

Document Rationale			Sole Prop	Part	LLC/LLP	Corp	JV
<b>General Information:</b>							
Business and/or personal professional, industry, and/or other licenses, permits or accreditations	<b>Description</b> - Licenses are issued after determining applicant is in compliance with all City, County and State Statutes and Ordinances. They are then authorized to operate the specific type of business identified on the license.	<b>Rationale</b> – Helps CVE to determine if the company is operating the “type” of business legally in the state where it is chartered to perform services. Also, the legality of the tenant space can be verified against the address listed on the license. If not the same, It is important to investigate whether the company has moved its location.	X	X	X	X	X
Resumes of all owners, directors, partners, officers and other key personnel	<b>Description</b> - Typically a one-to-two page document listing the highlights of an individual's career, education, personal information, etc. Can be cross checked and verified.	<b>Rationale</b> – Helps CVE determine the capability to control the company. The Veteran's applicant's resume is reviewed to determine if he has the prerequisites, qualifications, and knowledge to operate and manage the type of company as identified in the business license.	X	X	X	X	X
Approval letters for businesses with Sensitive Compartmented Information Facility (SCIF) or “Vault	<b>Description</b> - A SCIF or Top Secret facility is a container, room or building where classified material is stored or handled. The Security Officer's oversee access to this facility.	<b>Rationale</b> – Helps CVE determine control. This document is reviewed because the Veteran or person who has majority control of the company will usually be listed as the Primary Security Officer or as the alternate for access to these facilities. This is more prevalent in small to mid-size (up to 100 employees) companies.	X	X	X	X	X
<b>Financial Information:</b>							
IRS Federal tax form 1040 and the attached Schedule C for the past three years	<b>Description</b> - IRS form to identify Profit or Loss for Sole Proprietorship. <b>Identifies the proprietor, principal business and the name of the business.</b> An individual in business for themselves, or who carry on a trade or business as a sole proprietor or an independent contractor generally file a Schedule C with IRS Form 1040. Partnerships, joint venture s, etc., generally must file Form 1065.	<b>Rationale</b> – This document enables CVE to determine where profits of company are going. It also is relevant because proprietor reports to IRS that he wholly owns company.	X				
IRS Federal Tax Form 1065 and corresponding K-1 for past three years.	<b>Description</b> - The 1065 (Partnership tax return) identifies the partners' share of income or loss from a partnership. The Schedule K-1 requires the partnership name, address, partnership EIN, partners identification number, partner's name and address, partner's share of liabilities, taxable income from passive activities, taxable income from other activities, qualified dividends, net capital gain (loss) from passive activities, net capital gain (loss) from other activities, net passive AMT adjustment, net other AMT adjustment, general credits, low income housing credits and any other information the partnership needs to include. Of importance, <b>Box G identifies the type of partner.</b>	<b>Rationale</b> – Helps CVE determine control. <b>Box G</b> provides the partner with two choices to check; (1) <b>General partner or LLC member-manager</b> or (2) Limited partner or other LLC member. To identify that they are the controlling manager, they must check the first box indicating that they are “General partner or LLC member-manager.” <b>Box J</b> will also identify his profit, loss, and Capital percentages both at the beginning and year end statement. These percentages are generally based on the Partnership agreement.		X			

Document Rationale			Sole Prop	Part	LLC/LLP	Corp	JV
Appropriate IRS tax form filed; If filed as Sole Proprietorship ( <u>Schedule C</u> ), partnership (Federal tax form 1065 and K-1); or S Corporation (1120S and K-1) for the past three years.	<b>Description</b> - For tax purposes, LLCs can elect to be treated as either a corporation, a sole proprietorship or as a partnership. The IRS treats most LLCs as a partnership or sole proprietorship by default, though the members of an LLC can elect to be taxed as a C corporation. As a partnership or sole proprietorship, the LLC's net income or loss flows through to the individual members of the company. The company itself must file a form showing how these proceeds are distributed among its members. An LLC must file Form 1065 with the IRS even if it has no income.	<b>Rationale</b> – Helps CVE determine who benefits from the firm. The appropriate IRS tax form will show the distribution of the income or loss to the individual members of the LLC.			X		
Federal tax form 1120S and corresponding K-1 for the past three years	<b>Description</b> - Schedule K-1 of Form 1120S is used to report each shareholder's pro-rated share of net income or loss from an S-Corporation, along with various separately stated income and deduction items. The S-Corporation nets non-separately stated income and expenses, and reports the net income or loss to shareholders. The profit or loss is allocated in strict proportion to the shareholder's percentage of ownership in the S-Corporation. Box F identifies the Shareholder's percentage of stock ownership for tax year.	<b>Rationale</b> – Helps CVE determine ownership. <b>Part II, Box F</b> identifies the shareholder's percentage of stock ownership for the corresponding tax year. This form helps prove percentage of ownership.				X	
For Joint Ventures, <u>applicable Federal tax returns</u> based on business type (see above) for the last three years for each participant	<b>Description</b> – Use the descriptions above for the applicable business types.	<b>Rationale</b> – Use the review guidance above for the applicable business types.					X
Signature cards authenticated by financial institutions (Banks/Credit Unions/etc.)	<b>Description</b> - Card that a customer signs when opening an account at a financial institution. It identifies the depositor. A corporate signature card bears the names of the firm's officers authorized to sign checks or transfer funds.	<b>Rationale</b> – Helps CVE determine control. The bank signature card identifies who within the company has the authority to authorize and sign checks on behalf of the company. The Veteran applicant who owns the company should have authority on this. There may be two people with authority but the Veteran owner should be the one with the "unlimited" expressed authority.	X	X	X	X	X

