



The  
**Telling Group**, LTD  
3938 Highland Road  
Cortland, NY 13045

Expert M&A of companies from  
Red Apple \$5-\$10M or  
Gold Apple \$10-\$225M  
since 1982

**607.756.4073**

# **TELLING GROUP, LTD.**

## **CLIENT CONFIDENTIAL INFORMATION WORKBOOK**

Presented by

**Telling Group LTD**  
3938 Highland Road  
Cortland, NY 13045  
P; (607) 756-4073  
C: (315) 729-9720  
F: (607) 753-3555  
etelling@TellingGroup.com  
[TellingGroup.com](http://TellingGroup.com)

FOR TGL USE:

CATALOG NUMBER:

Appraisers:

Referral Source:

Dates of Contact & Site  
Visits:

CLIENT LOG  
NUMBER:

Report Due Date By:

Effective Appraisal

Date:

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## PURPOSE:

The primary purpose of these worksheets is to gather information to be used in preparation of the Confidential Business Review. The financial information that you provide forms the basis of the financial presentation and the evaluation. Please keep in mind that this information may be subject to verification by Telling Group LTD and certainly by any prospective buyer during the buyer's Due Diligence inquiry prior to the sale of the company.

In completing this outline, please fill all blank spaces or indicate "NA" for "Not Applicable." All dollar values may be rounded to the nearest thousand. Feel free to add pages to this outline.

Choose among the items in **BLUE** and delete the rest.

# TGL 12 Step Go To Market Program

## Pre Discussion

- A wide-ranging discussion of your needs, your company, and your desires. We will answer questions you have regarding the process, cost, timeframe and commitment.

## Formal Engagement

- This is the time for us to make sure we will work well together.

## Confidential Workbook (THIS DOCUMENT)

- We make at least three half-day trips to your office to work on the details of your business and develop a strategy to go to market.

## FMV Evaluation

- FMV Valuation leverages technical expertise and industry knowledge to deliver objective and independent assessments of value.

## Buyer Targeting

- TGL believes that the formula for your success is one part talent, one part continuous hard work, one part research programs and one part understanding your goals.

## Presentation Package

- The goal of the presentation package is to give potential buyers all of the important information in an accurate, honest, and compelling way.

## Marketing/Buyer Strategy

- Marketing includes no-price marketing to multiple strategic buyers. A generic profile (acquisition opportunity) and a confidentiality agreement are mailed to approved buyers.

## Negotiation

- It is important to possess proficient negotiating skills in order to obtain beneficial results in the final contract.

## Deal Structuring / LOI

- Contract negotiations, deal structuring, due diligence, and closing have a cause and effect relationship to the others

## Due Dilligence

- A sensitive time when our resources, skill and experience shine.

## Definitive Purchase Agreement

- All sides have agreed on the structure of the sale as well as the details and costs surrounding it.

## THE CLOSING

- Since 1982, this is what I live for.

# Instructions

**Text blocks will expand-** Don't be restricted by the size of the blocks. The more information you can provide, the better job we can do on your presentation package and the less questions we will have during due diligence step.

**Use NA-** for blocks that don't apply. If you leave the blocks blank, we will assume you are still working on the question.

**Expand your vision-** Be sure to add any information pertinent to the sale which may not be covered by these questions. This document is designed to be a tool used for learning about your business for both TGL and the potential buyer and preparation for the due diligence step.

**Changes-** This document should be reviewed and changed regularly with the most current information. TGL needs regular updates on all of the CFO materials. Documents should be clean and preferably in electronic format.

**V-Room-** This document along with all of the backup documentation will reside on the V-Room

**Video/Pictures-** will be taken as a visual backup to the documentation contained here. Pictures and video do a great job in telling your story.

