

Davis & Company, CPA's, Inc.
440-887-9150

DUE DILIGENCE REQUEST

I) GENERAL CORPORATE MATERIALS

A. Minutes

1. Minutes of Shareholder's Meetings (or written consents in lieu thereof).
2. Minutes of Board of Director's Meetings (or written actions in lieu thereof), including, resolutions of the Board of Directors authorizing the creation and issuance of securities to be issued in the offering.
3. Minutes of Permanent Committees of the Board, if any.

B. Charter Documents

1. Certificate of Incorporation and other similar or related documents and all amendments or restatements thereto to date.
2. By-laws as amended or restated to date.
3. All documents on file with the Secretary of State of the state of incorporation or organization of the Company including, but not limited to, the long form good standing and tax certificates from state of incorporation.
4. List of jurisdiction in which the Company is qualified to do business, has applied for qualification to do business, or is otherwise operating; including branch offices of the Company and each subsidiary.

C. Organization

1. Officers and Directors lists; including any officers or directors who have left the Company in the past five years.
2. Stockholder list.
3. List of investments of the Company in other corporations or partnerships.

Davis & Company, CPA's, Inc.
440-887-9150

4. Summary of any delegation of the authority of the Board of Directors.
5. Description of corporate history, including any changes in corporate name and significant acquisitions or dispositions (of subsidiaries, divisions, joint ventures, etc.)

D. Capital Stock Books and Ledgers

1. Securities authorized and outstanding of the Company and its subsidiaries, including stock books and records for the Company and its predecessor entities. List all consideration paid for the stock.
2. List of stockholders, warrant holders and option holders (including number of shares owned or entitled to be purchased) and list of all holders of restricted stock, stock appreciation rights or phantom stock rights and other similar rights.
3. Agreements relating to the purchase, repurchase, sale or issuance of securities.
4. Agreements relating to voting of securities, voting trust agreements, preemptive rights, rights of first refusal, and restrictive share transfers including any rights of minority shareholders.
5. A listing and any copies of powers of attorney or proxies.

E. Options and Other Obligations

1. Employee Benefits Plans involving the issuance of securities (including all forms of agreements used there under).
2. Any other options, warrants or contingent obligations to issue securities of the Company.

II) FINANCE

- A. Financial statements including all footnotes thereto for the last 5 years.
- B. Tax filings and returns for the last 3 years, including income, sales, use, property and franchise tax.

Davis & Company, CPA's, Inc.
440-887-9150

- C. Documents regarding any waiver of a statute of limitation or of any extension of a statute of limitation regarding any tax.
- D. Documents regarding deficiencies, disputes, receivables or other outstanding matters with respect to any taxes for all periods not barred by the applicable statute of limitations.
- E. A copy or summary of the Company's current revenue recognition policy.
- F. Auditor's letters, opinions and management reports during the last 5 years, if any.
- G. Documents relating to liabilities and obligations incurred other than in the ordinary course of business since the last consolidated balance sheet or which are not fully reflected or reserved against in such balance sheet.
- H. Any analyses of the Company prepared by or for investment bankers, engineers, management consultants, accountants, federal or state regulatory authorities or others, including appraisals, marketing studies, future plans and projections, credit reports and other typical reports, financial or otherwise.
- I. Latest internal financial statements on a monthly basis (i.e., for the period since the last quarterly financial statements) including:
 - 1. General Ledger
 - 2. Accounts payable
 - 3. Accounts receivable
 - 4. Fixed asset register
 - 5. Sales backlog
- J. Current internal budget, operating and financial plans and projections and any reports or papers relating to any long term budget, capital development, restructuring program or strategic plan, including any plans regarding systems and operations.
- K. Schedule of accrued expenses.
- L. Current list of outstanding purchase orders.

Davis & Company, CPA's, Inc.
440-887-9150

- M. Budget for the current year and forward looking budget for next year.
- N. Any documents relating to material write-downs or write-offs of notes or accounts receivable other than in the ordinary course of business.

III) FINANCING

- A. Credit agreements (including revolving credit agreements), note purchase agreements, loan agreements, indentures, factoring agreements, notes, debentures, security agreements and letters of credit).
- B. Loans and guarantees of third party obligations.
- C. All currently effective financing documents, such as sale and leaseback agreements, installment sales agreements and all liens and financing statements.
- D. Any agreements which place restrictions or encumbrances of any type on any of the assets of the Company (e.g., Security Agreements, judicial or administrative orders or decrees, etc.).

