BUSINESS CHECKLISTS

1. ORGANIZATION MINUTES CHECKLIST
2. 50 REASONS FOR A BUSINESS APPRAISAL
3. PRELIMINARY DOCUMENT REQUEST FOR A BUSINESS VALUATION OR FOR A CONSULTATION ENGAGEMENT
4. BUY SELL AGREEMENT ISSUES TO CONSIDER CHECKLIST
5. CHECKLIST FOR STARTING A BUSINESS
6. PREPARING A BUSINESS PLAN CHECKLIST
7. SWOT ANALYSIS CHECKLIST
8. CHECKLIST OF SERVICES FOR A CLIENT BUYING OR SELLING A BUSINESS
9. TASK LIST FOR WHEN A CLEINT WANTS TO SELL THEIR BUSINESS
10. QUESTIONS FOR INTERVIEWING A BOOKKEEPER
11. CONTROLLER’S CHECKLIST
12. NOT-FOR-PROFIT BOARD MEMBER RESPONSIBILITY CHECKLIST OF TIPS
13. RUNNING A MEETING CHECKLIST
14. DAILY FLASH NUMBERS’ REPORT (3 VERSIONS)
15. CHECKLIST OF REASONS FOR A CPA FIRM MERGER OR ACQUISITION
16. SAMPLE EMPLOYMENT POLICIES CHECKLIST

ORGANIZATION MINUTES CHECKLIST

The following is a brief checklist of what should be considered to be in the corporate or organization minutes.

- ☐ Were all the owners or board members notified of the meeting and is there current contact information for each person
- ☐ The prior meeting's minutes should be accepted
- ☐ Officers should be elected
- ☐ The chief executive officer, executive director or managing member should present a summary of the previous year's results
- ☐ Salaries, bonuses and other compensation paid to officers or other high level personnel should be included in the minutes and ratified
- ☐ Accruals of salaries, bonuses and other compensation should be ratified
- ☐ Health insurance and medical reimbursement plan (if any) payments should be ratified
- ☐ Payments and accruals of pension, retirement or deferred compensation plan contributions and inclusion of participants in such plans should be ratified
- ☐ Benefits paid to or on behalf of officers or high level personal should be ratified
- ☐ Expenses paid on behalf of an officer or high level person, or paid as a reimbursement to them, should be ratified
- ☐ The amounts and basis for owner or executive salaries for the current year should be explained and ratified
- ☐ Employee benefit plans in effect or to be adopted should be ratified including expense accountable plans, adoption assistance plans, cafeteria plans, educational assistance plans, and nonqualified retirement plans
- ☐ Any waived or underpayment employee compensation amounts should be stated in the minutes
- ☐ The organization's overtime pay policy should be reviewed to ascertain it is in accordance with federal and state wage laws
- ☐ Leases between the organization and an owner, manager or director should be reviewed as to appropriateness of usage, terms and payment amounts
- ☐ There should be a ratification or appropriate use if the organization provides a vehicle to an employee with verification noted that there is proper insurance coverage on the vehicle that protects the organization
- ☐ Ratification of dividends paid
- ☐ If the corporation has not paid dividends this year, then reasons for retaining the income should be expressed
- ☐ All loans or advances to OR from employees more than $10,000 [or an amount deemed appropriate] should be memorialized with notes with payment terms, a due date and interest rate
- ☐ Organization loans guaranteed by individuals should be recognized at the meeting and included in the minutes
- ☐ The board should approve all charitable contributions more than $250 during the year
- ☐ There should be an affirmation that the organization made no political contributions during the year
- ☐ If the organization has more than one owner, there should be a current buy-sell agreement and the values in it should be certified to as being the appropriate values
- ☐ If there is no buy-sell agreement it should be so stated and the owners should take immediate actions to procure one

- ☐ If the business has a single owner, the contingency plan in the event of an untimely death or disability of the owner, should be reviewed. If there is no such plan, immediate steps should be taken to prepare one
- ☐ All loan agreements and covenants should be reviewed to see if there are any danger points or impending unpleasant trigger points and so noted in the minutes
- ☐ All leases and contractual obligations extending beyond one year should be reviewed for termination date and current appropriateness
- ☐ The minutes should note approval of all ownership redemptions, transfers, recapitalizations, issuance of options, warrants, or restricted stock
- ☐ The entity tax status should be reviewed and potential changes should be reviewed
- ☐ Description of any lawsuits against the organization should appear in the minutes
- ☐ Purchases of equipment or for any other purpose or contracts more than $50,000 [or any amount deemed appropriate] should be approved in the minutes
- ☐ Terminating contracts should be approved in the minutes
- ☐ Disposing of corporate assets in excess of $50,000 should be approved in the minutes
- ☐ Delivery should be indicated of a copy of the minutes to anyone that was supposed to be at the meeting that wasn't

Many organizations that should have minutes do not. If the above checklist seems excessive, imagine the organization's and its managers' positions if a problem arises with just one of these items and how it would be resolved and whether it would then be wished that the minutes would have been prepared and the due diligence done in responding to the checklist items.

50 REASONS FOR A BUSINESS APPRAISAL

There are many reasons for valuing a business, and here are some of them:

1. To know what business is “worth”
2. To have an idea how the market would value the business should you want to sell
3. To set up a process that would make the company more marketable should the owner decide to sell or when they are ready to sell
4. To be used to consider an offer from someone who wants to buy the business
5. Creates a bigger playing field for owner to assess the results of their decisions or potential of wealth creation
6. The valuation is a method that can show how wealth is created and that can indicate a direction to go in
7. Can show how an initial operating cost can become an investment and how it can be recouped by increased value of the business
8. Places the owner in a position to measure the business in terms of value creation and not on the immediate profit (or loss) from a transaction
9. Identifies value drivers
10. Can possibly uncover areas of the business that can be exploited for greater current profit as well as long term growth
11. Can identify weaknesses or areas that dissipate value
12. To establish a buy-sell agreements and a method of automatic adjustments
13. For updating buy-sell agreements
14. Shareholder or partner disputes
15. To freeze out minority owners
16. Business or owner life insurance purposes
17. To determine built-in gain for conversion of a C Corporation to an S Corporation
18. For owners’ personal financial planning
19. To use on owners’ personal financial statements
20. To be used as a guide to determine retirement or buy out payments to the owner
21. To indicate the value for credit purposes
22. To value assets and asset impairment for GAAP, i.e. financial statement, purposes
23. To be used as a guide to determine reasonable compensation
24. To plan for a merger with a supplier or competitor
25. To allocate costs in an acquisition or merger
26. To assist the dream of going public and capitalizing the business’ value
27. For gift tax purposes such as ownership transfers to a child, donations to a charity, transfers to grantor trusts or installment sales to a defective trust
28. For estate tax reporting purposes
29. For an estate’s division of assets where the business will go to one beneficiary and offsetting assets to another
30. To assist a beneficiary in selling an inherited share of a business
31. For succession planning
32. To set up, or value, an employee stock ownership plan
33. For stock compensation awarded to employees including restricted stock and stock option plans
34. To determine a base line and value growth for phantom stock arrangements

