

Entity Structure Assessment



Rate the following statements on a scale of 1 to 5
(where 5 means "Yes, that's us" and 1 means "No, that's not us at all")

Our business has its own **Employer Identification Number** from the IRS. We have a copy of our company's EIN confirmation document from the IRS, which is readily accessible, and has the current name and address of the business.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

Our business is a registered legal entity (Corporation, LLC etc.) with the State where we conduct business. We have a copy of our company's **Articles of Organization** (or similar document) from the State, which is readily accessible, and has the current name and address of the business.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

We have a written internal **corporate governance document** (Operating Agreement, Bylaws, etc.) that is signed and dated by all owners of the company. Our internal corporate governance document has been updated within the past 3 years, reflects how decisions are actually made in the business, addresses owner exit scenarios, and is accessible to and followed by our company and its owners.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

All bank accounts maintained by the business are associated with the business EIN, and all revenue and expenses related to the business flow through those bank accounts (and **no funds are commingled** with personal accounts).

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

Add all four numbers together: ____

Multiply by 5 to determine the percentage score that reflects the current state of your company's health relating to entity structure and corporate governance: ____

Intellectual Property Assessment



Rate the following statements on a scale of 1 to 5
(where 5 means "Yes, that's us" and 1 means "No, that's not us at all")

Our business has a federally **registered trademark** that protects our brand name or logo in connection with a specific class of goods or services that we provide. We have documentation showing that registration, are aware of any upcoming renewal deadlines, and frequently monitor whether any third parties may be infringing on that registered trademark.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

Our business has a federally **registered copyright** that protects an original work created by our company. We have documentation showing that registration, are aware of any upcoming renewal deadlines, and frequently monitor whether any third parties may be infringing on that registered copyright.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

Our business has a federally **registered patent** that protects an invention created by our company. We have documentation showing that registration, are aware of any upcoming renewal deadlines, and frequently monitor whether any third parties may be infringing on that registered patent.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

Our business has **trade secrets** that our confidential, unique, and proprietary to our company. We have documentation relating to the creation and ownership of those trade secrets, and frequently monitor whether any third parties may be violating those trade secrets.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

Our business sometimes grants third parties with the right to use our intellectual property. In such instances, we always provide the third party with a **Nondisclosure Agreement** first, and then provide them with a **Licensing Agreement** for the use of that intellectual property. We have signed versions of NDAs and Licensing Agreements with all such third parties.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

Add all five numbers together: ____

Multiply by 4 to determine the percentage score that reflects the current state of your company's health relating to intellectual property: ____%

Employment Law Assessment



Rate the following statements on a scale of 1 to 5
(where 5 means “Yes, that’s us” and 1 means “No, that’s not us at all”)

We always use written **job descriptions** that are specifically tailored to our industry and the unique needs of our company. These documents clearly describe the essential functions of the job and outline the criteria for how performance will be measured. The job requirements are merit-based and appropriate for the seniority level of the position.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

We have a comprehensive **employee handbook** that has been distributed to everyone and is available and accessible to everyone. It is tailored to our industry, geography (city, county, state and federal jurisdiction), and company size. The content and tone of the handbook distinctly reflects our culture and core values.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

We have written **HR policies** that have been reviewed/updated within the past year to confirm that they adhere to all current city, county, state, and federal requirements for companies our size in our industry. Our HR policies have been communicated clearly to all staff, and they are available and accessible to everyone.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

Our **restrictive covenants** are narrowly construed to support our legitimate business interests and are as limited as possible in geographic and temporal scope. They are in writing, supported by adequate consideration, and consistent with state and federal law. They are appropriate for our industry and the worker’s particular job description.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

We **document everything**, including hours worked, compensation paid, signed policies and acknowledgements, and disciplinary records. All documentation is accurate, error-free, and made contemporaneously with the event described in the document (i.e., not done long after-the-fact). Confidential records are kept separately from other employee files, and all HR documents are secured and backed up.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

Add all five numbers together: _____

Multiply by 4 to determine the percentage score that reflects the current state of your company’s employment law health: _____%

Material Contracts Assessment



Rate the following statements on a scale of 1 to 5
(where 5 means "Yes, that's us" and 1 means "No, that's not us at all")