IV) LITIGATION

- A. Threatened or pending litigation, claims and proceedings relating to the Company or any material asset of the Company, any predecessor entity or any former subsidiary, division or discontinued line of business of the Company.
- B. Consent decrees, settlement agreements and injunctions.
- C. Pleadings of all litigation whether settled or pending during the last 5 years.
- D. Attorney's letters to accountants, if any, during the last 5 years.
- E. Names, addresses and telephone numbers of all attorneys consulted since inception for general advice, regulatory advice, litigation, tax or other matters.
- F. Copies of any information regarding the value and results of any bankruptcy, receivership or similar proceedings with respect to the Company, and its officers or directors.

Davis & Company, CPA's, Inc.
440-887-9150

- G. Copies of notices of breach or default under any material agreement.

V) COMPLIANCE WITH LAWS

- A. Citations and notices received from government agencies.
- B. Pending investigations and governmental proceedings for the Company and any predecessor entities.
- C. Government permits and consents.
- D. Reports to and correspondence with government agencies.
- E. Materials related to any suspended or revoked government permits or licenses.
- F. Copies of all documents filed with every state and federal authority in connection with any private placement of securities.
- G. Copies of any notices from any governmental authority of proceedings relating to the revocation, cancellation or modification of any franchise, grant, authorization, license, permit, easement, consent, certificate, order approval, registration or qualification.

VI) ENVIRONMENTAL MATTERS

- A. List of all waste treatment, storage or disposal sites.
- B. Environmental audits, inspections, surveys, questionnaires and similar reports (internal or external).
- C. Copies of waste generation records including generation registration, hazardous waste manifests and any correspondence, directions or orders relating to waste disposal sites, including PCB waste disposal sites.
- D. Copies and descriptions of any environmental notices, complaints or other indication of potential environmental liability in any way related to the Company or any predecessor entities.
- E. Identify all hazardous substances currently used or previously used or stored by the Company or locations in which the Company is operated or any location of a predecessor entity.

Davis & Company, CPA's, Inc.
440-887-9150

- F. List of all sites used by the Company as a landfill or for treatment or disposal of liquids or solids.
- G. Identify waste water discharges that currently exist and where such discharges go, including copies of all waste water discharge permits, copies of any tests or discharges and documentation of any violation to permits for each location in which the Company is operating.
- H. Copies of all correspondence with regulatory agencies relating to the generation, transportation, treatment, storage and disposal of hazardous waste under hazardous waste laws.
- I. Any document relating to the present release or threat of release of hazardous substances, wastes or materials from or at any property owned or operated by the Company.
- J. Copies of any environmental permits relating to the operation of the Company, including copies of any environmental impact statements or reports of environmental consultants, environmental audit or assessment or inspection of property currently or formerly owned, leased or operated by the Company.
- K. Summary of information regarding any material administrative actions, investigations or other proceedings relating to the protection of human health or the environment of the Company or any predecessor entity.
- L. Any documents relating to any material noncompliance or liability under laws or regulations relating to protection of human health or the environment.

VII) PERSONNEL

- A. List showing all employees.
- B. Copies of employee benefit, pension, health, insurance, retirement and profit-sharing plans or programs.
- C. Provide any information regarding any executive officer, any employee or significant group of employees of the Company who plans to terminate employment with the Company and any information regarding any executive or key employee who is subject to any noncompete, nondisclosure, confidentiality, employment, consulting or similar agreement that would be violated by the present or proposed business activities of the Company.

Davis & Company, CPA's, Inc.
440-887-9150

- D. Loans and guarantees to or from directors, officers or employees.
- E. Stock options and deferred compensation or bonus plans or similar arrangements including copies of plan documents, award agreements, and detailed information on outstanding awards.
- F. Summary and copies of all employment agreements, consulting agreements, retention agreements, agency agreements, non-compete agreements, collective bargaining agreements and similar agreements to which the Company is a party.
- G. Any other agreements with officers, directors or significant stockholders.
- H. Summary of insurance coverage and a copy of all insurance policies, (casualty, property, liability, errors and omissions, officer and directors, etc.) To the extent coverages have changed during the last 5 years, please so indicate. Summarize any claims filed during the last 5 years.
- I. A written summary of union relations. Collective bargaining or other labor agreements, including any side letters.
- J. Indemnification contracts and similar arrangements for officers and directors.

