

RESOURCES

# Annual Review Business Checklist

---

Prepared for  
Cumby, Spencer & Associates

# Annual Review Business Checklist

Most business owners become so immersed in the daily operation and management of the business that they don't set aside time to evaluate its operations. An annual gathering of a business owner and his or her close advisors—including a trusted attorney, accountant, insurance professional, and other financial advisors—is an excellent opportunity to review the business as well as accomplishments or setbacks that might shape the overall future plan for the company.

Although not exhaustive, the following is a list of potential agenda items to include in an annual review session. This meeting is an opportunity for the business advisors to communicate with each other, encouraging open dialogue and cooperation throughout the planning process.

## 1. Review business financials

- Annual budget
- Balance sheet
- Cash flow update

## 2. Projected income tax liability

- Brainstorm potential measures which may be taken to reduce the tax exposure before end of year.

## 3. Business valuation

- Is the business valuation on target for projected growth?

## 4. Succession planning

- Has the company created a 5-year plan (or if more appropriate, a 10-year plan)?
- Long-term plans should be adjusted annually to take into account progress made in the prior year.
- Is there an "emergency" plan in place that addresses an unexpected event?

## 5. Contractual obligations

- Often a company may not review contractual obligations on an ongoing basis.
- Does the company continue to comply with the terms of these obligations? Are the terms still favorable?
  - Leases – real property and equipment
  - Contracts with other third parties – purchase agreements

## 6. Business insurance

- Has new real property been acquired? Was this property added to the company's insurance policy?
- Is all equipment covered?
- Are there any new exposures that should be mitigated through insurance?

## 7. Banking considerations

- A company's success or failure may be contingent upon its relationship with a financial institution that provides funding for business operations. Consider a review of the following:
  - Loans
  - Lines of credit
  - How does the bank view your business and your industry? What might be the bank's biggest concerns to future funding of the business? What financial ratios does the bank watch?
  - Who are authorized signatories on behalf of the company? Confirm that those persons should still have authority.

## 8. Business legal documents

- Minutes – have annual minutes been completed?
- All major changes in the business should be documented.

## 9. Buy-sell agreements

- Has the price been properly adjusted for the transfer of interests?
- Is there sufficient insurance or other funding mechanism in place in the event a buy-out was triggered?

## 10. Employment agreements and non-competition agreements

- Are agreements in place protecting the company in the event a key employee leaves the business?

## 11. Employee incentives

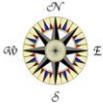
- Retirement plans
- Health insurance
- Life insurance
- Non-qualified plans for key personnel

## 12. Employee considerations

- Is the employee handbook up to date?
- Have employee annual reviews been completed?
- Has there been an annual review of the compensation structure for employees?
- Employee files – updated and organized
  - I-9 (Employment Eligibility Form for immigration purposes), W-4, contact information, training records, other important data

---

This tax-related discussion reflects an understanding of generally applicable rules and was prepared to assist in the promotion or marketing of the transactions or matters addressed. It is not intended (and cannot be used by any taxpayer) for the purpose of avoiding any IRS penalties that may be imposed upon the taxpayer. New York Life Insurance Company, its agents and employees may not provide legal, tax or accounting advice. Individuals should consult their own professional advisors before implementing any planning strategies. The Nautilus Group® is a Service of New York Life. SMRU 1729920 (Exp. 7.13.2023)



## Bruce J Cumby, ChFC<sup>®</sup>, CLU<sup>®</sup>, LUTCF<sup>®</sup>, MSFS, RICP<sup>®</sup>

Cumby, Spencer & Associates Financial Group

Bruce Cumby is the President of Cumby, Spencer & Associates Financial Group. For more than 35 years, he has developed a niche for working with pre- and post-retirement Baby Boomer and business owner clients. Bruce specializes in designing comprehensive, holistic solutions for his client's retirement planning, estate planning, wealth management, and business succession needs, as well as executive and employee compensation and benefits. He focuses on clarifying his clients' goals while creating a road map for their success. He attended St. Joseph's University and earned a Master of Science in Financial Services from the American College.

3732 West Chester Pike

Newtown Square , PA 19073

 (484)427-7066

[bruce@cumbyspencer.com](mailto:bruce@cumbyspencer.com)

<https://www.cumbyspencer.com>