35. To value assets in a marital dissolution
36. To be used for prenuptial agreements
37. Valuation of business in a bankruptcy
38. To distinguish between enterprise and personal goodwill
39. To establish economic damages should there be a loss from a disaster and lost cash flow
40. To use as a benchmark to measure the business' "growth"
41. Can provide measures of key numbers and ratios with peer companies
42. To be used in or to get started with strategic planning
43. To see if an independent appraiser can uncover hidden value
44. To determine if there is value greater than, or separate from, the present operations such as strategic value
45. To indicate how to recognize, maximize, build or grow and realize full value of strategic value
46. To raise owners' mindsets from daily operations to that of creating long-term and sustained value
47. To understand the illusion of value and ways to make the value a reality. For instance, value can be lost very quickly when exposed to risks such as damage to reputation and regulatory overreach and valuations can assist in identifying the importance of this
48. Creates a vaster vision for the business owners
49. Periodic valuations can be a tool to track the ways value is created assisting in strengthening the business
50. To help identify whether the business is a growing, stagnant or wasting asset

Valuations are serious undertakings and can be extremely revealing. When properly and thoroughly done, they can also add value. If you own a business, consider valuing it.

PRELIMINARY DOCUMENT REQUEST FOR A BUSINESS VALUATION OR FOR A CONSULTATION ENGAGEMENT

This list is preliminary and upon receipt and review of the information we may need to request additional documentation.

This request also applies to any related or affiliated entities or entities with common ownership that does business with the entity being valued.

If any information does not exist please state that. If any information is not immediately available, please indicate when it could be expected. You can black out the names of customers, suppliers and employees if you wish.

We would prefer to have this information either emailed to us, or provided on a CD that is sent to us. However, any format is acceptable.

1. Valuation date:______________________

2. Purpose of valuation or consultation:

   ____

   ____

   ____

3. All shareholder, partnership or members' agreements in effect as of the valuation date and through date of this request.

4. Copy of the stock certificate or the legend, if any, appearing on stock certificates issued to the people transferring the interests being valued.

5. Listing of all the locations business is conducted from.

6. Organizational chart, if any.

7. All employment, consulting, management or any other agreements in effect during last five years and through the date of this request.

8. Financial statements, if any, for the most recent five fiscal years with the accountants' report, and any financial statements issued after that date with an accountants' report.

9. Federal and all state tax returns for the most recent five years, including all schedules, statements, forms and attachments.

10. Copies of the W-2 and 1099 forms for the two immediate preceding years.

11. Aged schedules of accounts receivable and accounts payable and accrued expenses as at the end of the last two fiscal years.

12. Listing of 5 largest customers for each of last three years and sales to them each year.

13. Listing of 5 largest suppliers for each of the last three years and purchases from them each year.

14. Copies of any contracts with customers or suppliers currently in effect.

15. Copies of any commitments to buy equipment.

16. Copy of all loan applications from the beginning of the second preceding fiscal year through the date of this request including all statements and attachments.

17. Copy of all loan agreements, covenants, and notes from the beginning of the second preceding fiscal year through the date of this request including all statements and attachments. We will need a schedule of the loan covenants and your compliance with them as of the end of the last fiscal year. We also need copies of any bank correspondence after the loan was issued regarding your performance under the loan agreements.

18. Copy of any agreement, outline, term sheet or proposed agreement for which this valuation is required, if any; or, if for estate planning or wealth transfer purposes, a listing of the individual gifts that are contemplated.

19. Independent appraisals of any real estate.

20. Independent appraisals of any equipment. In the event that equipment values are not significant we would accept in lieu of the appraisal a representation letter by the Company's management of what amount we should accept as the value of the equipment in connection with our valuation.

BUY SELL AGREEMENT ISSUES TO CONSIDER CHECKLIST

Following is a listing of major items that should be considered in partnership agreements. This is provided for instructional and guidance purposes and should be further discussed with clients for business issue purposes and then with an attorney who would also prepare the actual agreement.

1. Parties to agreement

    a. Should be all shareholders, partners, members or owners.
    b. Will the business be a primary, secondary or default party, or not be a party to the agreement
    c. Should there be prohibitions or restrictions on transfers to family members or trusts for their benefits, or transfers through a will. Suppose one owner wants to make transfers for estate tax purposes?

2. Form of agreement

    a. Buy-Sell - this is where the entity will repurchase the interest
    b. Cross Purchase – this is where the agreement is between each partner or owner and not with the entity
    c. The agreement should state whether the purchase is mandatory or optional (usually the offer to sell is mandatory)

3. Value of business

    a. How business will be valued
    b. Will a “fair market value” valuation prepared
    c. Will there be a formula or periodic revaluation
    d. A default purchase price formula should be set
    e. Will valuation discounts be considered in determining the buyout price
    f. Will book value, or will parts of book value be treated separately
    g. If a valuation is required, the agreement should state how it should be done and by whom

4. Compensation

    a. This can be covered in the shareholders’ agreement, or in a separate compensation or employment agreement. Either way, it is an issue that has to be covered.
    b. How salaries will be paid.
    c. How bonuses will be paid.
    d. You should cover how SEP, 401k, pension plan or similar type of payments will be figured in as compensation.
    e. Will there be any minimum work or time requirements
    f. What will compensation be in case of disability – suggestion is for full salary for three months; half salary for three more months and then nothing.
    g. What happens upon termination of employment – is a sale triggered or can the shares be retained

5. Profits and losses

    a. How profits and losses will be divided

   b. Will there be distinctions between different categories of income, such as ordinary income divided one way, capital gains another and depreciation a different way
   c. How will cash flow be divided, if different from profits

6. Decisions

   a. How decisions will be made – Suggestion: equally or based on ownership percent
   b. How are deadlocks handled?
   c. What decisions are unanimous – Suggestion: decisions to admit a new partner, moving the office, borrowing, or involving individual items in amounts over $xx,xxx
   d. Policy toward spouses, children and other relatives working in business

7. Voluntary buyout

   a. For any reason except death, disability, retirement or any other reason that is specifically covered
   b. Need price determination and terms or payout
   c. Consider what happens if remaining people do not want to do buyout
      i. Is there a dissolution
      ii. Will person originally requesting buyout get opportunity to buy out those refusing for the same price or a discounted amount and more extended terms

8. Buyout upon death

   a. Need price determination and terms or payout
   b. Consider if life insurance is wanted and how quickly payment will be made after receipt of the proceeds from the insurance company. What happens of not all parties are insurable?