Document Rationale			Sole Prop	Part	LLC/LLP	Corp	JV
Copies of approximately <u>20 negotiated company checks.</u>	<b>Description</b> – Cancelled checks with all Personally Identifiable Information (PII) redacted are a written order by the business directing a bank to pay money. Normally signed by owner or CFO depending on authorization limits.	<b>Rationale</b> –CVE requests these as a means to determine if the SDV is authorizing financial obligations on behalf of the company and if not, who within the company does so. In addition, CVE is attempting to identify if the checks are from the Applicant Company or are being authored from another business.	X	X	X	X	X
<b>Management Information:</b>							
<u>Lease, Management and Services agreements</u> , to include supporting payments	<b>Description</b> - The lease agreement is an agreement between a landlord and tenant that sets out the terms under which a tenant may occupy and use a commercial property. It also creates a legal right for the tenant to occupy the property. Other types of agreements are similar. The supporting payments (checks, etc.) are documentation the agreements are in effect.	<b>Rationale</b> – Enables CVE to determine who has the authority to legally bind the applicant company. Includes lease, management, or service agreements. CVE may review 2-3 random months of checks to validate that the Veteran applicant company is actually making payment for the binding services, demonstrating that applicant is not dependent on another firm.	X	X	X	X	X
<u>Operating Agreement</u> including all amendments	<b>Description</b> - An agreement among Limited Liability Company (LLC) members governing the LLC's business and their financial and managerial rights and duties. Many states require a LLC to have an Operating Agreement. Operating Agreements generally address the members percentage interests in the LLC, rights and responsibilities, voting powers, how profits and losses will be allocated, how the LLC will be managed, rules for holding meetings and taking votes, and buy-out and sell provisions, which determines what happens when a member wants to sell his interest, dies, or becomes disabled.	<b>Rationale</b> – Enables CVE to determine that the Veteran owner has requisite control of the firm, in that the applicant has full expressed written authority to make all final decisions regarding the operations of the company and authority to bind the company on all contracts. The Veteran applicant should have sole expressed authority per the Operating Agreement without consent of the limited partners or shareholders.	X	X	X	X	X
<b>Legal Structure:</b>							
<u>Ownership Agreements or Partnership Agreements</u> (i.e. proxies and voting trust agreements)	<b>Description</b> - May be part of the partnership agreement or a separate agreement which identifies the percentage of voting rights for decision within a company's operations.	<b>Rationale</b> –Enable CVE to confirm that Veteran controls at least 51% of the total votes. This can be validated in the minutes of Stockholders' or Board of Directors' meetings.		X	X	X	X
<u>Partnership Agreement</u> , including all amendments	<b>Description</b> - A written agreement which identifies the nature of the business, capital contributed by each partner, and their rights and responsibilities. Partners are jointly and severally liable for the debts of the firm. Even on withdrawing from the partnership they remain liable for already incurred debts. The Partnership Agreement is also referred to as an agreement of partnership or articles of partnership.	<b>Rationale</b> – Enables CVE to determine if Veteran Owner has control over capital assets of Company. Verifies debt instrument (check, etc.) used to make purchase or investment into company. Can also be validated on the 1065 K-1 Box J for partnerships which will show percentage of capital for corresponding tax year. The two percentages for capital should correlate and be the same.		X			

