appreciation, bonus, deferred compensation, profit sharing, and other incentive plans and agreements	
		n. Copies of plan documents for any pension, 401(K), profit sharing, and other retirement plans, including Forms 5500 for the past three years (if applicable)	
		o. Agreements for loans to and any other agreements with officers or directors including consulting contracts	
		2. Financial Statements and Tax	
		a. Annual income statements, balance sheets, and cash flow statements for 2019-2022, with adjustments	<i>Requested format: one excel file with three tabs (one for income statements, one for balance sheets, and one for cash flow statements) with every year side-by-side</i>
		b. Monthly income statements, balance sheets, and cash flow statements from January 2022 through the most recent month available, with adjustments	<i>Requested format: one excel file with three tabs (one for income statements, one for balance sheets, and one for cash flow statements) with every month side-by-side</i>
		c. Annual revenue and COGS/direct cost by customer for 2019-2022 and year-to-date as of the most recent month available with customer industry tags	<i>Requested format: one excel file with every year side-by-side</i>
		d. Wallet share % by customer for top 10 customers	

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		e. A copy of the most recent purchase order (or, if no formal purchase order exists, then similar documentation or order communication) received from each of the top five customers	
		f. Example copies of customer quotations	
		g. Annual purchases by supplier/vendor for 2019-2022 and year-to-date as of the most recent month available. If possible, please provide rebate \$'s by supplier for the same periods	<i>Requested format: one excel file with every year side-by-side</i>
		h. A copy of the most recent purchase order (or, if no formal purchase order exists, then similar documentation or order communication) issued to each of the top five suppliers/vendors	
		i. Brief written summary of material supplier/vendor rebates, volume discount, or similar programs and the degree to which the Company has historically met required rebate and/or volume discount thresholds	
		j. Copies of any outstanding purchase orders issued by the Company to any supplier/vendor involving a commitment by the Company in excess of \$10,000	
		k. 2023 monthly income statement budget	
		l. 2023 capital expenditures budget	
		m. Accounts receivable aging as of 12/31/18, 12/31/19, 12/31/20, 12/31/21, 12/31/22, and the most recent month available	
		n. Detailed inventory listing as of the most recent month available	<i>Excel file with finished goods/raw materials/WIP breakout</i>
		o. A listing of any inventory write-offs, accounts receivable write-offs, or bad debt expense for 2019-2022 and year-to-date as of the most recent month available	
		p. Fixed asset listing as of the most recent month available, including historical cost, in-service date, and net depreciated value	
		q. Accounts payable aging as of 12/31/18, 12/31/19, 12/31/20, 12/31/21, 12/31/22, and the most recent month available	
		r. Written description of pricing policy, policy regarding customer discounts, and policy regarding payment terms	

Provided	N/A	Documents Description	Comments
		s. Annual quote pipeline for 2019-2022 and year-to-date as of the most recent month available, including win/lose tags to track win %	
		t. Brief written description of the Company's accounting and operational software including who is involved in the Company's accounting process (i.e. from recording journal entries to closing month-end financials, reviewing financials, and budgeting process)	
		u. Description of any material changes in accounting policies (i.e. change from accrual to cash, change from cash to accrual, changes in timing of revenue recognition policies, changes in policies to capitalize or expense) and the dates that any such changes took effect	
		v. A description of any existing assets, liabilities, or commitments (contingent or otherwise) not disclosed in the financial statements or otherwise identified above	
		w. Copies of federal and state income tax returns for 2019-2022	
		3. <i>Vehicles, Facilities and Equipment</i>	
		a. A list of the addresses of all facilities used in connection with the business over the past 10 years	
		b. All leases and subleases (whether as lessor or lessee) of <u>real property</u>	
		c. A listing of all major items of equipment, including whether owned or leased, and noting the department where such equipment is used	
		d. Copies of all leases of vehicles, equipment, and other fixed assets (whether such lease is an operating lease or a capital lease)	
		e. Listing of any assets used by the Company in operation of the business but which are not owned by the Company or subject to a lease provided in (b) through (d) above	
		f. Any existing title insurance policies and surveys for all leased real property	
		g. Please confirm if the Company owns any real property	