9. Disability buyout

   a. Need price determination and terms or payout
   b. Need determination of definition of disability
   c. Need determination of period of disability that will trigger buyout. Suggestion: Eighteen months after start of disability the disabled partner must sell his partnership interest under the same terms as a voluntary buy out, if the partner was disabled and unable to perform his full duties for at least fifteen of those months.
   d. Consider if disability buy-sell insurance is wanted and how quickly payment will be made after receipt of the proceeds from the insurance company. Also consider what will happen to insurance proceeds if they are received before the buyout is triggered under the agreement, and disabled returns to work

10. Buy out on losing license

   a. Need price determination and terms or payout
   b. Will employment be terminated or continued

11. Buyout on personal bankruptcy

   a. Need price determination and terms or payout
   b. Will employment be continued

12. Retirement Buy out

    a. Need price determination and terms or payout
    b. Age after which retirement can or must start
    c. Minimum notice required

13. Funding

    a. Will funding be done on a regular basis, or after the buy-out event occurs
    b. Will and/or can current funding be on a tax advantaged basis for buyer or seller?

14. Restrictive covenants

    a. What restrictions will be placed on the person being bought out from working in the profession or industry, and for how long, and within what geographic area
    b. Restrictions apply to being in business or having executive or key positions and approaching or soliciting customers, suppliers and employees, as well as using or applying any competitive information obtained while employed by Company

15. Taxability of payments

    a. How will the payments be deducted and how will they be taxed to the person being bought out
    b. The taxability of payments will be based upon how the purchase price is allocated
    c. If there are payments for intangibles, the parties will agree to the allocation

16. Ownership of non-operating, investment or intellectual property

    a. How will non-operating assets be treated (such as artwork in offices)
    b. How will investment assets be treated
    c. Who will own copyrights and patents - will royalties be payable to person leaving

17. Vacation and personal and sick days

    a. How much vacation and personal and sick days will each owner be permitted
    b. How much will be the most consecutive time off that can be taken
    c. Will untaken time be cumulative from one year to the next or, lost

18. Other business ventures

    a. Will this be permitted and if so under what conditions

19. Timing of signing of agreement

    a. Agreement should be executed before shares are issued or business commences
    b. If entity is operating, should be executed as quickly as possible
    c. Best time is when either party, or their family, could be the buyer or seller

20. Separate advisors

    a. Each party should have their own advisors and attorneys

CHECKLIST FOR STARTING A BUSINESS

The following is a guide of the issues that need to be considered by someone starting a business. No opinions are offered or should be inferred. You should seek professional guidance and advice where necessary on some of the issues.

1. Business name – a person's name or names, or a fictitious name such as "Smarty Pants Business Associates." Assumed names need to be registered with the local County Clerk

2. Type of entity (choose one of the following). See questions that follow before making a decision. Use an attorney where applicable:

    a. Sole proprietorship
    b. Single member LLC
    c. General partnership
    d. Limited partnership
    e. Limited Liability Company
    f. S Corporation
    g. C Corporation

3. Determine state of organization if choices are available

4. Will property or assets be transferred from another entity

5. Will premises be rented or owned, and if so, in what state

6. If business will have inventory, where will it be kept and in rented or public warehouses (this might determine the state of organization)

7. Is business part of a controlled group or related entities

8. If business will own real estate, consider a pass-through entity, unless it is foreign owned

9. If foreign ownership, consider an entity that is NOT a pass-through entity

    a. Become familiar with withholding requirements for distributions
    b. Determine whether there is a tax treaty with country where owners are

10. If foreign owned, address of owners

11. Obtain a Taxpayer Identification Number (TIN) for the business. Even if a one-person business with no employees or independent contractors this might be advisable. File IRS Form SS-4 which can be accessed at www.irs.gov

12. Licensing with professional board, state or locality as a business if a professional practice or if required. This also applies to one person practices or businesses

13. Join professional or business associations if applicable

14. Determine how business will be financed

15. Project cash flow and cash flow management methods

16. Establish owner’s payroll or draw policy

17. Location – office or retail space

18. Premises – own, rent or sublet

19. Solo or with a partner

20. Buy-sell agreement if more than one partner or owner

21. Determine capitalization and loan policies for initial and subsequent investments

    a. If loans, make sure there are notes with interest and due dates stated

22. Tax elections and policies to be established

    a. Basis of accounting – cash, accrual or other
    b. Inventory method
    c. Fiscal year if applicable
    d. Retirement plans
    e. Hiring children
    f. Startup costs
    g. Expense reimbursement policy

23. Business plan (and strategic plan)

    a. Identify service niches or specialties, or position in marketplace
    b. Identify how sales will be made
    c. Vision
    d. Brand
    e. Business philosophy
    f. A thorough business plan should be prepared

24. Technology hardware and technical and specialized software

25. Obtain accounting software

    a. Establish billing and invoicing methods and payment terms
    b. Establish policies for paying vendors
    c. Determine if payroll will be done in house or with an outside service bureau

d. Administrative software such as mailing list and customer relationship system, calendar and scheduling software

26. Cloud, paperless strategies and document management systems

27. Mobile strategies

28. Personnel levels and admin support

29. Use of permanent or part time staff, consultants or outsourcing partners

30. If using independent contractors, fill out IRS Questionnaire Form SS-8

31. Employment agreements if necessary for your type of business

    a. For all employees
    b. For executive and managerial employees
    c. Confidentiality agreements
    d. Employee handbook

32. Staff scheduling, dispatching or work assignment and oversight or review methods

33. If there is more than one owner, what functions and work each will do and be responsible for

34. Determine necessity of getting proforma contracts to use with customers

35. Get a Logo

36. Get a Website

37. Need secure portal availability

38. Email addresses

39. If there will be patents or other intellectual property determine who will own them – the business or individuals

40. Open a bank account

41. Determine if you want a post office box, or mail to be delivered to your office

42. Office equipment, filing, telephone, postage meter, courier accounts, stationery

43. Communications methods

44. Insurance - umbrella, workers' compensation, general, product and malpractice liability, general office

45. Medical insurance

46. Life insurance on owners

47. Disability income insurance on owners

48. Disability buy-out insurance if more than one owner

49. Pension or retirement plan contribution policy

50. Owners' meetings frequency, location and length

51. Owners' retreat

52. Document all important decisions with memos or minutes of meetings

53. Owners' compensation and profit division policy

54. Owner benefits policy such as vacations and time off

55. Publicity, marketing, advertising and sales promotional activities

56. Social media strategies, and establishing accounts

57. Networking methods

58. Referral sources

59. Mailing list – establishing and maintenance

60. Engaging a mailing service

61. Announcements of new firm or business

62. How will you create excitement?

63. Practice or business continuation agreement if a single owner

64. Exit strategy (already? "Didn't I just get started?")

PREPARING A BUSINESS PLAN CHECKLIST

A business plan is essentially a selling memorandum for prospective investors. Through it, you communicate your knowledge of what your business can accomplish to someone who might put up money. A good business plan will clearly show investors that you are more than just a dreamer. It will show that you're organized, you know where you're going and you know what you want.

Preparing the plan will give you a unique opportunity to consider every facet of your proposed business or expansion and your business strategy. The plan can also serve as a business guide, budget and road map to future success.

