



THE SYSTEM CFO SERIES
HINDOL DATTA

FREE ASSESSMENT

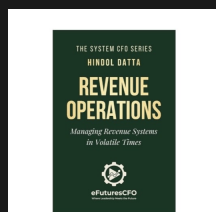
PILLAR 5: GOVERNANCE & GLOBAL STRUCTURE | TOOLKIT #28 OF 37

THE US MULTI-ENTITY AND LEGAL STRUCTURE DIAGNOSTIC

*Ensuring Your Corporate Structure
Serves Strategy — Not Just History*

20-Question Diagnostic | 5-Page Assessment

Score Your Organization 1-5 Across Four Dimensions
Identify Gaps and Build Your Action Plan



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Where Leadership Meets the Future

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QUESTIONS 1-5

Section A: Entity Structure and Strategic Alignment

Does Your Legal Structure Reflect Your Current Business — or the Business You Were 10 Years Ago?

Corporate structures accumulate complexity over time. Entities created for past transactions, dormant subsidiaries from abandoned initiatives, and structures designed for a different tax environment persist because no one re-evaluates them. The System CFO audits the legal entity structure periodically to ensure every entity serves a current strategic, operational, or tax purpose — and eliminates the ones that do not.

A. ENTITY STRUCTURE AND STRATEGIC ALIGNMENT

1	An organizational chart of all legal entities exists — showing the ownership structure, jurisdiction of incorporation, purpose, and status (active, dormant, pending dissolution) of	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
2	Each entity has a documented purpose — every active entity serves a current strategic, operational, tax, or regulatory purpose, and management can articulate why each entity exists	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
3	Dormant entities have been identified and dissolution plans exist — entities with no operations, no employees, and no assets are scheduled for dissolution to reduce compliance	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
4	The entity structure supports current operational needs — business operations, IP ownership, employment, and customer contracting are located in the appropriate entities based on	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
5	Entity structure decisions are evaluated for tax, legal, and operational impact — new entities are created (and existing ones restructured) with cross-functional analysis of the tax,	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best

SECTION A SCORE: Total: _____ / 25 Average: _____ / 5

QUESTIONS 6-10

Section B: Intercompany Transactions and Governance

Are Your Intercompany Transactions Clean, Documented, and Defensible?

Intercompany transactions create both accounting complexity and regulatory risk. Management fees, shared service allocations, IP licensing, and intercompany loans must all be structured at arm's length, documented contemporaneously, and settled regularly. The System CFO ensures that every intercompany transaction has a business purpose, a defensible price, proper documentation, and timely settlement.

B. INTERCOMPANY TRANSACTIONS AND GOVERNANCE

<p>6 All intercompany transactions are documented with agreements — management service agreements, IP licenses, cost-sharing arrangements, and intercompany loans have written contracts</p>	<p>1 Non-Ex</p>	<p>2 Ad Hoc</p>	<p>3 Dev</p>	<p>4 Estab</p>	<p>5 Best</p>
<p>7 Intercompany pricing is at arm's length — transfer prices for goods, services, and IP are established using recognized methods (comparable, cost-plus, profit split) with</p>	<p>1 Non-Ex</p>	<p>2 Ad Hoc</p>	<p>3 Dev</p>	<p>4 Estab</p>	<p>5 Best</p>
<p>8 Intercompany balances are settled regularly — outstanding intercompany receivables and payables are settled at least quarterly, with interest charged on loans at market rates and</p>	<p>1 Non-Ex</p>	<p>2 Ad Hoc</p>	<p>3 Dev</p>	<p>4 Estab</p>	<p>5 Best</p>
<p>9 Intercompany eliminations are automated — the consolidation process automatically identifies and eliminates intercompany balances and transactions without manual adjustment or</p>	<p>1 Non-Ex</p>	<p>2 Ad Hoc</p>	<p>3 Dev</p>	<p>4 Estab</p>	<p>5 Best</p>
<p>10 A master intercompany agreement framework exists — standardized templates and pre-approved terms for common intercompany transactions (services, licensing, lending)</p>	<p>1 Non-Ex</p>	<p>2 Ad Hoc</p>	<p>3 Dev</p>	<p>4 Estab</p>	<p>5 Best</p>

SECTION B SCORE: Total: ____ / 25 Average: ____ / 5



QUESTIONS 11-15

Section C: Compliance and Statutory Requirements

Are All Your Entities in Good Standing — in Every Jurisdiction?

Every legal entity creates compliance obligations: annual reports, franchise taxes, registered agent maintenance, and state-specific filings. Neglecting these obligations leads to entities losing good standing, tax penalties, and potential personal liability for directors. The System CFO maintains a compliance calendar that ensures every entity meets every obligation on time, every time.