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					Formally engaged	
					Spring cleaning ongoing ->	
<b>WEEK 1</b>						
Mark: V-Room Create Presentation	Client gathers material for workbook	Client Visit 1 Client gathers material for workbook	Client gathers material for workbook	Client gathers material for workbook	Client gathers material for workbook	Client gathers material for workbook
<b>WEEK 2</b>						
TGL begins industry research  Client gathers material for workbook	Client gathers material for workbook	Client Visit 2 Client gathers material for workbook	Client gathers material for workbook	Client gathers material for workbook	Client gathers material for workbook	Client gathers material for workbook
<b>WEEK 3</b>						
TGL begin buyer targeting  Client gathers material for workbook	Client gathers material for workbook	Client Visit 3 TGL Still Pictures E3?  Client gathers material for workbook		TGL Video Shoot  Info to Pratt		
<b>WEEK 4</b>						
Pratt is reserved for week  TGL Draft presentation	Pratt is reserved for week	Pratt is reserved for week	Pratt is reserved for week	Pratt is reserved for week	Pratt is reserved for week	Pratt is reserved for week
<b>WEEK 5</b>						
Ed to Review Pratt Draft  TGL to finalize presentation for approval	Ed to Review Pratt Draft		Pratt finalizes Draft	Final draft to go to client for edits		Pratt Evaluation Delivered
<b>WEEK 6</b>						
Finalize Presentation Video Buyer Target  Mad dash to pull all pieces together	Draft is Approved by client					
<b>WEEK 7</b>						
	Client Marketing Begins					

# 1. OBJECTIVES

## 1.1 Personal

1.1.1 What are the owners' objectives in seeking a sale of the company?

1.1.2 What are the owners' personal plans after a sale?

1.1.3 Is there a plan for tax advisory services and investment of post-sale proceeds?

1.1.4 Would any owner remain active in the business? If so, under what conditions?

1.1.5 Would any owner be willing to retain an ownership interest for a defined period after a sale?

1.1.6 Describe timing expectations for concluding a transaction.

1.1.7 Who is aware of the plan to sell the company?

## 1.2 Buyer

1.2.1 Who is the perfect hypothetical buyer and why?

1.2.2 Who is a an unacceptable hypothetical buyer and why?



# 2. COMPANY

## 2.1 CONTACT INFORMATION

### 2.1.1.1-12 COMPANY INFORMATION

Name:	
DBA:	
Other Trade Names:	
Physical Address	
Mailing Address:	
City, State, Zip:	
Phone Number:	
Fax Number:	
Cell Number:	
E-Mail Address:	
Website Address:	
Other:	

### 2.1.2.1-6 PREFERRED CONTACT INFORMATION

Private Mailing Address:	
City, State, Zip:	
Private Phone Number:	
Private Fax Number:	
Private Cell Number:	
Private E-Mail Address:	

### 2.1.3.1-6 SECONDARY LOCATION (I.E. SUMMER HOME)

Private Mailing Address:	
City, State, Zip:	
Private Phone Number:	
Private Fax Number:	
Private Cell Number:	
Private E-Mail Address:	

### 2.1.4 SPECIAL INSTRUCTIONS

2.4.1 Special instructions regarding sensitivity of sale, best time to call, times not to call, etc.

--

## 2.2 ADVISORS

### 2.2.1.1-9 ACCOUNTANTS:

	First	Second
Name:		
Company:		
Address:		
City, State, Zip:		
Phone:		
FAX:		
Represents:		
E-mail:		
Admin. Asst. Name		

Use attachment if necessary

#### 2.2.1.10 Special Instructions:

--

### 2.2.2.1-9 ATTORNEYS:

	First	Second
Name:		
Company:		
Address:		
City, State, Zip:		
Phone:		
FAX:		
Represents:		
E-mail:		
Admin. Asst. Name		

Use attachment if necessary

#### 2.2.2.11 Special Instructions:

--

### 2.2.3.1-9 PERSONAL FINANCIAL PLANNER:

	First	Second
Name:		
Company:		
Address:		
City, State, Zip:		
Phone:		
FAX:		
Represents:		
E-mail:		
Admin. Asst. Name		

Use attachment if necessary

#### 2.2.3.10 Special Instructions:

--

**2.2.4.1-9 BANKING ORGANIZATION:**

	First	Second
Name:		
Company:		
Address:		
City, State, Zip:		
Phone:		
FAX:		
Represents:		
E-mail:		
Admin. Asst. Name		

Use attachment if necessary

2.2.4.10 Special Instructions:

## 2.3 OWNERSHIP

### 2.3.1.1-50

Name:

Title:

% Ownership:

Active?