Elements of a business plan:

1. Executive summary. This goes on the first page, and is the first thing a reader will look at… making it an important component of the business plan. This should be a paragraph summary of the business – what the company does, why it is different from what is being done now, current status and what its future plans are. Follow this, still on the first page, with a one-paragraph summary of what you need in the way of financing and what the funding will achieve.

The summary must grab the reader's attention. It must make a prospective investor want to dig deeper into the plan. You must tell why this business is different from what's out there and why people will buy the product, or use the service. Why be different? Why buy?

2. Detailed financial projections. This is showing how much money you expect to make from the business. The figures should be projected out over five years, as the yardstick used by many investors of what the business would be worth at the end of five years. Many times the "value" is a multiple of the fifth year earnings.

3. Cash flow projections. These are often overlooked in business plans. They show how much cash you're going to need to accomplish the projections that you've outlined above. If you don't arrange to get the necessary funding when you start a venture, you may not be likely to get it later on. The income projections could show a very profitable company, but you must be sure you don't run out of cash along the way to that ultimate profitability.

4. Projected balance sheet. A projected balance sheet shows how the company's financial position will look at the end of each year of the projections, and in particular, at the end of the five year projection period.

5. Detailed explanations of the assumptions. This is used as the basis for the numbers you've given in the projections. Financial and cash flow projections can't stand alone. You must show, in great detail, what you based the projections on. For example, monthly sales figures, types of customers, average sales per customer and per order, frequency of orders, how orders will be obtained, time table from receipt of order to shipment to customer, inventory requirements, your selling price and cost of raw materials, sales commissions, shipping costs, number of employees, salaries, the number of square feet of space you'll need and the estimated cost per square foot. Detail is critical here.

6. Prior financial statements. If you've been in business for a while, you must attach financial statements for at least the past three years. If you don't have financial statements or if the tax returns are prepared on a different accounting method than the financial statements, you must include them also.

7. Detailed description of the product. Include everything, good and bad, about the product. It is important not to leave out something bad about the business or product. If an investor, doing his own research, discovers something negative, the deal is off. Always be up-front about the downside of your business. Also include information about whether the product is patentable, what intangibles there are and any "secret" processes or formulas.

8. Market research. Include independent information about the size and health of the market, if it is growing, how the competition is doing, what are the offshoot products, what is the potential for related, upselling and repeat sales, the sensitivity to economic conditions, availability of unskilled and skilled personnel and management, and of vendors and the importance of quality control of the product and how it is performed within the industry. You must tell why this business is different, why it is needed, what space it will fill and why people will buy the product or use the service. Why is it different? Why buy?

9. Product samples. Don't forget to include these, or well taken photos.

10. Logo. Hire an artist to design a logo, even if the business is just an idea and not yet a going concern. A professionally designed logo will add legitimacy to the project. It may also help give the business some shape or personality.

11. Management team resumes. Include with the resumes, a detailed description of how you and your management team are experienced in the industry and in running a business. Describe any outsourced services you will obtain. Mention people that are willing to serve on an advisory board or board of directors.

12. Description of the company. Describe your future plans for the business. Where does it stand now, and why you are looking for money? Also, tell what will happen if you don't get the money you're asking for.

13. Ownership structure. Describe the current ownership structure. Do not put in how much of the company you are willing to give up (or willing to keep). If the investor is interested, there is plenty of time for that. Also, if you have more than one person seriously interested, the deal will be much better for you.

14. Detailed marketing plan. Cover the industry and potential customers. Include letters from potential customers saying they'd be interested in buying your product. These letters show you're alive and you have a viable product or idea. In addition, explain where you fit in the industry. Why will you be more competitive, better, unique and why you will get business? Describe the competitors and the area that you're going to service. Explain how you will make sales – will it be through the internet, or with salespeople or through a retail store.

15. Explain the production process. Include the problems you might have and what your capacity might be. The actual production numbers should be in the financial assumptions, but this is a narrative illustration of the process. Use flow charts if applicable. Tell if you will employ any special technology and what access you have to it, or will have, and why.

16. Relationships. Have relationships that the organizers have with people related or associated with them that they will be doing business with. There must be full disclosure or any arrangements that will be outside of the company where profits or transactions will not remain or flow through the company.

Caveat

Be realistic and practical. Do not make the business plan either too ambitious or too modest. Do not ask for $1,000,000 if all you need is $400,000. On the other hand, don't ask for $400,000 if you really need $600,000. The figures given in the plan must realistically show what you need. Don't forget that you'll only have one crack at a potential investor. You cannot tell an investor who only wants to put up $250,000 that you'll come up with a revised business plan supporting the $250,000 figure. The original plan must support itself.

Give the plan your best shot with your best estimates. However, prospective investors will use it as a guide to what you plan on doing. They also bring to the table elements you might not be aware of such as their special skills, knowledge of the industry and potential customers, and sources of supply.

How to Get Your Business Plan Read

Active investors and venture capitalists get hundreds of business plans a month. To get more than a glance, yours must stand out as a serious and readable document.

The one page executive summary will be your first, and perhaps, your only chance at making the reader interested in the idea, but there are some subtle things you can also do.

1. Make sure the plan is graphically appealing, attractive and pleasing to the eye
2. Email secure pdf copies that cannot be altered. Also, pdf copies will open up as you prepared it; a Word® file might not open easily. Have pdf copies available even when you present a printed version and offer to email them to the investor or their advisor.
3. If printed, use rag content paper. It costs very little extra, but it feels luxurious, and more substantial than plain bond paper. It impresses subconsciously.
4. Don't use exotic type-faces. Use a standard font. The pages should be easy on the eye, with print that is similar to what the reader is used to reading. Bizarre typefaces can quickly turn off a busy financier.
5. Use 8-1/2" by 11" paper. Oversize business plans won't be recognized for what they are.
6. Make the right-hand margins ragged. Pages with type set "ragged right" are easier to read and more spontaneous looking, more familiar to readers, and less boring than pages that have the right-hand margins justified in a straight line.
7. Avoid fancy bindings. Have a commercial printer bind the plan in a conventional way. Spiral bindings are OK, but hardcover bindings are not (although they are more impressive). Again, you

want to make sure that the plan is read. Never use bulky three-ring loose leaf binders that likely won't fit in the venture capitalists file cabinet.

Conclusion

Keep in mind that the business plan is your sales literature to prospective investors. Also, many people, other than the person you might give it to, will also be reading it. Some people that are part of the investor's team are partners, lawyers, accountants, appraisers, consultants, marketing and production people. Every one of them must have their concerns addressed in your business plan. You won't meet most of these "other" people, and they will not share the enthusiasm of the investor you have already met. They will dispassionately read, review and critique your business plan. Don't neglect to include information they will want to know.

SWOT ANALYSIS CHECKLIST

A SWOT analysis is an effective way to examine a business. SWOT is an acronym for "Strengths, Weaknesses, Opportunities and Threats."

