

SMALL BUSINESS APPRAISAL—QED RESEARCH INFORMATION CHECKLIST

- 1. Financial statements for the 5 years preceding the valuation date. At a minimum these should include annual balance sheets and income statements. Unaudited statements are OK if audited statements are not available. Please indicate whether the business accounting is done on a “cash” or “accrual” basis.**
- 2. Tax returns for the 5 years preceding the valuation date. For a sole proprietorship, this will be the “Schedule C” forms that are part of the owner’s personal tax return. For a corporation, it will be the separate corporate tax return. If the business is a corporation, please indicate whether the corporation is now or ever been a “Subchapter S” corporation.**
- 3. A description of the current and past ownership interests in the business. If the whole ownership or partial ownership interests have been bought or sold in the last 5 years, please include a description of the pricing and terms of the transactions.**
- 4. Does the business itself own any real estate (buildings or land)? Does the business lease real estate from anybody that has an ownership interest in the business? If so, please supply the lease.**
- 5. Does the business use software to create its accounting records? Which software? Does the business use the services of a bookkeeper or accountant or CPA? If so, please provide the name, address, and phone number. Does the accountant or CPA just prepare annual tax returns, or does that person generate financial statements? Just annual financial statements? Or quarterly or monthly as well?**
- 6. What are the origins of the business? How long has it been in existence? At the same location? Under the same name? How has the team of people (owners and non-owners) changed over the years?**
- 7. How does the business advertise and promote its products or services? Please supply copies of business brochures, yellow-page advertising, etc.**
- 8. What are the customer relationships of the business? Repeat patterns? Breakdown of annual sales by major customers. Typical “order backlog” patterns. Typical accounts receivable aging and bad debt patterns.**
- 9. The history of the compensation of the owners and top managers for the 5 years preceding the valuation date. Please include salaries, bonuses, fringe benefits, and any pension plans or health plans in which the owners participate. Other “owner perks” such as cars, club memberships, personal travel and entertainment?**

- 10. If the business has substantial amounts of equipment, a description of the original cost and date of purchase, tax depreciation method, estimated replacement date, and estimated replacement cost. If the company leases any equipment, a copy of the leases.**
- 11. The professional and personal histories of the principal owners and managers.**
- 12. Is the business or its owners part of any industry trade association or professional association? If so, please supply information.**
- 13. Who are the major suppliers of products or services to the business? What kind of contractual relationships? Payment terms? "Flooring" arrangements? Have the suppliers changed over the years? Is the business significantly dependent on any particular supplier relationships?**
- 14. Other than credit from vendors, to whom does the business owe money? Is there a banking relationship that involves a line of credit? If so, please supply details? Have banking relationships changed over the years?**
- 15. Does the business have proprietary ownership of its name? Does the business own any other proprietary rights (patents, trademarks, copyrights, trade secrets)?**
- 16. Please supply information about any significant litigation in which the business or its owners have been a party to for the 5 years preceding the valuation date. Any litigation threatened?**
- 17. Has the business ever been appraised before? When? By whom? For what purpose? Please provide a copy of the appraisal.**
- 18. What is the purpose of obtaining this appraisal? Is the asset to be appraised the 100% value of the business? Or a partial ownership interest? All shares of stock? Some of the shares of stock? All of the assets of the business? Some of the assets of the business?**