C. COMPLIANCE AND STATUTORY REQUIREMENTS

11	All entities are in good standing — annual reports, franchise taxes, and registered agent requirements are current in every jurisdiction where each entity is incorporated or qualified to	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
12	State qualification requirements are monitored — the organization knows which states require foreign qualification based on its operations and has registered (or withdrawn)	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
13	Entity-level tax returns are filed for all active entities — federal, state, and local income tax returns are filed for each entity according to its tax classification (C-corp.	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
14	Corporate governance formalities are maintained — board minutes, written consents, officer appointments, and corporate resolutions are documented and stored for all entities.	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
15	A compliance calendar tracks all entity-level obligations — with automated reminders, named owners, and escalation procedures for deadlines across all entities and all	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best

SECTION C SCORE: Total: ____ / 25 Average: ____ / 5



QUESTIONS 16-20

Section D: Financial Reporting and Consolidation

Can You Consolidate Accurately — and Does Your Structure Support Clean Reporting?

Multi-entity structures create consolidation complexity. Each entity requires its own general ledger, its own trial balance, and its own compliance. Consolidation requires intercompany elimination, currency translation (if applicable), minority interest calculations, and segment reporting alignment. The System CFO ensures that the entity structure enables clean, timely consolidation rather than creating month-end reconciliation nightmares.

D. FINANCIAL REPORTING AND CONSOLIDATION

16	Each entity maintains its own complete general ledger — with a consistent chart of accounts, proper transaction recording, and month-end close procedures that enable timely	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
17	Consolidation is automated — the ERP or consolidation tool produces consolidated financial statements with intercompany eliminations, minority interest, and segment reporting without	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
18	Segment reporting aligns with entity structure — the relationship between legal entities and reportable segments is clear, and the financial reporting structure supports both	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
19	Entity-level financial statements are available for each entity — individual entity financials can be produced on demand for tax compliance, statutory reporting, regulatory	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
20	The entity structure has been evaluated for its impact on future transactions — the current structure supports likely M&A, financing, or IPO scenarios without requiring extensive	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best

SECTION D SCORE: Total: ____ / 25 Average: ____ / 5

OVERALL ASSESSMENT SCORE

Section A: ____ / 25 Section B: ____ / 25 Section C: ____ / 25 Section D: ____ / 25 TOTAL: ____ / 100 AVG: ____ / 5



GAP TO GOAL

Gap-to-Goal Action Plan

Bridging the Gap — US Multi-Entity and Legal Structure Diagnostic

Transfer your five lowest-scoring questions. For each gap, define the target state, specific actions, owner, timeline, and success metric. Focus on highest-impact gaps first.

GAP #	Q REF	CURRENT	TARGET	SPECIFIC ACTION TO CLOSE GAP	OWNER	DEADLINE	METRIC
1	Q__	___/5	___/5	_____	_____	_____	_____
2	Q__	___/5	___/5	_____	_____	_____	_____
3	Q__	___/5	___/5	_____	_____	_____	_____
4	Q__	___/5	___/5	_____	_____	_____	_____
5	Q__	___/5	___/5	_____	_____	_____	_____

ASSESSMENT SUMMARY

Completed by: _____ Date: _____

Overall average score: ___ / 5 Items scored 1-2 (critical): ___

Items scored 3 (developing): ___ Items scored 4-5 (strong): ___

Top strength: _____

Most critical gap: _____

One action this week: _____

READY TO GO DEEPER?

This free assessment identified your gaps. The Premium System CFO Toolkits provide the frameworks, templates, and action plans to close them. Visit EfuturesCFO.com





READY TO GO DEEPER?

This Assessment Identified the Gaps. The Premium Toolkit Closes Them.

PREMIUM: The Organizational Finance Assessment Kit (46 Pages)

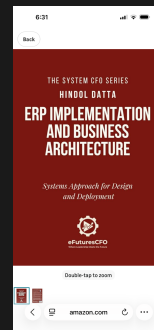
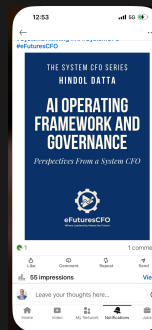
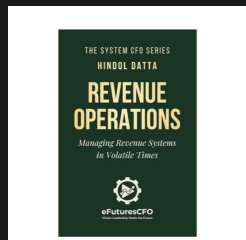
The full premium assessment kit includes comprehensive diagnostics across 16 finance domains including entity structure, intercompany governance, and consolidation, with 300+ evaluation items and detailed remediation planning templates.

*Plus: Access the Super Exclusive 46-Page
System CFO Organizational Finance Assessment Kit*

ABOUT THE AUTHOR

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