

## Key Steps in Proposed Transfer of [Program]

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### Deal Exploration

- Analyze [Program] financial performance and projections, operations, alignment with Client mission, funding sources, synergies with other programs, and other business factors
- Consider possible exit scenarios
- Discuss with Board members
- Identify and contact possible transferees

### Internal Due Diligence

- Identify assets
  - Exclusive to [Program]
  - Shared with other Client programs
- Identify liabilities
- Determine HR impact (e.g. terms and consequences of employee separation)
- Consider drafting term sheet or “letter of intent” setting out key terms at a high level
- Confirm ownership of assets, especially IP (e.g. any IP generated by contractors)
- Gather and organize all contracts and other documents
- Determine whether contracts can be assigned
- Determine if any third party approval of asset transfer required
- Review any restrictions on use of dedicated funds
- Consult with accountants re impact of revenue change on “public charity” computations
- Determine whether proposed transaction would represent sale of “substantially all” of Client assets under California Nonprofit Corporation Law
- Consider external and internal messaging, including PR and website changes
- Perform due diligence on transferee, as appropriate
  - Mission, corporate, and tax status (e.g. for-profit vs. nonprofit)
  - Financial, operational, and technical ability to continue [Program] operations

### Transferee’s Due Diligence Investigation

- Enter into non-disclosure agreement
- Respond to transferee’s due diligence requests
  - Provide documents
  - Interviews with key [Program] staff

### Definitive Agreement

- Draft and negotiate definitive agreement (i.e. asset transfer or asset purchase agreement)
  - Finalize list of assets
  - Finalize list of liabilities

- Draft and negotiate transition services agreement, if needed (e.g. sublease of space, transition support)
- Determine terms of license-back for Client’s use of [Program]

### Ancillary Documents

- Determine and draft operative transfer documents (e.g. bill of sale, trademark assignment)
- Draft third party consents, if required
- Prepare HR documents (e.g. separation agreements)

### Client Board approval

- Prepare advance materials (including resolutions)
- Hold Board meeting
- Prepare Board minutes

### SIGN DEFINITIVE AGREEMENT

- Sign definitive agreement
- Sign other agreements, if applicable (transition services, license-back)

### Pre-Closing Matters

- Seek third-party consents, if required
- Address transferee’s due diligence concerns, if any (e.g. obtaining confirmations of IP ownership from contractors or former employees)
- Distribute HR documents (e.g. separation agreements)
- Finalize communications plan (internal and external, including customers)

### CLOSING

- Sign and deliver closing documents (e.g. bill of sale)
- Wire funds, if applicable
- Issue external and internal communications

### Post-Closing Matters

- Inform customers, donors, contractors, and service providers
- Update website
- Inform accountants