



Investment Bankers

SELLER FINANCIAL DOCUMENT CHECKLIST

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PREPARING FOR SALE OR MERGER OF YOUR COMPANY

The sale of the company will hinge on the financial documentation. No matter how motivated a buyer may be by the company and all the rest documentation, accurate, the financial documents will make or break the sale. The sale will not be completed until the buyer is satisfied with the financial aspects of the company. Even if some the financial aspects of the company are shaky, clear, well-presented financials can allow a buyer to see where he or she could improve the company. Openness on the part of the seller will enhance and speed the buying process. If you do not have any of this information, talk to us before you take the time to prepare it.

- Balance Sheets and Income Statements for last 3 to 5 years**
 - Balance Sheets and Income Statements for current and at least past 2 years (audited or reviewed best)
 - Analysis of balance sheets and income statements (prepared by Company's accountants) explaining:
 - Depreciation methods
 - Causes for profits and losses
 - Adjustments to cost items that might affect the sale of the business
 - Compensation and fringe benefits paid to owners
 - Manner in which statements were prepared
- Income Tax Returns**
 - Copies of Company income tax returns for last 3 to 5 years
 - Status of IRS audits
 - Status of any possible deficiencies that remain for open years
 - If there is doubt about net revenues, personal income tax statements for pertinent years may be requested.
- Projected Balance Sheets and Income Statements**
 - Proforma balance sheets and income statements for the next 2 years
- Adjustments for projected earnings without seller and seller's family's compensation and benefits
- Condensed Financial Data**
 - Summary of Balance Sheets and Income Statements for easy comparison
 - Summary of growth of sales and assets
 - Product Data
 - Sales trends by unit and dollar amounts for each product and service
 - Interrelationship of products and service income
- Other Expenses**
 - Pending environmental clean up or containment costs
 - Environmental fines or penalties
 - Environmental audits pending
 - Any other liabilities that the buyer might be assuming
- Business Ratios such as**
 - Current Ratios
 - Growth Ratios
 - Profitability Ratios
 - Inventory Ratios