Relationship to other Principals

Age

Professional Background

Responsibilities

Mailing

Address:

City, State, Zip:

Phone Number:

Fax Number:

Cell Number:

E-Mail:

	Principal #1	Principal #2	Principal #3	Principal #4	Principal #5	Principal #6
Name:						
Title:						
% Ownership:						
Active?	Y or N	Y or N	Y or N	Y or N	Y or N	Y or N
Relationship to other Principals						
Age						
Professional Background						
Responsibilities						
Mailing						
Address:						
City, State, Zip:						
Phone Number:						
Fax Number:						
Cell Number:						
E-Mail:						

### Salary

Next Year's Salary (est.)

This year's Salary (est.)

Last year's Salary

2 years ago Salary

3 years ago Salary

Next Year's Salary (est.)						
This year's Salary (est.)						
Last year's Salary						
2 years ago Salary						
3 years ago Salary						

### Bonus

Next year's bonus (est.)

This year's Bonus (est.)

Last year's Bonus

2 years ago Bonus

3 years ago Bonus

Next year's bonus (est.)						
This year's Bonus (est.)						
Last year's Bonus						
2 years ago Bonus						
3 years ago Bonus						

### Health Insurance

Next year's expense (est.)

This year's expense (est.)

Last year's expense

2 years ago expense

3 years ago expense

Next year's expense (est.)						
This year's expense (est.)						
Last year's expense						
2 years ago expense						
3 years ago expense						

### Life Insurance

Next year's expense (est.)

This year's expense (est.)

Last year's expense

2 years ago expense

3 years ago expense

Next year's expense (est.)						
This year's expense (est.)						
Last year's expense						
2 years ago expense						
3 years ago expense						

### Owner's Profit Sharing/Pension\*

Next year's Portion (est.)

This year's Portion (est.)

Last year's Portion

2 years ago Portion

3 years ago Portion

Next year's Portion (est.)						
This year's Portion (est.)						
Last year's Portion						
2 years ago Portion						
3 years ago Portion						

### Auto Expenses

Next year's Expense (est.)

This year's Expense (est.)

Last year's Expense

2 years ago Expense

3 years ago Expense

Next year's Expense (est.)						
This year's Expense (est.)						
Last year's Expense						
2 years ago Expense						
3 years ago Expense						

**Personal Auto Lease**

Next year's Lease (est.)						
This year's Lease (est.)						
Last year's Lease						
2 years ago Lease						
3 years ago Lease						

**Other**


The amounts provided should correspond to the Company's fiscal year and not the individual's tax year.

\* 2.3.2.1 Is the Profit Sharing/Pension adequately funded? Y/N

2.3.2.2 List benefits owners receive from the company in addition to compensation. Memberships? Travel? ETC.

2.3.2.3 Has any ownership interest transferred in the past 12 months? If yes, please explain.

Is any of the ownership held in trusts, estates, partnerships or separate corporations? If yes, please describe.

Is any of the stock or member interests subject to:

A pledge of lien?	Y or N	
An option or right of first refusal?	Y or N	
Buy/sell agreement?	Y or N	
Proxy or voting trust?	Y or N	
Any other stock agreement?	Y or N	

If yes, please explain.

Has an ESOP plan been formed or proposed? If yes, when and what was the result?

Has ownership in the business been promised or discussed with any employee or persons who are not currently owners? If yes, when and with whom?

Are there any other forms of ownership not reflected above, such as preferred stock? If yes, please explain.

### CORPORATE RECORDKEEPING

Who has custody of the corporate minutes book? What firm and address?

Are the minutes, books, and corporate actions complete & up-to-date?  
If not, please describe what updating needs to be done.

Are all current and cancelled stock certificates or other ownership records readily available? With who?  
If not, please explain.

Is the ownership, as officially reflected on the issued stock certificate or operating agreements, and/or other records, any different than as stated above? If yes, please describe.

