

Financial Due Diligence Checklist

It is recommended that the following documents be compiled and submitted for financial due diligence review:

Organizational

- A. List of subsidiaries, joint ventures, partnerships with other organizations

Tax

- A. IRS tax exemption letter
- B. State tax exemption letter
- C. Last three years' federal information returns (e.g., forms 990, 990-T, etc.)
- D. Most recent year's state information return (i.e., the state equivalent of the above)
- E. Other federal and/or state tax records agreed upon
- F. Information related to sources of unrelated business income
- G. Tax-exempt bond financing
- H. Property tax exemptions

Financial/Funding

- A. Last three years' audited financial statements, or year-end statements if no audit available
- B. Accountant's Management Letter
- C. Most current financial statements
- D. Operating and capital budgets for the current year
- E. The names and addresses of the organization's financial institutions
- F. A listing of all liabilities
- G. A schedule of all assets
- H. Copies of any loans or liens against any assets
- I. Copies of other debt financing arrangements including purchase agreements, sale and leaseback agreements

- J. A statement confirming whether any interested party (board member, employee, their spouse or close relative) has an interest in any asset owned by the corporation
- K. A description of the terms, conditions and status of all current grants and contracts
- L. A description of the terms, restrictions, and agreements for all restricted funds, including any endowment
- M. Fundraising program summary and any fundraising agreements
- N. A description of all obligations relating to gift agreements
- O. Aging schedule for organization's accounts receivable and accounts payable (most recent)
- P. A breakdown of revenues and expenses for each of the organization's programs.
- Q. Copies of any guarantees by the organization of obligations or by other parties of obligations of the organization

Capital/Real Estate

- A. Deeds
- B. Leases (for all buildings and equipment)
- C. Mortgages
- D. List of significant equipment and vehicles
- E. Zoning and use permits
- F. Other real estate records agreed upon (i.e., preliminary title report of each property)

Identify any other documents or information which, in your judgment, are significant with respect to any portion of the organization or its programs which should be considered and reviewed for financial due diligence.