A SWOT analysis identifies the strengths and weaknesses of an organization and the opportunities and threats from its external environment. It can be done by owners, primary managers, team members, board members or advisors such as the organizations' CPA. The SWOT analysis can be just as effective for a not-for-profit organization. It can be used to develop a long-range strategic plan or to find a solution to a specific issue or problem. The analysis enables the concentration of efforts on maximizing the strengths and opportunities and minimizing the effects of the weaknesses and threats.

Following, is illustrative data that would be included in the analysis:

Strengths

- What the company does well
- The company's position in the market
- The company's long-term customers
- The supplier relationships
- Proprietary products and processes
- The company's key employees
- The company's culture
- The team work
- New products that are being developed
- Sells directly to consumers (or distributors, wholesalers, or franchisees)

Weaknesses

- What the company does poorly
- The company's lack of a strong or dominant position in the market
- Lack of solid capital structure
- Customer and/or employee turnover
- Lack of identifiable culture or team feeling
- Older management base that needs to be replaced within the next number of years
- No relationships with distributors
- A weaker brand than competitors
- The opposite of any of the suggested strengths

Opportunities

- Favorable industry trends
- New products that are being developed
- Possibility of new markets for company's products
- New technologies that can be applied to company
- Expansion of present customers into new markets that will need support from company
- Customers buying patterns toward the full line company sells
- Expansion into Global markets
- Lowering interest rates or easier credit

Threats

- Aggressiveness of competitors
- Alternative products that can replace Company's products
- Greater demand for specialized employees Company hires
- Litigious attitude against products Company produces or sells
- Environmental concerns
- Customers buying patterns away from the partial line company sells toward full service vendors
- Strengthening Euro against the dollar
- Tightness of availability of credit

My experience has been that the identification of issues is not that difficult when the people involved "lock" themselves in an office for an hour or two and focus in on the SWOT components. The problems come when there is an inability to recognize how to approach the identified issues and after coming up with a plan, the failure to implement and execute. A suggestion to make the SWOT meaningful – and beneficial – is to assign each person at the meeting two items to work on with a two or three week reporting period. The plan can be to better the strong items or work on reducing the effect of the negative items.

Meetings should not last more than 1½ hours. The tight time limit reduces chit chat and a feeling there is no rush and fosters a let's get down to business attitude. Frequent meetings can be much more productive than longer meetings.

When followed as suggested above, the SWOT analysis can be an effective tool and greatly help the participating managers do a better job.

CHECKLIST OF SERVICES FOR A CLIENT BUYING OR SELLING A BUSINESS

The client will need help in

- ☐ the sales process
- ☐ mechanics of the sale
- ☐ deciding to buy or sell
- ☐ articulating their thoughts about why they are buying or selling
- ☐ determining how much they want to pay for the business or sell the business for
- ☐ getting started
- ☐ assembling the team
- ☐ preparing a “book” if they are selling
- ☐ assembling and keeping track of a checklist of items needed or to be available for buyers
- ☐ what would be bought or sold
- ☐ valuing the business
- ☐ structuring the transaction including the terms
- ☐ assisting in the letter of intent
- ☐ due diligence investigation
- ☐ reviewing the contract to trace the transaction as reflected in the contract to see that it represents what the client has agreed to
- ☐ review the tax effect of the sale or purchase price allocation
- ☐ analyze the after sale, after tax and costs of sale net assets client will receive and the cash flow that can be expected
- ☐ for clients buying a business, analyze the cash flow from the business and the repayment of debt acquired to purchase the business

TASK LIST FOR WHEN A CLEINT WANTS TO SELL THEIR BUSINESS

Steps involved when selling your business. Buyers can also use this list as a time line and road map of the steps that are expected to occur and what is expected of them.

- ☐ Be sure you want to sell
- ☐ Be doubly sure you want to sell
- ☐ Have your spouse or partner on board with what you will be doing
- ☐ The seller needs to be made aware that they will have to provide information about their business and won't be able to hold back anything
- ☐ Engage a transactions based attorney
- ☐ Notify your accountant and bring him or her on board as soon as you start the process
- ☐ Prepare a transaction information sheet with some basic information about the business
- ☐ Talk to buyer and determine interest level and if you think they are serious
- ☐ Have buyer provide some sort of assurance they have funding available
- ☐ Have your attorney prepare a confidentially or nondisclosure agreement letter for the prospective buyer to sign *before* you give them anything
- ☐ Note: It has been our experience that keeping these negotiations confidential is very difficult at best, so be prepared to deal with questions from interested parties that tell you what they heard and ask for verification, or reassurance
- ☐ Possibly engage an M&A advisor, investment banker, or business broker to either advise you or find a buyer or buyers
- ☐ Have a valuation specialist determine the value and help you decide on the asking price and what you should settle for and the amount you should not go below, and the terms
- ☐ In many transactions the terms can be more important than the actual transaction price, so pay attention to what you will be getting, and when
- ☐ Your accountant should model out the tax methods and consequences of the sale
- ☐ Engage your accountant to project what you would net after all costs and taxes from the sale and the possible cash flow you would end up with afterwards
- ☐ Have the buyer give you a letter of interest laying out suggested terms – this is the start of the negotiation progress
- ☐ Once the letter of interest is received you should start assembling the information the buyer would need to have the due diligence performed. Usually the buyer will give you a listing of what they would like, initially. Note that we have such a list that we usually give to our clients when the process starts
- ☐ When a deal is agreed to have the buyer present you with a thorough letter of intent ("LOI"). This is the start of serious negotiations and should be handled with the upmost focus and interest
- ☐ Your attorney would review the legalities with you and if necessary will suggest changes

- ☐ Once the LOI is signed your attorney should start preparing the contract of sale. While this is being done, issues will be raised that haven't been previously discussed. These include the need for the buyer to review employment contracts, independent contractor and consulting arrangements, tax compliance filings, leases, licenses, trademarks and patents, vendor or customer contracts, warranties, regulatory issues and myriad other items that you likely haven't thought about in years, if as all
- ☐ You will need to discuss with the buyer whether any employees will be let go and the timing and who will be responsible for severance payments
- ☐ The contract drafting will cause a new round of negotiations – not as serious as the previous negotiations, but the price could be affected by the results of this. Included in this will be the amount held in escrow and how payments would be released and then paid out
- ☐ Other prospective buyers will need to be told that you are selling to someone else
- ☐ You have to decide which of your personnel, if any, you will inform about what is going on, or if you will keep it secret from everyone
- ☐ If there is an earn out or deferred payments or some ownership that is retained, that will be covered more thoroughly in the contract, and this is usually negotiated as part of the purchase price
- ☐ If there are to be deferred payments, decide on the type of security or collateral
- ☐ If there are deferred payments you should consult with an insurance agent to determine if a life insurance policy on the buyer is necessary and if it can be obtained. You will also need to know how those payments will be taxed
- ☐ The interest rate on deferred payments will also need to be determined. If no interest is provided for, there would be imputed interest for tax purposes – make sure you understand how this would work
- ☐ The buyer will commence the due diligence process. You will need a "team" to assist you with this
- ☐ Some more negotiations and contract amendments
- ☐ The contract could be signed before the due diligence starts, during the due diligence process or at the closing. This depends on the thoroughness of the letter of intent and timing of the sale
- ☐ When the closing takes place, you will get your money, usually a certified check, attorney's escrow check or a wire to your bank, and any notes for deferred payment
- ☐ Pay all your professionals and those assisting you on your team
- ☐ There likely will be some post-closing adjustments that will need to be negotiated. Usually the contract would call for indemnification of undisclosed liabilities in excess of an aggregate amount – watch for this
- ☐ If you sold the assets of the business, rather than the corporate stock or ownership interests, you will need to wind down and eventually liquidate that entity. This can take a few months or a few years depending on the circumstances. You will need your accountant and attorney to review this with you
- ☐ If you sold the assets of an S corporation or another pass through entity, and had outside basis, you might need to liquidate that entity in the same year as the sale to be