### BUSINESS STRUCTURE

Company  
Founded:

Year current  
owner(s)  
took control

Corporate  
Structure:

S, C or LLC

Fiscal Year  
End:

State of Incorporation:		Date:	
# of Common Shares Authorized:		# of Preferred Shares Authorized:	
# of Common Shares Issued:		# of Preferred Shares Issued:	
# of Common Shares Outstanding:		# of Preferred Shares Outstanding:	
# of Treasury Shares:		# of Preferred Treasury Shares:	

Do corporate subsidiaries exist? List.

Other Classes of Stock: (Describe)

History of Stock Transfers:

History of Dividend Payments:

Marketability of Stock

Choose One :

Fully Marketable Public Stock / Restricted Stock in Public Company / Closely Held Interest, But No Restrictions / closely Held Interest Subject to Restrictions / ESOP Shares With Put Option / SESOP Shares With No Put Option

## BUSINESS OVERVIEW

Provide a brief description of "what the company does":

What do you do?

Provide a brief description of "how company does it":

(Provide general descriptions of the COMPANY processes and how they relate to the finished products)

Provide a brief description of the client market(s) for your services and/or products:

What is the expansion or growth potential for products, services, geographic market areas:

Describe the skill sets required to be successful in your industry:

Describe the competitive **ADVANTAGE** the company has over companies that provide similar services (strengths):

Describe the competitive **DISADVANTAGE** the company has over companies that provide similar services (weaknesses):

For a new owner, what significant changes can be achieved for new opportunities?

What short-term and long-term threats to continued growth and success of the business.  
(Excluding war, disasters, & acts of nature)

## COMPANY HISTORY

When and why the company was started:

List all **significant** company milestones including sales, market share increases, acquisitions, capital investments, personnel additions, etc. Include dates, amounts and brief narrative on each. Include patents, if any (include articles).



# PRODUCTS AND SERVICES

## GENERAL

### DESCRIPTION

Provide a brief summary of your specific products and/or services including the niche they serve:

**(include advertising material)**

### FORECASTS

**Companywide**                      **Next Year**                      **In Two Years**                      **In Three Years**                      **In Four Years**                      **In Five Years**

% change in Sales					
% change in Expenses					
% change in Earnings					

Please list revenues by product category:

Product or service	Profit Margin	Avg. Monthly Inventory Level	Current year % of Sales(Estimate)	Last year % of Sales	Two Years Ago % of Sales	Three Years Ago % of Sales	Four Years Ago % of Sales	Five Years Ago % of Sales

**Use attachment if necessary**

Discuss growth opportunities, including factors such as possible new product or services and expansion opportunities into new markets:

### COMPETITION

How do you determine your prices/rates? How does this compare to competitors?

Describe significant barriers to entry in your industry (labor, technology, equipment, relationships, etc.):

Describe all exclusive agreements the company has with its clients, including geo markets or length of time of agreements:

List the historical strengths of the company, including special unique features:

## PRODUCT SPECIFIC

### *PATENTS AND TRADEMARKS*

Are any products trademarked or branded or patented? Describe ownership of intellectual property.

Will such agreements transfer with a sale?

Are there any proprietary designs, tooling, molds, etc. which have significant value?

Are there any exclusive sales territories or product distribution rights?

### *WARRANTIES*

Are there implied or stated warranties on products which could have a financial impact? If yes, please describe.

### *PRICING*

Any price differential geographically? If yes, please describe.

When was the last price change?

Average price change percentage:

What price changes would you expect over the next three years?

### SUPPLIER AGREEMENTS

Supplier	% of your purchases	Typical Terms	Items Ordered	Location	Contract?	Alt. Supplier Avail?
					Y or N	Y or N
					Y or N	Y or N
					Y or N	Y or N
					Y or N	Y or N
					Y or N	Y or N
					Y or N	Y or N
					Y or N	Y or N
					Y or N	Y or N
					Y or N	Y or N
					Y or N	Y or N
					Y or N	Y or N
					Y or N	Y or N

Are there any exclusive or product supply agreements?

Describe geo markets covered by the agreements.

What time periods do the agreements cover?

Will such agreements transfer with a sale?

Does any one supplier have critical bargaining power?

Are there critical lead times for any key raw material item(s)?

Is there any ownership of key suppliers by the company or its shareholders?

