**Accounts Receivable Testing Options for Acquisitions**

**Overview**: In order to test the existence of accounts receivable, the balance outstanding as of the date of the aging provided by the seller will need to be confirmed by the seller’s customers. Accounting will determine the sample size, or number of customers contacted, on a case-by-case basis and will typically encompass 50% - 90% of the receivables outstanding. The method of testing will be determined by the Acquisition Lead and can be one, or a combination if necessary, of the following options. The options are listed in the order of preference to ensure the validity of the balance.

**Testing Options:**

1. **Vendor Portal Only:** Accounting will confirm the balance via vendor portal access. The seller may provide usernames and passwords or grant access to Advantus on their customers’ portals for the sample selected by Accounting. Many times, the larger customers with the higher balances, have a self-service portal in which the outstanding balance can be reviewed. Customers without vendor portal access will not be confirmed.
2. **Advantus Initiated Contact:** Accounting will contact the customers on behalf of the seller to confirm the balance. The seller will need to provide an email address, mailing address, and/or fax number for the Accounts Payable contacts of their customers for the sample selected by Accounting. Accounting will send a letter signed by the seller requesting the balance be confirmed and returned to Advantus.
3. **Third Party Initiated Contact:** An outside firm will contact the customers on behalf of the seller to confirm the balance. The Acquisition Lead should determine if Advantus or the seller will hire the outside firm to perform the confirmations. The firm will need to be provided with the email and mailing address of the Accounts Payable contacts of their customers for the sample selected by Accounting. Please note this is the highest cost option.
4. **Seller Initiated Contact:** Accounting will provide a letter to the seller to send to their customers. The seller will send the confirmation letter to their customers for the sample selected by Accounting. The seller will then provide the customer signed confirmation letters to Accounting for review.
5. **No Testing:** Advantus will not conduct any testing on the A/R balances.