Due Diligence Checklist for Advisors

Prior to beginning due diligence on the party’s businesses involved in a transaction, be sure to review all applicable privacy policy statements and speak with your consultant, broker-dealer, custodian and/or attorney to ensure compliance with Reg S-P.

<table>
<thead>
<tr>
<th>Category</th>
<th>Review Item</th>
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<tbody>
<tr>
<td>Business</td>
<td>□ Review recent valuation(s)</td>
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<td>□ Review Human Resource related items</td>
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<td>□ Review current staff</td>
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<td>□ Compensation and payment practices</td>
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<td>□ Vacation, sick time policy and current balances</td>
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<td>□ Dress code</td>
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<td>□ Review/Provide summary of plan descriptions of ERISA benefit plans</td>
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<td></td>
<td>□ Profit-sharing plans</td>
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<td>□ Review copies of documents related to health insurance, FSAs, disability or life insurance</td>
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<td>□ Employment agreements</td>
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<td>□ Employee handbooks, HR manuals</td>
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<td>□ Review recent terminations</td>
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<td>□ Obtain copies of any/all agreements that related to employee non-compete/non-solicitation</td>
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<td>□ Client base review</td>
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<td>□ Obtain breakdown of clients base showing total number, age, state of residence, total assets with firm, length of relationship, any material issues related to client, date of last contact, etc.</td>
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<td>□ Client service process</td>
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| Legal/Contract | - Determine business and operational structure  
| |   - Sole Practitioner, LLC, S-Corp, C-Corp, Partnership  
| |   - Solo, Silo, Ensemble  
| | - Review by-laws, articles of incorporation, articles of organization (or other related documents) as well as reviewing all amendments, stock ledger and minutes of shareholder/director meetings  
| | - Review Shareholder/Operating Agreement  
| | - Review/Obtain information regarding all litigation or administrative proceedings (even if pending) for either party or either party’s subsidiaries  
| | - Review insurance policies  
| |   - E&O policy  
| |   - Liability insurance  
| | - Review real estate/leases obligations  
| | - Review licensing agreements with vendors (software, copiers, phones, etc.)  
| | - Provide a list of any/all intellectual property of the company, either owned or licensed  
| Compliance | - List states in which the company operates and reviewing licensing/registration requirements  
| | - Background Check  
| | - Review Form U-4  
| | - Review Form ADV  
| | - Provide/Review any contract or agreement which could contain a change of control clause that may be triggered by the proposed deal (i.e., Investment Advisory Agreement)  

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Financial
- Verify total company assets under management
- Review revenue
  - Fee structure (how and when clients are billed)
  - Review historical growth rates and identify any abnormalities
  - Review breakdown of revenue sources for last twelve months
- Review and liens and/or outstanding debts and obligations
- Obtain credit report
- Review recent bank statements
- Obtain copies of last five years federal and state tax returns
- Obtain copies of payroll tax returns for the last five years
- Review financial statements
  - Profit & Loss Statement
  - Income Statement
  - Balance Sheet
  - Commission reports/Account statements from BD/Custodian
- Review and obtain copies of any UCC filings from the appropriate Secretary of State
- Provide most recent aging schedule for accounts receivable with comments regarding the collectability of any balance over 90 days old

Technology
- Review software and potential compatibility (CRM, operating system, firewall, servers, etc.)
- Review email system
- Review document management system
- Review status/condition of hardware (laptops, desktops, servers, phone system, printers)
- Review website and other web-based content regarding company (LinkedIn, Facebook, Google, etc.)