## **INVENTORY**

Please describe inventory control system used (Software? Tagging/SKU identification?).

How often is inventory counted & valued?

Which products may become obsolete? Extent of obsolescence?

What is the shelf-life of finished goods?

## **RESEARCH AND DEVELOPMENT**

How do product designs originate?

Are outside sources used? If yes, please describe.

## **MANUFACTURING METHODS**

Are any products custom built to order?

Describe the estimating process.

Who owns the designs?

Is any significant new product scheduled for production? If so, describe

[Redacted]

## **QUALITY CONTROL & STANDARDS**

Any quality credentials, such as ISOxxx or other?

[Redacted]

Have there been any critical quality incidents in past three years?

[Redacted]

Please provide any commendations from your customers regarding quality.

[Redacted]

How are product returns handled?

[Redacted]

What is the refund policy?

[Redacted]

What is the procedure for warranty rework or repair:

## **DISTRIBUTION**

How does the company sell? Reliance on reps or distributors?

[Redacted]

Describe distribution process for products. Any reliance on one logistics firm or process? Different chains for different products?

[Redacted]

Please describe the distribution of products to customers (logistics, warehousing, fulfillment, trucking, etc.).

## SERVICE SPECIFIC

Please describe the origin and history of services provided; include their development over the years, along with their future potential.

Are any suppliers or resources critical to the services the business provides?

From a service standpoint, what is your firm's competitive advantage compared to the industry?

## PRICING

Where do your services fall in the market, in terms of quality and price? (high-end/low-end)

What new services are in the planning stages?

What price changes have occurred over the past three years?

How did the market respond to those price changes?

What price changes would you expect over the next three years?

## PROCESS

Provide a summary of how customers receive estimates, confirm purchasing of services, and how the company accumulates billing charges.

How are customers billed for services?

What terms or discounts do you offer customers?

# INDUSTRY

## OVERVIEW

Generic description of your industry:

Generic description of your Product(s) and Service(s):

## PUBLICATIONS

Trade Organizations:

Trade journals:

(TGL will also subscribe to the Journals you recommend. Please set up a collection of 60-90 days of publications)

List and/or send recent articles about your industry:

List and include copies of all industry studies, outlooks, forecasts or other information your company uses for market analysis:



## TRENDS

Explain business conditions in your industry (this year versus previous years):

Provide insight on any significant trends or technology advancements that will affect your industry directly or peripherally:

What is your market share now? What do you expect it to be in five years?

What new market opportunities are there for growth of market share or new products?

# MARKETING AND SALES

## MARKETING INFORMATION

Describe your strategy for reaching customers. Is it different for existing customers than for new customers?

### INDEPENDENT ANALYSIS AND ACCOLADES

Provide information regarding recommendations, awards, achievements, special recognition, etc. about your company. Enclose copies if possible.

List and/or send recent articles about your company and/or your competitors:

### ADVERTISING

#### Need samples of ads, brochures and marketing letters

Source of New Business:

% Walk Ins   
  % Outside Sales Staff   
  % Word of Mouth & Referrals   
  % Advertising

Advertising Methods: Y/N	Type	Details	% of new customers sourced through this method
Y or N	Direct Mail		
Y or N	Coupons		
Y or N	Telemarketing		
Y or N	Trade Shows (exhibitor)		
Y or N	Trade Shows (visitor)		
Y or N	Billboards		
Y or N	Brochures		
Y or N	Trade journals (detail those you read)		
Y or N	Yellow Pages		
Y or N	Newspapers		
Y or N	Radio		
Y or N	TV		
Y or N	Internet		
Y or N	Website (address noted on first page)	Last updated	
Y or N	Independent Sales Force		
Y or N	Sales Representatives		

Other Specify:

# GEOGRAPHIC COVERAGE

What market territory is served? Can it be expanded?

Estimate the \$ size of your market:

## Draw Locations served



# SALES

Describe the sales cycle in your business:

## PAST SALES

Current Year (est.)	Last Year	Two Years Ago	Three Years Ago	Four Years Ago	Five Years Ago

Please explain trends:

## GROWTH PROJECTIONS

	Current Year	Next Year	Two years	Three Years	Four Years	Five Years
Sales						
% increase						
Gross margin % of Sales						
Net margin % of Sales						
Growth capital required						

Any large projects or sales segments which are projected to grow over the next several years?