able to offset any gains with that basis. This is a very complicated tax move and you must be advised about this before the transaction is consummated

- ☐ Don't plan your vacation right away - you will need to hang around a while to assist in the transition to the new owners
- ☐ Plan a nice long vacation about three months after the closing, and let the buyer know well in advance of your lack of availability during that vacation

Some deal point that come up that aren't usually negotiated initially

- ☐ Guaranteed net worth of the entity that is the buyer
- ☐ Financial statements usually need to be on GAAP, but many companies use a modified GAAP or the income tax basis. It needs to be made clear what method the reports presented are on and that they should be acceptable as such, without GAAP adjustments
- ☐ Software licenses for every computer

This is a pretty good list, but every deal is different and brings forth new sets of issues, things to do or what to provide to the buyer. Lou Young, director of client services and a valuation specialist and consultant, assisted in this blog and he can be reached at lyoung@withum.com. As always, contact me with any questions at emendlowitz@withum.com.

QUESTIONS FOR INTERVIEWING A BOOKKEEPER

This can be used at an interview to prescreen a candidate for a bookkeeper for a client and can be adapted to specific circumstances. Questions that were answered on the resume do not need to be repeated

- ☐ Have prospect give a rundown of their experience
- ☐ Why are they leaving their present position
- ☐ Why did they switch jobs so much [if that is the case]
- ☐ What was size in sales and employees of largest company they worked for
- ☐ Who did they report to
- ☐ What did they provide to their boss each day, week or month?
- ☐ Did they prepare any Key Performance Indicators ("KPI")?
- ☐ If they prepared KPIs, how often and to whom and what were they?
- ☐ How did they interact with independent auditors
- ☐ What software did they work with for cash disbursements, general ledger and ales and accounts receivable?
- ☐ What specialized software did they work with, if any, such as product costing, project management and inventory control?
- ☐ What special experiences do they have to offer (over and above what most bookkeepers do)
- ☐ What is the best single thing they did for their boss
- ☐ Any final comments about anything I did not ask them or that they want to know about job

CONTROLLER'S CHECKLIST

ROLE OF CONTROLLER

1. The role of a controller is to be responsible for the proper functioning of the financial reporting and accounting and bookkeeping departments.
2. This responsibility includes training, overseeing and supervising the people in those departments.
3. Regular evaluation of the accounting systems and software and equipment.
4. Development and presentation to management of the reports needed by them to make decisions and for management to feel that there are effective controls within the business.
5. The role includes profit planning, budgeting, sales forecasting, capital investing, cash flow planning including banking needs, credit allocations, cost accounting, price testing and the establishment and administering of procedures to accomplish these functions.
6. Projecting the cash needs, necessary investment and funding sources, profit and loss and cash flow from contemplated activities. This should also include pricing decisions and capacity utilization.
7. Where applicable there will be oversight of loan agreements and covenants and interaction with the lenders to maintain a regular and consistent relationship with them.
8. Where necessary financial and accounting policies will be formulated and coordinated with the independent accountants.
9. Tax administration and government reporting will be controlled and overseen.
10. Methods to control business assets should be instituted and managed including internal controls and auditing and assessments of insurance coverage and needs, and overall company risk assessments.
11. The controller should also be aware of economic conditions that might affect the operations of the business or its assets and bring assessments to management's attention.
12. The controller should be a member of a professional organization where they will interact with other controllers and attend courses covering the newest techniques and methods.

SUGGESTED SPECIFIC ACTIVITIES

Immediately to acclimate, set up or catch up
(A schedule to perform these functions should be set up so that these are all completed within three months of starting)

- ☐ Review financial statements or tax returns for last three years to see if there are any trends, variances or non-typical items and discuss with management.
- ☐ Tie in opening retained earnings to balance sheet amount.
- ☐ Make sure bank reconciliations are current
- ☐ Work up worksheets for every balance sheet account scheduling differences in accounts to be investigated or adjusted
- ☐ Tie in all intercompany balances.

- ☐ Determine if notes exist for all intercompany, owner or shareholder loans and if not, generate them to be signed. To the extent terms are not evident it should be discussed with management or the owners as the case may be.
- ☐ Prepare a fixed asset schedule and compare with insurance policy coverage and DMV registrations if applicable.
- ☐ Evaluate the accounting systems and software and equipment, and report generation capabilities. Include comments relating to ease of use and training new people on system.
- ☐ Evaluate internal controls and report findings to management.
- ☐ Meet with each person in the accounting and bookkeeping department and get an initial feeling of their ability. Repeat this after three months and then report your findings to management.
- ☐ Prepare a listing and schedule of work responsibilities of each person in the accounting and bookkeeping department.
- ☐ Prepare a Tax and Special Items Calendar of tax payment and form due dates, bank covenant requirement dates, insurance payments, pension payments and important non monthly expenses or payments. Make sure state sales tax and regulatory returns and forms are included.
- ☐ Try to determine regulatory reporting responsibilities.
- ☐ Prepare a break even analysis. Also set up a plan to monitor regularly, especially product lines with different gross profit percentages.
- ☐ Prepare an annual operating budget.
- ☐ Prepare a cash flow projection for the next twelve months.
- ☐ Prepare a schedule of monthly recurring expenses.
- ☐ Meet with independent accountants and find out any issues and concerns they have, or have expressed to management, about the accounting and bookkeeping department.
- ☐ Find out from the independent accountants what reports and schedules they would like to receive monthly, quarterly or semiannually, if any.
- ☐ If the independent accountants will be performing interim work, determine what it is and how often, and work out a schedule for them to come in.
- ☐ Meet with bankers and find out their concerns and issues.
- ☐ Determine inventory policies and review any perpetual records, and the most recent actual inventory. Review method of reporting or accounting for monthly inventory.
- ☐ Review any cost sheets, and cost accounting records, if any.
- ☐ Find out if any new projects, major hiring, expansion or equipment purchases are planned for the next year.
- ☐ Determine if there have been any fines or violations in the last two years and any unresolved, unsatisfied or outstanding issues.
- ☐ Set up daily flash number reports (sample attached).
- ☐ For anything not completed at the end of three months, a plan and time table should be developed to show when it can be completed; and discussed with management.

