

BizWorth

WHICH VALUATION REPORT IS RIGHT FOR YOU?



Not all valuations are created equal.

Business valuation reports can be prepared for many different purposes. That's why we offer two types of business valuation reports: Informational Valuations and Certified Valuations. Below is a summary of what these two reports entail, how they differ, and when you might benefit most from each.



Informational Valuation

Informational Reports are less time-intensive to produce and more affordable. Typically 30-40 pages, these reports provide valuable insight to establish a market price, support exit planning or inform internal business planning decisions. This report is best suited for individuals who don't need a certified valuation and are comfortable with more limited procedures and reporting. All reports are prepared by financial analysts of our valuation team.



Certified Valuation

Certified Reports are prepared by a certified business appraiser. Typically 65-100 pages, these reports include in-depth written analysis of the nature & history of company, industry & economy, financial analysis and conclusion of value. This type of report is best when you expect a lot of scrutiny over the value or when there is a high level of interest in detailed support and explanation of the valuation.

INFORMATIONAL VALUATIONS



WHAT WE'LL NEED FROM YOU

Business Profile

✓ Contact Info (name, title, address, email)

✓ Business Details

- Legal business name
- DBA, if applicable
- NAICS Industry Code
- Company website
- Type of legal entity

✓ Transaction History

- Has the business been previously appraised? If yes, provide the details.
- Has the business received any written or oral offers in the last five years? If yes, provide the details.
- Have there been any transactions involving interests in the company in the last five years? If yes, provide the details.

Financial Information

✓ Revenue and expenses for the preceding 12 months as well as the last three (3) fiscal years

- Owner's compensation, excluding equity distributions
- Interest expense
- Interest income
- Non-cash operating expenses (examples: depreciation and amortization)

✓ Value of adjustments and addbacks to the P&L statement.

- Non-recurring revenue
- Discontinued services/products
- Non-recurring expenses
- Owners' perks (examples: owner's car expense, personal expenses, etc.)

✓ Assets and liabilities for the preceding 12 months as well as the last three (3) fiscal years

- Asset account balances needed for: cash, accounts receivable, inventory, other current assets, net fixed assets, intangible assets, and other non-current assets.
- Liability account balances needed for: accounts payable, short-term notes payable, current portion of long-term debt, other current liabilities, long-term (bank) debt, and other non-current liabilities.
- Equity account balance

✓ Value of adjustments to the balance sheet:

- Non-operating assets (examples: expensive art, hunting lease, etc.)
- Owner's perks (example: personal cars)
- Employee or owner loans (to be forgiven)
- PPP loans that will be forgiven
- Owner/Related party loans (to be forgiven)

CERTIFIED BUSINESS VALUATIONS



WHAT WE'LL NEED FROM YOU

Business Profile

✓ Contact Info (name, title, address, email)

✓ Business Details

- Legal business name
- DBA, if applicable
- NAICS Industry Code
- Company website
- Type of legal entity

✓ Transaction History

- Has the business been previously appraised?
- Has the business received any written or oral offers in the last five years?
- Have there been any transactions involving interests in the company in the last five years?

Nature & History of the Business

✓ Company Background

- Brief history/background of the company and why it was started
- Major historical events of the company
- Current number of employees / contractors
- Principal activity of the company
- Type of legal entity (sole proprietorship, LLC, partnership, C-Corp, etc.)
- Owners and their percentage of ownership

✓ Products & Services

- Products/services (indicate proprietary nature, if any).

✓ Customers & Market

- Customer(s) description
- Top 5 customers and annual sales from each last year
- Expectation of any changes to top five customers and their associated revenues
- Market area or region
- Marketing and advertising strategy description
- Nature of seasonal or business cycles

✓ Competition & Differentiation

- Company's major competitors.
- Comparison in size and market share to competitors
- Ease of entrance to industry
- Company's product/service differentiation from competition.
- Company's competitive strengths.
- Company's weaknesses.

✓ Management

- Key members of management and compensation (salary, bonus, etc) for each
- Turnover in management over last five years.
- Employee benefits
- Employment contracts in place

- ✔ Operations & Facilities
 - Capacity relative to the current operating levels
 - Shifts and days per week
 - Buildings and/or machinery owned or leased
 - Equipment, including business information systems
 - Condition of the equipment and systems
 - When equipment is likely to be replaced
 - Potential local, state or national initiatives for new regulations that may impact the business

Industry & Financial Information

- ✔ Industry
 - Company's NAICS Industry Code(s).
 - Business entity tax method (owner's tax return, partnership, S Corp, C Corp, disregarded entity, etc)
 - Entity or person who prepares the company's financial statements
 - Fiscal year-end of the Company (December 31st or another date)
 - Prepared budgets or forecasts
 - Planned future capital expenditures
 - Short- or long-term sources of credit used in the last five years
 - Pending or threatened litigation
 - Non-operating assets and liabilities (vacant land, cash portion of life insurance, etc.).
 - Assets not in use

Minimum Required Documents

- ✔ Annual financial statements, in Excel format, for the last five years (or since inception if less than 5 years)
- ✔ Interim financial statements, in Excel format, for the most recent 12 months, provided by month

Important: Financials to be submitted in Excel format or charges will apply for manual data entry into Excel format. Include all historical years of the P&L onto one worksheet and the same for the balance sheet. Here are the instructions on how to do this using QuickBooks.

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Schedule a consultation!