We have written documents evidencing any **ownership interests** in our company. All of these ownership documents are signed, reflect current equity/percentage distributions, and contain relevant language relating to the sale, assignment, and vesting of such ownership interests.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

We have **written documents for all loans** that we have with third parties, whether as a lender or a borrower. All of these loan documents are signed and contain repayment terms and deadlines which we are aware of and monitor.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

We have **written contracts with all of our independent contractors**. All of these contracts are signed, reflect current terms, are customized for each individual, and contain relevant language relating to services to be performed, compensation, confidentiality, non-solicitation, and termination provisions.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

We have **written contracts with all of our clients**. All of these contracts are signed, reflect current terms, are customized for each individual, and contain relevant language relating to services to be performed, compensation, confidentiality, intellectual property rights, and termination provisions.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

We have a **written lease agreement for our commercial space**. This agreement is signed, reflects current terms, and contains agreeable terms relating to duration of the lease, landlord obligations, and early termination provisions. We are aware of when the lease terminates, what the renewal terms are, and the notice requirements of such.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

Add all five numbers together: _____

Multiply by 4 to determine the percentage score that reflects the current state of your company's health relating to material contracts: _____%

Contract Management Process Assessment

Rate the following statements on a scale of 1 to 5
(where 5 means “Yes, that’s us” and 1 means “No, that’s not us at all”)

We have a **written process in place** to make sure that every contract to which our business is a party has been drafted and reviewed properly, is signed by the necessary parties, and is stored in a secure location where it can be accessed by management. This written process is followed by all in the organization.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

We have a **dedicated team in place** to handle all aspects of the contract management process, including an attorney to draft/review/negotiate the contracts, a business executive to handle the specific business terms, a human resources contact to answer any employee concerns, and insurance personnel to manage insurance considerations.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

Before signing any contract, we **always consult with an attorney**. Our attorney is involved early on in the process to draft, review, and/or negotiate the terms of the contract. They know our business and understands which terms are important to us from both a legal and business perspective.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

We have a written policy in place for securely storing and protecting contracts, and utilize a **secure software or private database** to store such contracts. This database is organized so that signed contracts can easily be found and accessed only by the appropriate parties, and complies with applicable laws relating to confidentiality, privacy, and data security.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

For all of our contracts, we are aware of when the contracts terminate, what the **renewal terms** are, and the notice requirements of such.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

Add all five numbers together: _____

Multiply by 4 to determine the percentage score that reflects the current state of your company’s contract management process: _____%

Professional Services Assessment



Rate the following statements on a scale of 1 to 5
(where 5 means "Yes, that's us" and 1 means "No, that's not us at all")

We have a **business insurance policy** in place which fits our business needs, reimburses us in the event of a loss, and is specific to our industry and location. We have a copy of the insurance policy readily available, are aware of the renewal dates, are aware of any applicable exclusions, and have a good relationship with our insurance agent in case any issues arise.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

We know how our company is taxed, understand how the **tax structure** relates to our legal entity structure, and are up-to-date on filing our returns. We have a copy of our tax filings readily available, and have a good relationship with a licensed CPA in case any issues arise.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

Our company's bookkeeping is organized and up-to-date. We have a copy of our **bookkeeping records** readily available, and have a good relationship with a bookkeeper in case any issues arise. We understand that poor bookkeeping records can cause legal issues for the company.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

Our company has an updated website, which contains a written **Privacy Policy and Terms of Use**. Our website's Privacy Policy and Terms of Use is customized for our business, and describes the type of information and data that we collect from our users.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

Our company has various cybersecurity protections in place, including internal cybersecurity and data protection policies and protections, a managed IT provider, and password protections. Our company also has a **written IT policy**, and a process in place for handling a breach of that policy.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

Add all five numbers together: ____

Multiply by 4 to determine the percentage score that reflects the current state of your company's health relating to other professional services: ____%

Joint Venture Formation Assessment

Rate the following statements on a scale of 1 to 5
(where 5 means “Yes, that’s us” and 1 means “No, that’s not us at all”)

We have memorialized the terms of the joint venture in a written **joint venture agreement**. This agreement was drafted, reviewed, and negotiated by an attorney, fully defines the parties’ respective rights and responsibilities in the joint venture, and is signed by both parties.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