Daily (in addition to regular work)

- ☐ The last thing that should be done before going home each day is to present the flash number report to management.
- ☐ Review back log of work for each person in accounting or bookkeeping department.
- ☐ Each morning determine what each person will be doing that day that is not an ordinary regular function. Alternatively this can be done at the end of each day for the next day.
- ☐ Review Tax and Special Items Calendar for amounts due that day.
- ☐ Discuss with management anything of an unusual or not regular nature that came up that day.

Weekly

- ☐ Prepare a report of past due accounts receivable and accounts payable.
- ☐ Report to management any employee absences (whether or not excused) during the week.
- ☐ Review time sheets or cards for the week. Determine if any work was done that has not been billed or that should be billed extra.
- ☐ Make sure all taxes that should be payable that week have been paid with the appropriate forms.

Monthly

- ☐ Monthly profit and loss statements, balance sheets and cash flow statements should be presented to management by the end of the last business day of the month. To the extent this is not possible based on the condition of the accounting records, this should become a goal that is bettered each month. There is a disconnect between generating and presenting the reports and their being completely accurate (which is impossible due to the unavailability of all the information to prepare accurate reports such as bank statements and vendor bills), but the reports should be prepared and given to management on the last day of the month.
- ☐ When the monthly reports are presented, it should be accompanied by a reconciliation of the differences between the previous month's actual amounts and the amounts on the report that was presented. This should then be discussed with management.
- ☐ Review month end schedules of key items such as accounts receivable, accounts payable, bank reconciliations and the monthly payroll listing.
- ☐ Review monthly payroll and taxes that have been paid. Present a schedule showing monthly gross payroll, head count, and overtime paid.
- ☐ Review monthly sales tax returns.
- ☐ Prepare a salesmen's compensation analysis for sales people with draws and expense accounts.

Quarterly

- ☐ A narrative report of the results of the business operations for the past quarter should be prepared, presented and discussed with management by the end of the third week of the month.

Semi annually

- ☐ Bank covenants should be tested at that point and projected as of the end of the year.

Annually

- ☐ Prepare a schedule with the independent accountants when they will be coming in and when they expect to complete and issue their financial report and tax returns.
- ☐ Ask independent accountants to present a schedule of what they expect to have prepared by the internal staff, and when.
- ☐ Make sure annual payroll tax returns and tax information forms are prepared and issued on time.

NOT-FOR-PROFIT BOARD MEMBER RESPONSIBILITY CHECKLIST OF TIPS

In order to safeguard the organization, the governing body member, or sub-committees of the governing body, should consider the following:

1. A strong system of written internal controls is required. Review and approval annually by the oversight group is also a strong practice.
2. A sub-committee structure whereby individuals with different expertise on the board oversee different areas is a strong mechanism for oversight.
3. Significant transactions and contracts carry additional risk and should have an ancillary layer of review outside of the Executive Director, namely, by a governing body member, and contractual obligations may require full board approval.
4. The 501(c)(3) exemption is conditioned on the organization being one "of which no part of the net income inures to the benefit of any private shareholder or individual." A strong conflict of interest policy should be in place and enforced to identify related party transactions and instances where private inurement arises. A written statement from members on conflicts or lack thereof from management and the governing body can accomplish this task with annual attestations required to ensure compliance with this policy for a board member and key employees.
5. NFP accounting nuances exist, including additional layers of disclosure as well as differences in the treatment of revenue as compared to for-profit accounting. Be careful when reviewing not-for-profit financial statements to consider the unique operating metrics of NFPs.
6. Revenue generated from activities which are outside of the organization's charitable mission may be subject to income tax. Performing too many unrelated tasks could lead to loss of tax exemption. The governing body should verify that management or a third party consultant are evaluating each revenue stream for potential Unrelated Business Income issues.
7. Non-filing of the 990 tax return for three consecutive years will lead to loss of tax-exempt status. The governing body is required to be a part of the review and filing process as well as for overall compliance with the filing requirements. The 990 is also a great marketing tool for contributions so governing body involvement is key.
8. Annual discussion of agency-wide risk and threats to the organization, including evaluating internal controls, legal and compliance risk, reputation risk, operational risk and other significant risks to the organization is strongly suggested. The governing body should maintain written notation of the risk assessment performed.
9. Compliance with all federal, state and local laws, including payroll and income tax liability is required and governing body members can be held liable personally for lack of compliance. The governing body should verify management is handling these matters.
10. Grant contracts and donor contributions are complex and the organization needs to monitor these agreements closely and carefully to ensure compliance. In today's environment, states and local governments are trying to cut, not increase, their budgets – the first place they look are organizations with habitual non-compliance.
11. Executive Compensation must meet the IRS criteria of "rebuttable presumption of reasonableness" which means there must exist a formal process to determine and evaluate officer compensation – the process must be written and based on an analysis of comparable data. This documentation generally occurs at the governing body level and should be performed annually.

12. Meeting minutes must be written and contain information concerning significant actions of the board as well as sub-committees of the board. The minutes should be approved by the governing body members by vote.
13. If the organization has an endowment fund, each state generally has laws for the prudent management over the endowment and the investments. For example, in New Jersey, not-for-profits must follow the "UPMIFA" laws as well as specific contract laws associated to the agreements establishing the funds, unless the donor instructions include details on how the funds are to be maintained. An investment committee of the governing body generally oversees the management of endowment funds and establishes an investment policy.

Although governing body positions are generally held by volunteers, it is important to remember that being a member of the governing body of a not-for-profit requires due care, strong oversight and exercising of fiduciary responsibility.

If you have any questions about the above or a NFP board you are on, you are welcome to contact me at emendlowitz@withum.com or Brad Caruso at bcaruso@withum.com who assisted in preparing this checklist.

RUNNING A MEETING CHECKLIST

Meetings can either be super productive, great time-wasters or every gyration in between. What they are is usually determined by the person organizing and running the meeting.

Here are some tips for more effective meetings:

- Create and distribute a specific agenda in advance so those needing to prepare will have enough time
- Be prepared (yourself)
- Ask for “new business” or off-agenda proposals to be provided to you in writing early enough so it could be added to the agenda
- Decide if you will lead the meeting or facilitate discussions
- Have some punch list items to lead with if a discussion doesn’t get started
- Stay on topic – stick to agenda
- If someone is off target, politely stop them, pointing out that what they are suggesting or discussing is not on the agenda and you can discuss with them after the meeting to determine if it belongs on a future agenda
- Decide on your personal style of permitting discussions – can each person express their thoughts on an issue only once or twice, or as many times as they choose, only limited by being recognized by you. In matters where everyone might want to express an opinion, go around the table with each person getting one chance for a limited period to provide their thoughts. This will force them to be concise, clear and complete
- Do not permit cross conversations
- Start on time
- Set an ending time and end on time
- Do not interrupt the meeting to bring latecomers up to date
- If assignments are given out, set due dates
- If committees are organized, designate a chairperson
- Set date for next meeting
- Decide if you will run meeting like a dictator or following parliamentary rules – meetings called by a project manager will not necessarily follow parliamentary rules. Not-for-Profit organization committee meetings will
- Have a reasonable summary of Robert’s Rules of Order handy in case you need it

Keep in mind that the purpose of the meeting is to accomplish a specific goal. Anything discussed at the meeting that doesn’t lead toward that purpose is a waste of everyone’s time.