# CUSTOMERS

## NUMBER SERVED IN PAST

Current Year (est.)	Last Year	Two Years Ago	Three Years Ago	Four Years Ago	Five Years Ago

## NUMBER SERVED IN FUTURE

Next Year (est.)	Two Years (est.)	Three Years (est.)	Four Years (est.)	Five Years (est.)

## CUSTOMER BASE PROFILE

Describe your customer base or target customer profile:

List your ten largest customers and the percentage of total sales each represents.  
**Names will not be disclosed to buyers without client's prior approval.**

	Customer	Wholesale/ Retail	% Total Sales	Length of Relationship	Annual Sales	Expected Future Trend
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

Briefly comment on your repeat sales, including percent of sales:

Are any written customer contracts currently in place? If yes, please describe.

Why are your customers buying from you and not the competition?

How are major customers retained?

What changes have occurred in your customer base in the past three years?

What new opportunities or new customers could your business pursue, given adequate resources?

What major customers does your business not sell to? How could that be changed?

## SALES FORCE

Who is responsible for promoting the company's services and for the sales process?

What is the sales manager's background, length of employment, and willingness to remain?

Describe the compensation package for the sales force (wage, salary, incentives, benefits, employee stock options, etc.).

Are there any immediate or future requirements in terms of organization?

How will this change if the company is sold?

# COMPETITION & COMPETITIVE ADVANTAGES

## COMPETITORS

How many companies do you estimate compete in your immediate market?

Discuss, in detail, your direct competition, including any insight as to how they compete and any advantages or disadvantages you have with each:

List your major competitors:  
 Use attachment if necessary

Company	Public? Y/N	City/State	Estimated Sales	Website

List 5-15 companies that provide products or services similar to yours, that do not compete (even foreign companies):  
 Use attachment if necessary

Company	Public? Y/N	City/State	Estimated Sales	Website

## COMPETITION

Describe the basis on which you compete i.e. price, quality, speed, etc.:

List or describe trademarks, proprietary processes of competition:

In what ways is your competition particularly effective?

How are competitors changing their strategies?

Are your strategies changing as a result?

What obstacles or barriers-to-entry keep potential competitors out of the industry?



# ORGANIZATION

## MANAGEMENT AND STAFFING:

### OVERVIEW

Number of Employees:	Active Owners	Full Time	Part Time	Temp	Employee Turnover:	Low/Med/High
----------------------	---------------	-----------	-----------	------	--------------------	--------------

Family members who work in the business:

Name	Job Function

Use attachment if necessary

### BENEFITS

Y/N	Employee benefits:	Describe:	Who Pays	Detail changes in last 5 yrs
	Work Comp Insurance:		Company or employer	
	Group Accident Insurance:		Company or employer	
	Group Medical/Life:		Company or employer	
	Vacation Policy:		Company or employer	
	Paid Holidays Policy		Company or employer	
	Employee Benefit Plans (Profit Sharing, Stock Purchase, ESOP)		Company or employer	

Please provide copies of each

Describe the range of pay for salaried positions.

Describe the range of pay for hourly positions.

How are rates of pay established?

When and how much was the last company-wide pay increase?

Please describe how pay raises are typically granted (company-wide, based on performance, longevity, etc.).

What retirement benefits are in place?

Who manages the benefits- internally? Externally?

Does your company have a policy manual? Describe.

Please include if available.

Does your company have an employee manual? Describe.

Please include if available.

Which employees, if any, are paid but are not essential to the operations of the business? How are they compensated?

### SOURCING

How are new employees recruited?

Are there hiring incentives? Describe.

Are employee recruiters engaged at all?

If yes, please list all firms used and their specialty (manufacturing, administrative, accounting, etc.).

## KEY EMPLOYEES

List key individuals (excluding owners), that the Company relies on to be successful, indicating pay rate and bonuses:

Use attachment if necessary

Name	Title	Function	Compensation	Years with Company	Resume Available	Industry Years Experience
					Y or N	
					Y or N	
					Y or N	
					Y or N	
					Y or N	
					Y or N	
					Y or N	
					Y or N	

How long of a transition period would be necessary to properly orient and train a new top executive?