We have identified and defined **key performance indicators** to track whether our joint venture is successful, and regularly measure them. We discuss when such key performance indicators are off-track, and identify ways to improve them.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

We are aware of and have documented our **ongoing obligations** under the joint venture agreement, including but not limited to any ongoing reporting requirements, renewal deadlines, and financial and tax reporting requirements.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

We thought through and discussed the **best structure** for the joint venture, and have also discussed this structure with both an attorney and an accountant to understand the legal and tax implications of continuing to structure the joint venture this way.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

We are sure to provide any **required notices** to the State and/or IRS relating to the joint venture on an ongoing basis, and have already filed any necessary amendments to formalize the joint venture.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

Add all five numbers together: ____

Multiply by 4 to determine the percentage score that reflects the current state of your company’s joint venture health: ____%

Acquiring a Business Assessment



Rate the following statements on a scale of 1 to 5
(where 5 means "Yes, that's us" and 1 means "No, that's not us at all")

We have a **written Non-Disclosure Agreement** that was drafted by an attorney and was sent to the seller and other third-parties affiliated with the purchase. All of these third parties signed and returned these Non-Disclosure Agreements to us before we disclosed any confidential information regarding the purchase.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

We consulted with a third-party valuation professional to fully understand and the **initial valuation of the business**, the purchase price that we should offer, and how that purchase should be structured financially. This valuation was completed using factors such as sales, profits, business prospects and projections, customer base, and industry/market conditions.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

We consulted with a third-party tax professional to fully understand the **tax implications** of the purchase. This tax professional is still available to discuss any ongoing issues from a tax standpoint, and is available as needed to review financial statements and tax returns, and consult with an attorney, as necessary.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

We used a comprehensive **due diligence checklist** for the business purchase, which detailed both the documents that requested and reviewed from the seller, and also the documents that we, as the buyer, had to provide to the seller, such as financing information and related financial solvency data.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

We have a **written purchase agreement** that was drafted by an attorney and fully memorializes the terms of the purchase. This purchase agreement was signed by all parties, and we have a copy of the signed agreement readily accessible to us.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

Add all five numbers together: ____

Multiply by 4 to determine the percentage score that reflects the current state of your company's preparation for acquiring a business: ____%

Preparing for Sale of Company



Rate the following statements on a scale of 1 to 5
(where 5 means "Yes, that's us" and 1 means "No, that's not us at all")

We have **complete and accurate documentation** for the business which we are ready and able to provide to a prospective buyer. We have books and records ready to be inspected, including our organizational and governance documents, list of all ownership interests, third-party contracts, licenses, operational procedures, employee documents, marketing materials, and bookkeeping/accounting records which comply with GAAP.

☐ ☐ ☐ ☐ ☐
1 2 3 4 5

We have a comprehensive **due diligence checklist**, which details not only the documents that we need to have ready to provide to the anticipated buyer, but also the documents that we, as the seller, should request from the buyer, such as financing information and related financial solvency data.

☐ ☐ ☐ ☐ ☐
1 2 3 4 5

We have consulted with a **third-party valuation** professional to fully understand and define the fair market value of the business, the expected sale price, and how that sale should be structured financially. This valuation was completed using factors such as sales, profits, business prospects and projections, customer base, and industry/market conditions.

☐ ☐ ☐ ☐ ☐
1 2 3 4 5

We have consulted with a third-party tax professional to fully understand the **anticipated tax implications** of the expected sale. This tax professional is available to discuss the best way to structure the sale from a tax standpoint, and is available to provide financial statements and tax returns, and consult with an attorney, as necessary.

☐ ☐ ☐ ☐ ☐
1 2 3 4 5

We have a **written Non-Disclosure Agreement** that has been drafted by an attorney and is ready to be sent to prospective buyers and other third-parties affiliated with the sale. We have all these third parties sign and return these Non-Disclosure Agreements to us before we disclose any confidential information regarding our business.

☐ ☐ ☐ ☐ ☐
1 2 3 4 5

Add all five numbers together: ____

Multiply by 4 to determine the percentage score that reflects the current state of your company's preparation for an anticipated sale: ____%