**Caution: this form does not constitute legal advice. Use of this form does not create an attorney-client relationship. You should consult an attorney knowledgeable in travel-industry matters before you use it. The law of contracts varies from state to state.**

**DUE-DILIGENCE LIST FOR SMALL AGENCY ACQUISITIONS**

A. Financial

1. Copy of income statements and balance sheets for last two years, year-to-date, and, if available, the most recent 12 months.

2. Copy of federal income tax returns for the last two years.

3. The most recent lists of receivables and payables, with aging.

4. Copy of loan or line of credit documents, if any.

B. Client-Related

1. Copies of client contracts or letters of agreement.

2. List of clients with sales by client for last year and year-to-date.

3. List of clients on receivables, if any, and agreed billing cycle for each.

4. List of top 25 clients for last year with any fees for each.

C. Personnel-Related

1. Copies of agreements with employees or independent contractors (IC's), if any.

2. List of employees or IC's, with position, seniority, and rate of compensation for each.

3. List of actual compensation by employee and IC for last year and year to date.

4. Description of health insurance plan, if any.

5. Description of bonus program, if any.

6. Copy of employee handbook, if any.

D. Supplier-Related

1. Copy of commission and override agreements with all suppliers, if any.

2. List of sales and percentage of sales by supplier for 10 largest suppliers for last year and year-to-date.

3. For last year and year-to-date, list of sales or revenue by mode (air, hotel, car, cruise, tour, group, other.

4. Copy of latest GDS productivity report showing segments by month for 12 months.

 5. List of outstanding debit memos, if any.

E. Asset-Related

1. List of inventory of free airline tickets and certificates, if any.

2. List of property and equipment by location.

F. Miscellaneous

1. List of licenses and registrations.

2. Copies of all leases.

3. List of all contracts that you want buyer to assume, and copy of any not provided elsewhere in this document.

4. Description of any litigation or administrative proceedings (such as Labor Department, EEOC, or workers compensation) involving the seller during the last five years.

5. Description of any threatened litigation or administrative proceedings.