Which key employees may need replacement?

Which key positions require replacement now? Can that be achieved? Why?

Are there trusted employees who may become part of the transaction team? Please list.

To the best of your knowledge, would any employees not stay under new ownership?

Are any employee loyalty or severance payments due?

How have duties changed historically?

Are there any outside directors involved in company management? How are they compensated?

Please provide or draw an organizational chart of key personnel

## CONTRACTS AND AGREEMENTS

Do you use contract labor? If so, describe.

Do you have employment contracts for key employees:

(need copy)

**Employees**

**Terms of Agreements**



Do you have buy/sell agreements:

(need copy)

**Parties**

**Terms of Agreements**



Do you have shareholder agreements:

(need copy)

**Parties**

**Terms of Agreement**



## COLLECTIVE BARGAINING

What is the source of skilled labor?

Are there any union agreements? If yes, which locals? How long represented?

Provide copy of agreement.

Are there any pension liabilities that would need to be settled in the event of a sale?

Would any employee contract provisions be affected by a sale?

## SUB-CONTRACTORS

Number available to you:

Current Year	Last Year	Two Years Ago	Three Years Ago	Four Years Ago	Five Years Ago

## TRAINING

Describe any company programs for continuing education or skills training routinely provided.

Who provides these resources/programs?

What specific training is offered for critical skills?

Which employees are required to possess special skill sets?

# EQUIPMENT

## OVERVIEW

Could the business be located elsewhere?

Do you have plans to relocate the business? When, where?

Are your current facilities adequate for your business?

Will your facilities require any changes over the next five years? Please describe.

Is there any need for repairs or maintenance?

List key capital equipment critical to operation of the business

Attach separate schedule

## LEASED ASSETS

Item:	Vendor:	Expiration Date	Escalation Terms	Transferable?	Remaining Payments At Appraisal Date	Monthly Cost
				Y or N		\$
				Y or N		\$
				Y or N		\$
				Y or N		\$
				Y or N		\$
				Y or N		\$
				Y or N		\$
				Y or N		\$
				Y or N		\$
				Y or N		\$
				Y or N		\$
				Y or N		\$
				Y or N		\$
				Y or N		\$
				Y or N		\$

Need Copy Of Leases

## NON-OPERATING ASSETS

Describe:

## MAJOR ASSETS INCLUDED

(Note assets included in sale but not included on the company's balance sheet or assets owned individually)

Assets used by the business, but not owned by the business:

## CAPITAL EXPENDITURES

Major capital expenditures during past five years:

Capital expenditures needed for growth in next 5 years:

Is any major equipment presently being used at maximum capacity?

## COMPUTERS & SOFTWARE:

# of Computers:   
 Type of Computers:

Software:	Y or N	Propriety or Customized Software programs
	Y or N	Software Developed by outside vendor
	Y or N	Software Developed by employees of business
	Y or N	User Manuals Available
	Y or N	Company has License Transfer Rights

Describe (Nature of software and estimated costs to develop):

As part of due diligence, a printout of computer software from an software inventory analysis company such as Belarc should be provided for all PCs or Macs.

## VEHICLES & TRAILERS

Make / Model:	Year:	Mileage	Approximate Condition	Market Value	Included in sale? Y/N	Disposition
				\$	Y or N	
				\$	Y or N	
				\$	Y or N	
				\$	Y or N	
				\$	Y or N	
				\$	Y or N	
				\$	Y or N	
				\$	Y or N	
				\$	Y or N	
				\$	Y or N	
				\$	Y or N	
				\$	Y or N	
				\$	Y or N	
				\$	Y or N	
				\$	Y or N	
				\$	Y or N	
				\$	Y or N	
				\$	Y or N	
				\$	Y or N	
				\$	Y or N	

Use attachment if necessary

List all personal vehicles and other assets which are not to be sold:

