

INITIAL INFORMATION REQUEST FOR CALCULATION/BUSINESS VALUATION

These questions and information requests are basically the same for every type of business, whether manufacturing, medical, retail or service based. There will most likely be additional questions and documentation requests as the engagement proceeds. In addition to completing the valuation questionnaire, please provide the following information at the valuation date, unless otherwise specified:

1. The "as of" date of the calculation/valuation
2. Complete the valuation questionnaire as of the valuation/calculation date
3. Copies of the Articles of Incorporation or Formation
4. Copies of bylaws, stockholder/member/partnership/trust, ownership option agreements and buy/sell agreements
5. List of loans, promissory notes, leases and other interest-bearing debt, including interest rates, terms and remaining time until pay-off
6. List of subsidiaries or other businesses in which the subject company has an ownership interest, together with their financial statements
7. Copies of any valuation or calculations of value done in the past 5 years
8. Complete copies of federal and state (if applicable) income tax returns for last 10 - 15 years
9. Copies of the QuickBooks data base, if using QuickBooks. If not, complete financial statements for the last 10 - 15 years
10. If the valuation date is other than a fiscal year end, interim financial statements for the current and previous 4 years
11. A detailed listing of all fixed assets, including their fair market value, tax basis and expected remaining economic useful life
12. A listing of any assets owned by the business that are not actually used in the business on a regular and consistent basis
13. A listing of assets not shown on the balance sheet (small tools, supplies, rotatable parts) at the valuation date, including their fair market value
14. A list of any intangible assets and their estimated fair market value
15. An aged detailed listing of accounts receivable
16. An aged detail listing of accounts payable
17. Cash on hand (cash register, safe, cash box, petty cash, etc.)
18. Copies of any forecasts or projections, budgets or business plans
19. Schedule of Key Person life insurance contracts, including owner, insured, premium, CSV, beneficiary and insured amount
20. Details of transactions with related parties for the last 5 years
21. Details of any litigation, including pending or threatened lawsuits
22. Reports of examination issued by government agencies such as EPA, OSHA, IRS, DOL, or EEOC
23. Details of any contingent liabilities (such as guarantees, warranties, environmental cleanup/contamination costs, derivative financial instruments, etc.) or off balance sheet financing (such as letters of credit)
24. List of any trade organizations in the company's business, whether or not the company is a member
25. The amount of discretionary expenditures by type, for the past 5 years. Discretionary expenses are those business expenses that are not necessary to the core business operations or are personal in nature. Examples include personal cell phone usage, personal usage of company vehicles, business trips combined with vacations, home magazine subscriptions, employment of relatives for other than fair market wages for their actual jobs, owner perquisites, and similar items.
26. A copy of the W-2s, W-3s, 1099s and 1096s for the last 5 years

27. A detailed description/listing of the job duties of each of the owners and related parties employed by the business
28. For each owner and related party, a summary of total hours actually worked, base compensation, bonuses and perquisites, by year for the last 5 years
29. Whether there are any self-leased assets from an owner or related party, and the estimated fair market lease amounts. And, if there are any self-leased assets leased to the business by an owner, a copy of the owners income tax returns for the last 5 years the assets were leased

30. For **Medical Practice** calculations/valuations:
 - a. A CPT coded productivity schedule (in Excel, if possible) for all services, for the practice in total and by Provider, detailing (1) the number of patients seen; (2) the number of procedures performed; (3) total charges; (4) total collections, (5) payor; and, (6) location (if multiple locations), for each of the last 5 years
 - b. A list of physicians and other providers as of the valuation date, including their specialties, if any
 - c. Describe any distinguishing geographic, demographic and economic factors of the patient base
 - d. What percentage of the annual practice is based on referrals and what are the referral sources?
 - e. About how many new patients are seen each month?
 - f. How extensively are locum tenens used?
 - g. Provide a summary of any managed care or similar contracts, including basic terms and renewal dates
 - h. Count of active patient charts, which have experienced activity within the last 3 years prior to the valuation date. Also, an estimate of the total patient charts with the practice as of the valuation date and for the prior 2 years.
 - i. Average patient age of the practice that had a procedure, for the last 5 years.
 - j. List of any insurance, Medicaid/Medicare, and/or third party payor audits that have been performed or are pending for the practice, with date and outcome.

31. For **Professional Service Practice** calculations/valuations:
 - a. A summary of revenues billed and collected by major service revenue area, for the practice in total and by provider, for the last 5 years
 - b. If different charge rates are used, a description of billable and effective rates by revenue/service area
 - c. A description of any value billing practices
 - d. Unbilled WIP at the valuation date and for the 4 previous years at the same date
 - e. Describe any distinguishing geographic, demographic and economic factors of the client base
 - f. How extensively are outside contractors used?
 - g. What percentage of the annual practice is based on referrals and what are the referral sources?