

Recommended Due Diligence

Financial

1. Verify revenue of the veterinary practice for two years
 - a. Match computer system revenue reports
 - b. Match deposits on bank statements
 - c. Match total revenue on tax return
2. Review W-2s and 1099s. Match totals to expense items on tax returns.
3. Review major vendor files
4. Review general ledger to verify amounts paid for phone book, building maintenance, and other large payees.

Assets

5. Match larger pieces of equipment in practice to equipment list
6. Test larger pieces of equipment for quality
7. Check computers and printers for quality
8. Verify veterinary software in use. Which version?
9. Ask if service contracts are current
10. Do building inspection/construction review
11. If leases are being assumed, verify terms and buy-out language
12. Verify quantity and quality of drugs and supplies on the shelves

Legal

13. Verify current Fictitious Business Name filing
14. Check how title is presently held to the veterinary practice
15. Research current zoning for neighborhood of practice
16. Request information on any lawsuits pending or settled in the last 10 years
17. Request information on prior partners, if any

Personnel

18. Retrieve names, addresses and Social Security Numbers on all present employees
19. Request summary of payroll, by person, for the past year
20. Request hourly rates currently paid to each employee, and last time raises were given

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21. Request accrued vacation and sick pay due to each current employee from the seller.
22. Review current benefits provided for employees: health insurance, education, auto, etc.

Other

23. Check on status of phone book advertisements. How much time remaining on current add? How many books are advertisements running in?