DAILY FLASH NUMBERS' REPORT
Version 1

This is a sample that should be adapted for the specific needs of management. One way is to ask what numbers are looked at by management to see how the business is doing. We suggest a maximum of six items.

Month of________________________

All amounts should be daily transactions except for checkbook balance

Date	Cash receipts	Cash disbursements	Checkbook balance	Sales	Purchases	# customers or invoices
1						
2						
3						
4						
5						
6						
7						
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30						
31						

DAILY FLASH NUMBERS
Version 2 for cash account only

Client's name
Daily Flash Numbers
Month of________________________

Amounts should be daily transactions except for checkbook balance

				Use if needed	
Day	**Cash receipts**	**Cash disburse-ments**	**Checkbook balance**	**Checks written and not mailed**	**Adjusted checkbook balance**
1					
2					
3					
4					
5					
6					
7					
8					
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10					
11					
12					
13					
14					
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DAILY FLASH NUMBERS
Version 3 for multiple accounts or entities

Client's name____________________________________ **Client's name**______________________________

Month of___________________________

Amounts should be daily transactions except for checkbook balance

Date	Cash receipts	Cash disburse-ments	Checkbook balance	Cash receipts	Cash disburse-ments	Checkbook balance
1						
2						
3						
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CHECKLIST OF REASONS
FOR A CPA FIRM MERGER OR ACQUISITION

- ☐ Get greater volume
- ☐ Make more money
- ☐ The practice is available at an attractive price and terms
- ☐ Get or attain a critical mass either in volume or a specialty
- ☐ Acquire a specialty or expertise
- ☐ Step into a reputation in a niche or service area
- ☐ Better utilize partners in combined or larger firm
- ☐ Have a spokesperson that is well known in the media
- ☐ Operate in a geographic area or strategic location
- ☐ Have better perception by clients of being a player in the marketplace
- ☐ Get trained staff
- ☐ Get needed management skills
- ☐ Get needed administrative skills
- ☐ Get clients in an industry
- ☐ Step into valuable banking, bonding, legal or other relationships
- ☐ Become a larger firm so that clients' increased needs for credit can be supported
- ☐ Succession or transition planning reasons
- ☐ Get young blood, or an elder statesman to accommodate client or referral base
- ☐ Consolidate administrative, bookkeeping, technology and marketing functions to obtain better utilization at lower combined costs
- ☐ Better access to technology, more sophisticated software, procedures and infrastructure
- ☐ Freedom for most partners from admin and firm management
- ☐ Partners not getting along personally
- ☐ Partners who don't agree on the future direction of the firm
- ☐ Partners who don't want to invest in the future
- ☐ Move or obtain a new lease
- ☐ Lost a tenant and need to fill space
- ☐ Already have a good working relationship with merger partner
- ☐ Business presently being referred can be retained by the combined practice
- ☐ Acquire a super rainmaker
- ☐ A previously negotiated deal fell through and a need to act quickly
- ☐ A death or disability and a practice continuation agreement is in effect
- ☐ The smaller firm partners believe they can "take over" managing bigger firm

This is a listing of reasons for mergers or acquisitions. Not all are desirable or good reasons or goals but I've seen all of the above at various times. This is a checklist designed to get you thinking. If you have additional reasons, please let me know.

SAMPLE EMPLOYMENT POLICIES CHECKLIST

This is a guide and not meant to signify a contract or obligation by the employer.
Before anything is adopted it is suggested it be discussed with an attorney.

Federal and NY State withholding
All salaries are subject to Federal, NY State and Local withholding taxes, as applicable. Employees will receive a W-2 form by the end of January for the previous year. Each person must submit a W-4 withholding statement with their marital status and the number of exemptions claimed.

Social Security and Medicare
All employees will be covered by Social Security and Medicare and will have the statutory amounts withheld from their salaries.

Unemployment and disability insurance
Each employee will be covered for NYS statutory unemployment and disability insurance. The required withholding will be deducted from the employee's salary.

Worker's compensation
All employees will be covered by worker's compensation insurance. In the event of an injury, the insurance carrier will provide claim forms.

Health insurance
[This policy, as all policies, need to be determined]
The employer does not provide health insurance for any of its personnel.
Or
Health insurance will be provided for employees meeting minimum employment requirements. This was explained when you were hired.

Pension plan
No pension benefits are provided as part of the employment arrangement.

401(k)
A 401k plan is available for employees to voluntarily contribute part of their salary. All deductions will be placed in a segregated account for the employees benefit only. The company will not match any contributions.

Overtime
Salaried and hourly employees will be paid time and a half pay for each hour worked over 40 hours a week. Hourly employees will be paid based on the time sheets submitted. Salaried employees will submit a time sheet indicating the total hours worked each week for any week they worked more than 40 hours. If a time sheet is not submitted it will signify that the employee did not work more than 40 hours for that week.

The overtime hourly rate paid to a salaried employee will be their gross weekly pay divided by 40 multiplied by 150%.

Holiday or vacation days

The following holidays will be given days off:

New Year's Day
Dr. Martin Luther King Jr Day
President's Day
Memorial Day
The Fourth of July
Labor Day
Thanksgiving Day
Christmas Day

If employee works on one of those days, they will be given two days off to be taken at another time.

Full time salaried employees will be given two weeks' vacation after one year of employment. No payment will be made for untaken vacation time.

Hourly employees will be paid for 8 hours for each holiday.

Part time employees typically working less than 30 hours a week will not receive any holiday or vacation pay.

Sick pay or personal days

Five days sick pay or personal days will be paid to salaried full time employees after they have been employed one year if they have not taken this time off. This is to be paid at the end of the year. If a partial year is worked, it will be paid at a prorated basis at the rate of one day every 2 1/2 months worked for the first ten months of a year and then a day for the final two months of a year.

Hourly employees will be paid for 8 hours for each sick or personal day taken or not taken up to five days a year.

Part time employees typically working less than 30 hours a week will not receive any sick pay or pay of personal days.

Payroll dates

The payroll will be paid by direct deposit into the employee's checking account. Payments will be made bi-weekly.

Legal agreement

This summary explanation of sample employment policies is not intended to constitute a legal agreement or any type of contract or agreement and does not confer any rights or obligations on the employer. This has been prepared for guidance and informational purposes only.

Employment questions

Any questions about your employment should be directed to ___________________.