



**CLEARSTONE**  
PERSONAL. WEALTH MANAGEMENT

# 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?

#### ✓ 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.

### 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

#### ✓ 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!](#)