Provided	N/A	Documents Description	Comments
		h. Copies of any existing environmental reports (including, but not limited to, Phase I and Phase II reports, soil testing reports, etc.) on any real property used by the Company currently or previously	
		i. Copies of all maintenance and service contracts involving payment by the Company of \$10,000 or more annually	
		j. Copies of all commitments, contracts, and agreements for future purchases of vehicles, equipment, or fixed assets (i.e. items for which the Company is obligated to a future expenditure) in excess of \$10,000 individually or in aggregate	
		k. Copies of all existing appraisals of real and personal property	
		4. Banking and Insurance	
		a. Copies of all credit agreements, loan agreements, notes, guarantees, security agreements, surety bonds, and financing agreements	
		b. Copies of the Company's monthly bank statements for January through March 2023	
		c. A listing of all insurance policies in-force showing: (i) carrier name, (ii) policy number, (iii) coverage limits, (iv) expiration date, (v) annual premium, and (vi) broker of record	<i>Please provide in an excel table</i>
		d. Copies of any insurance policies (including all liability, property, auto, business interruption, workers' compensation, director and officer indemnification, and key man life insurance policies)	
		e. Workers' compensation loss runs covering the past three years	
		f. Current workers' compensation experience modification rate	
		g. Commercial insurance loss runs covering the past three years	
		h. Written description of any unreported claims under any insurance policies (including workers' comp)	
		i. Please provide a description of any material claims that have been made to insurers by or on behalf of the Company or its subsidiaries or affiliates during the last five years	

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		j. Copies of agreements relating to current or future debt (including reimbursement) obligations for borrowed money, including agreements to acquire any such debt obligation of others or for a leasing transaction of a type required to be capitalized	
		k. Copies of any agreement under which the Company has obligations or liabilities as guarantor, surety, co-signer, endorser, co-maker, indemnitor, or otherwise in respect of the obligation of any other person or entity	
		5. <i>Legal and Organizational Documents</i>	
		a. Articles of Organization/Incorporation, including all amendments currently in force or adopted	
		b. Bylaws, including all amendments currently in force or adopted	
		c. List of all directors and officers	
		d. Minutes of all meetings of directors, shareholders, and all written consents to actions without a meeting for 2019 through present	
		e. Please confirm that the Company has no subsidiaries or affiliates	
		f. Please confirm that the Company has not acquired the stock or assets of, or merged with, any other entity since its inception	
		g. Copies of any agreements between the Company and any shareholder or director	
		h. Please provide a summary of any related party transactions or agreements	
		i. Please confirm that the Company does not have any consignment arrangements whereby inventory is held at a customer site or any other site prior to the time title to inventory passes to customer	
		j. List of all patents, trademarks, trade names, service marks, and copyrights and copies of all registrations thereof (including pending applications)	

Provided	N/A	Documents Description	Comments
		k. List of all licenses for intellectual property (whether as licensor or licensee) and all proprietary information, confidentiality, and trade secret agreements and a list of any other intellectual property such as domain names owned or otherwise registered by the Company	
		l. Copies of all correspondence to/from third parties regarding potential infringement of intellectual property rights of others or of the Company and copies of all internal memos or external reports on possible infringement of the rights of third parties or of the Company	
		m. List of proprietary processes controlled by the Company and other trade secrets	
		n. Written description of any claims or litigation that has been brought or threatened (either orally or in writing) or settled by or against the Company during the past five years	
		o. All active litigation files, including letters asserting claims, complaints, answers, discovery, etc.	
		p. All litigation settlement documents during the last five years and/or which are currently in effect	
		q. Any decrees, orders, or judgments of courts or governmental agencies issued during the last five years involving the Company, or its subsidiaries or affiliates	
		r. Written description of any federal, state, local, or foreign governmental investigations that have been made or threatened against the Company during the last five years, including, but not limited to, tax audits, safety and health inquiries, employment practices investigations, environmental inquiries or investigations, EPA, U.S. Citizenship and Immigration Services/Homeland Security, OSHA, or EEO investigations	
		s. List of all audits performed on the company since 2005 (local/state/national authorities, environmental agencies, etc.) and description of each audit. Copies of audits performed from 1/1/17 to present	
		t. Indemnification agreements or indemnification provisions in any material agreements not otherwise provided	
		u. List of all licenses, permits, and certifications (federal, state, local, and foreign) that the Company is required to have in order to conduct business and copies of all such licenses, permits, and certifications	

Provided	N/A	Documents Description	Comments
		v. Copy of the Company's warranty policy (or written description thereof) and explanation of accounting for warranty expense (i.e. whether a warranty reserve is accrued and subsequently relieved at the time of a warranty claim or whether the cost associated with warranty claims are expensed in the current period without accrual of a reserve)	
		w. Documents relating to any claimed breach of any warranty made by the Company and the resolution of any such claims where the amount in dispute may or could exceed \$10,000	
		x. Copies of all written agreements with customers and suppliers	
		y. Description of any "soft" contracts (i.e. oral understandings, customary practices, etc.)	
		z. Copies of any other material contracts	