Document Rationale			Sole Prop	Part	LLC/LLP	Corp	JV
<u>Shareholders Agreement</u> , including all amendments	<b>Description</b> - An employment agreement among the shareholders of a small corporation permitting a shareholder to take a management position with the corporation without any claim of conflict of interest or self-dealing against the shareholder/manager. Such agreements are common when there are only three or four shareholders.	<b>Rationale</b> – Enables CVE to determine that Veteran has authority to make management decisions, and has control over decisions. The Shareholder agreement will unequivocally identify the managing partner of the corporation, their responsibilities, and their rights as the managing partner. Their rights should authorize them to make prevailing managerial decisions without authorization from other shareholders.		X	X	X	X
<u>Equity participation or equity plans</u> , restricted stock or ownership interests or options for stock or ownership interest or plans	<b>Description</b> - An employer must prepare an equity plan which complies with the requirements set forth in the Employment Equity Act. The plan must set out the positive policies and practices that the employer intends to institute in the following one to three years to correct the under-representation of designated group members which has been identified in the workforce analysis.	<b>Rationale</b> – Enables CVE to determine if Veteran has control of Company, by identifying equity ownership and who has can authorize the granting of equity.			X	X	X
<u>Official Certificate of Formation and Operating Agreement</u> with any amendments	<b>Description</b> - Identifies the general purposes for which the Corporation is formed are to exercise the rights and powers and to perform the duties and obligations of the Corporation, in accordance with the Declaration, the Bylaws of the Association.	<b>Rationale</b> – Identifies the rights and powers of the corporation and who is authorized to make and carry out such powers. The Veteran applicant must have expressed authority of at least 51%, if identified.	X	X	X	X	
<u>Minutes of first and most recent stockholder and Board of Directors meetings</u> (Evaluator may request additional minutes, and applicant may supply additional minutes to explain any changes since the establishment of the Operating Agreement)	<b>Description</b> - Minutes are considered legal documents by auditors, IRS and courts, and they represent the actions of the board. Many assert that if it's not in the minutes, it didn't happen. They should include the name of the organization, date and time of meeting, who called it to order, who attended and if there a quorum, all motions made, any conflicts of interest or abstentions from voting, when the meeting ended and who developed the minutes	<b>Rationale</b> – The minutes are used to determine whether or not the Veteran applicant has allowed other to substantially operate and control the company. His voting rights and statements per the Operating agreement should give him control of managerial decisions. As such, this should be reflected in the minutes of the Stockholders' and Board of Directors' meetings. Also, should review minutes to verify that none of the Veteran applicant's powers were taken away from him.		X	X	X	
All <u>corporate bylaws</u> and all amendments	<b>Description</b> - Bylaws governing the organization and company	<b>Rationale</b> – Enables CVE determine whether Veteran has control, as these documents outline who controls and operates the company and how it is operated.		X	X	X	

Document Rationale			Sole Prop	Part	LLC/LLP	Corp	JV
<u>Articles of Organization</u> for LLC's, including all amendments	<b>Description</b> - A document required to be filed with an appropriate state or local government agency, in order to establish legal recognition of a Limited Liability Company (LLC). Articles of organization closely parallel articles of incorporation needed for legal creation and recognition of corporations.	<b>Rationale</b> – Enables CVE to identify the Board of Directors, and the responsibilities of the Board. Usually the Veteran, as operating manager or President, is on the Board of Directors.			X		
<u>Articles/certificate of incorporation</u> filed with the Secretary of State including all amendments	<b>Description</b> - Also referred to as the Certificate of Incorporation (or the Corporate Charter) they are the primary rules governing the management of a corporation. They include the name, names of persons organizing the corporation, stock shares authorized for issuance, Board of Directors, and location.	<b>Rationale</b> –Helps CVE determine or validate ownership. May or may not identify the Veteran applicant. May only identify the Registering Agent which may not be the Veteran applicant. Usually will identify the Board of Directors, usually the operating manager or President is on the Board of Directors which should be the Veteran applicant.				X	
<u>Joint Venture Agreement</u> and current opportunity on which joint venture is bidding	<b>Description</b> - A written agreement which identifies the nature of the joint venture (JV), capital and resources contributed by each JV, and their rights and responsibilities. The current opportunity is what the JV is bidding on and is one of the underlying reasons for formation	<b>Rationale</b> – Helps CVE determine control of the JV. May or may not identify the Veteran applicant. Veteran applicant must exert majority control of the JV over management decisions and day-to-day operations. Veteran applicant must own a majority of the JV in terms of revenue received from the JV.					X
<u>Stock registers</u> for Applicant or <u>stock ledgers</u> showing listing all shares of issuance.	<b>Description</b> - A stock ledger is used to record the owners of a corporation or LLC. Stock certificates are issued to shareholders in a corporation and certificates of ownership are issued to members/managers in an LLC. All certificates must be tracked regardless of how old they are. It will include the name of the shareholders, number of the certificates, number of shares issued to a particular shareholder, who sold the shares to the shareholder, and the type of stock issued to the shareholder.	<b>Rationale</b> – Helps CVE determine major ownership. Identify the total number of stocks “issued” within the company; to include the total number issued to the Veteran applicant. His total number of shares issued divided by the overall number will provide the percentage of the company issued to him for ownership. This percentage should be at least 51% or greater unless surviving spouse involved.		X	X	X	