VIII) REAL PROPERTY

- A. Identify all real property (a) in which the Company currently has, or in the past had, an ownership, leasehold or other interest and (b) otherwise used (currently or in the past) in the Company's business. Include copies of any certificates of occupancy.
- B. Deeds and mortgages, if any.
- C. Any land purchase, material building or construction agreements.
- D. List of any continuing obligations under expired leases or agreements relating to the sale of property for the Company or any predecessor entities.
- E. Leases or subleases of real property used by the Company.
- F. Easements and other encumbrances.

Davis & Company, CPA's, Inc.
440-887-9150

IX) INTELLECTUAL PROPERTY

- A. United States and foreign patents, trademarks, service marks, copyrights and other intangible assets (including applications, registrations and assignments) owned or used by the Company.
- B. Inventions under development, invention disclosures and locations of research and development or development engineering.
- C. License agreements relating to intellectual property, both as licensor and licensee, and any obligations to pay or rights to receive royalties. (Note: it is not necessary to provide copies of unsigned “shrink wrap” license forms packaged with non-custom, mass-marked software products).
- D. Secrecy, confidentiality and nondisclosure agreements with employees or third parties. (Indicate any employees or consultants not covered by such agreements.)
- E. List any assignments of inventions given to any employees or consultants.
- F. Opinions for patents including right to use, patentability, infringement and validity. Opinions for trademarks including registrability and infringement.
- G. List of all software programs owned by the Company used by the Company in its business operations.
- H. List of all software programs owned by third parties used by the Company in its business operations.
- I. Copies of all written policies or guidelines distributed to employees of the Company which pertain to protection of proprietary items, technical data, marketing data, or confidential information used by the Company in its business operations.
- J. Assignment of inventions agreements signed by employees or consultants. (Indicate any employees or consultants who have not signed such an agreement.)
- K. Summarize security procedures in place to safeguard trade secrets and trademarks.
- L. Provide any correspondence alleging trademark or copyright infringement.

Davis & Company, CPA's, Inc.
440-887-9150

X) OTHER PROPERTY

- A. Financing leases and sales and lease-back agreements.
- B. Conditional sale agreements.
- C. Equipment leases.
- D. Any document relating to third-party development and/or testing of the Company's products, services and/or proprietary products/information, including third-party certifications or testing.
- E. All Uniform Commercial Code filings affecting any property of the Company or any of its subsidiaries.

XI) OTHER AGREEMENTS

- A. Acquisition and disposition of companies, significant assets or operations.
- B. Written summaries of all oral agreements.
- C. List of all agreements subject to termination at will or within 3 months.
- D. Any correspondence relating to material contracts.
- E. Marketing agreements, including sales agent or representative, dealer and distributor agreements, consignment and pricing agreements.
- F. Supply agreements.
- G. Purchase and requirements contracts. (List outstanding purchase commitments by purchase order showing amount.)
- H. Joint venture, partnership and limited liability company agreements.
- I. Management, service and tax-sharing agreements.
- J. Performance guarantees and bonds.
- K. Advertising agreements.
- L. Commission, brokerage and agency agreements.

Davis & Company, CPA's, Inc.
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- M. Contracts outside the ordinary course of business.
- N. Professional Service Agreements.

XII) INDUSTRY RELATIONS

- A. List of the Company's 10 largest customers and suppliers and any correspondence from these individuals or entities seeking to discontinue or materially alter their contracts.
- B. Identify specifically any sole source suppliers.
- C. A summary or history of product returns or claims under or outside of warranty; including company records relating to customer complaints.
- D. Forms of warranties and a list of deals where the Company has deviated from such warranties.
- E. Samples of forms of purchase orders and invoices.
- F. Representative examples of advertising, marketing and other selling materials currently in use.

XIII) OTHER

All other documents viewed by the Company as material to its business, prospects, assets, results of operations or condition (financial or otherwise).