

Diligence Checklist

Information request for firms joining Arrive · September 2026

This is the information we will need to complete our review. Most of it you already keep in the ordinary course, and much of it your accountant or bookkeeper can pull in an afternoon. Please send what you have and tell us what you do not — an honest gap is far easier to deal with than a surprise later.

Everything you provide is confidential and used only to evaluate and complete the transaction. Please deliver through the secure folder we will set up rather than by email, since much of this contains client information.

Items marked ★ are the ones we need earliest, because they drive the structure and the timetable.

1. The firm itself

☐		Certificate of formation or incorporation, and every amendment.
☐		Bylaws or operating agreement, and every amendment.
☐	★	Certificate of good standing, and for Texas a certificate of account status from the Comptroller.
☐		Stock or unit ledger, certificates, and a current capitalisation table.
☐		Any shareholder, member, buy-sell or voting agreement, and any option, warrant or other right to acquire an interest.
☐		Minutes and written consents of directors, managers, shareholders or members for the last three years.
☐		Registrations to do business in any state other than the state of formation.
☐		The EIN assignment letter.

2. Licensing

We ask for more here than a buyer usually would, because our structure depends on it.

☐	★	Every firm licence held, in every state, with its number and current status.
☐	★	For each owner and each professional employee: every individual certificate and licence, the issuing state, and its current status — active, inactive, retired or lapsed.
☐		Confirmation in writing of whether the firm has ever performed attest services — audits, reviews or compilations — and if so, when and for whom.
☐		Peer review reports, if the firm has any attest history.
☐		Continuing education compliance records for each licensed professional.
☐	★	Any complaint, investigation, disciplinary proceeding or sanction by any board of accountancy, against the firm or any individual, whether or not it resulted in action.

☐		PTINs for each preparer and the firm's EFIN, with the EFIN application and any IRS correspondence about it.
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3. Insurance

The single most important item here is the retroactive date on your professional liability policy. A claims-made policy does not cover work performed before that date, and no run-off endorsement can reach back past it. If your firm has ever changed insurers or had a lapse, we need to know now.

☐	★	Declarations pages for every professional liability policy the firm has held, for every year — not only the current one.
☐	★	The retroactive date on each, and written confirmation that cover has been continuous with no gap.
☐		Claims history for the last five years, including any incident reported to an insurer that did not become a claim.
☐		Any claim denied, or on which an insurer reserved its rights.
☐		A quotation for a six year extended reporting period endorsement on the current policy.
☐		All other policies: general liability, cyber and privacy, employment practices, workers compensation, and loss runs for each.

4. Clients and revenue

☐	★	A client list showing revenue recognised from each client for the last twelve months, and the services provided. This becomes the schedule against which client retention is measured, so accuracy matters to both of us.
☐		Revenue by service type — tax preparation, bookkeeping, payroll, advisory.
☐		Your standard engagement letter, and any engagement letter that departs from it.
☐		Any client representing more than five percent of revenue.
☐		Clients lost in the last twenty-four months, with the reason.
☐		Any fee dispute, write-off or credit in the last three years.

5. Financial

☐		Financial statements for the last three years and year to date, and whether they were prepared internally, compiled, reviewed or audited.
☐		Trial balance and general ledger for the current and prior year.
☐		Accounts receivable ageing and work in progress.
☐		Accounts payable ageing and accrued liabilities.

☐		Bank statements for the last twelve months.
☐		Every note, line of credit, equipment finance or other debt, and any personal guarantee.
☐		Fixed asset schedule with depreciation.
☐		Any deferred or earnout payment owing from a prior acquisition the firm has made.

6. Tax

☐	★	Federal and state income tax returns for the last three years.
☐	★	The Subchapter S election on Form 2553 and the acceptance letter, and any entity classification election.
☐	★	Payroll tax returns for the last three years — Forms 941 and 940 and the state equivalents — with proof of deposit.
☐		Franchise tax reports and any state sales or use tax filings.
☐		Every notice, assessment, audit, installment agreement or lien from any taxing authority.
☐		Forms 1099 issued for the last two years.
☐		Shareholder basis and accumulated adjustments account schedules.

7. People

☐		A census of every employee and contractor: name, role, start date, compensation, and whether treated as an employee or a contractor.
☐	★	Any worker treated as a contractor who performs work of a kind an employee performs. Classification is the item most often found wrong in a firm of this size, and the liability follows the business.
☐		Employment agreements, offer letters and contractor agreements.
☐		Any non-competition, non-solicitation or confidentiality agreement with any employee or contractor.
☐		Benefit plans, including any retirement plan, and the last two plan year filings.
☐		Any employment claim, charge, wage complaint or settlement in the last five years.
☐		The employee handbook and any written policy.

8. Contracts

We particularly need anything containing a change of control or anti-assignment provision. Because the transaction is a merger, most agreements transfer automatically — but those two clauses are the exceptions, and they need consents before closing.

☐	★	Every agreement containing a change of control, assignment or consent provision.
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☐		Leases of real property and equipment.
☐		Software licences — tax preparation, practice management, client portal, document storage — and their assignability.
☐		Vendor and service agreements.
☐		Referral or fee-sharing arrangements.

9. Data, technology and compliance

☐		Trademarks, trade names and domain names, registered or not.
☐	★	The firm's written information security plan. The IRS requires every tax preparer to maintain one.
☐		Where client data is stored, who has access, and any breach or suspected breach.
☐		Procedures for consent to disclose or use taxpayer information under Section 7216.
☐		Any software the firm has developed or owns.

10. Claims and compliance history

☐	★	Any claim, action, arbitration or investigation pending or threatened, including any allegation of professional negligence, however informal.
☐		Any claim resolved in the last five years.
☐		Any preparer penalty assessed under Sections 6694 or 6695, or any IRS correspondence about preparer conduct.
☐		Any circumstance known to any owner that could reasonably give rise to a claim, whether or not one has been made. We would rather hear it now.

A note on the last item

Every list like this ends with a question about problems you know about but nobody has asked you for. It is worth answering candidly. A disclosed issue is priced or carved out and the deal proceeds. The same issue found after closing becomes an indemnity claim against you personally, and it damages a relationship we both intend to be a long one.

Please direct questions to Steven Gelley, Chief Executive Officer, Arrive Accounting, Inc.