Year, Make & Model	Net Book Values of date

Use attachment if necessary



# LONG-TERM DEBT AND LEASE PURCHASE AGREEMENTS

<b>ORIGINAL LOAN AMOUNT:</b>	\$	\$	\$	\$
<b>Date of Loan:</b>				
<b>Term of Loan:</b>				
<b>Current Payoff:</b>	\$	\$	\$	\$
<b>Payment:</b>	\$	\$	\$	\$
<b>Interest Rate:</b>	%	%	%	%
<b>Secured By:</b>				
<b>Secured Party:</b>				

Need copy of all notes and/or Lease Purchase Agreements

**AMOUNTS OWED TO SUPPLIERS/CREDITORS:**

Name of Creditor:	Amount Owed As Of:	Date	Payment Terms:
	\$		
	\$		
	\$		
	\$		

Use attachment if necessary

**PAST DUE AMOUNTS OWED TO GOVERNMENTAL AGENCIES: (Sales Taxes, Payroll Taxes, Income Taxes)**

Agency:	Type:	Amount Owed As Of:	Date
		\$	
		\$	
		\$	

Use attachment if necessary

# FINANCIALS

## OVERVIEW

What is the fiscal year end? Has this changed in the past 5 years?

Is the company on a cash or accrual basis for financial reporting?

Describe how bookkeeping and accounting is processed, and if this has changed in the past five years.

Describe the financial software used for general ledger, payroll, and asset accounting.

Are weekly/monthly financial reports prepared? If yes, who prepares them?

Are monthly income and expense reports available for the past 2 years?

Describe how cash flow projections are made.

Describe your borrowing practices:

Did you forecast revenues and profits for this year? If so, provide insight to your process:

Briefly detail any shareholder assets or liabilities on the balance sheet that might need explaining.

Explain any inter-company assets or liabilities.

## OPERATING BUDGET

	Y or N	Explain
Is there an annual operating budget?	Y or N	
capital expenditure budget?	Y or N	
cash flow budget?	Y or N	
sales forecast?	Y or N	
How are operating results compared with budgeted?		

## AUDITS

Has the company ever been audited?

Yes or No	IRS or CPA
-----------	------------

If yes, provide dates:

Details of any IRS and/or state tax audits:

**If you have audited financial statements, skip this section.**

To properly present financial information about your company, we must be advised if any of the following practices currently exist, or if they were practiced in the past five years:

**Have You:**

Y/N

Deferred current expenses to another accounting period?	
Kept cash-received records open after the end of a period closing disbursements early?	
Made unusual entries at or near the end of an accounting period?	
Forestalled writing off bad loans or worthless assets?	
Ignored liabilities such as long-term commitments, significant contingencies or post-retirement liability?	
Failed to make adequate provision for depreciation?	
Overestimated the collectability of accounts receivable?	
Ignored the obsolescence of fixed assets?	
Buried losses under continuing operations?	
Improperly capitalized research and development, start-up costs, advertising, interest charges, repairs or the like?	
Exchanged similar assets and counted what is received at fair-market value?	
Taken aggressive positions on unsettled, difficult or controversial accounting issues?	

If you answered "yes" to any of these questions, please explain:

## INTANGIBLE ASSETS

(including that which is not noted on the Balance Sheet)

Are there any patents or other intangible assets of the COMPANY which need further explanation?  
Please discuss life, cost and utilization of the asset(s):

--

## BUSINESS PREREQUISITES

	Current Year	Last Year	Two years Ago	Three Years Ago	Four Years Ago	Five Years Ago
Travel & Entertainment						
Dues & Subscriptions						
Medical Reimbursement						
Officer's Life Insurance						
Other:						

Are any of your above expenses classified in Cost of Sales? If yes, explain:

--

## UNUSUAL INCOME OR EXPENSE ITEMS

Please indicate amounts which would have been unusual, one-time, discretionary, or unnecessary if another owner had been in control of the business.

	Current Year	Last Year	Two years Ago	Three Years Ago	Four Years Ago	Five Years Ago
Interest & dividend income received						
Unusual Interest expense						
Gain or loss on sale of assets						
Capital asset purchases expensed instead of capitalized						
Income and expenses of non-operating assets or unrelated businesses						

# OWNER'S DISCRETIONARY EXPENSE ITEMS

	Current Year	Last Year	Two years Ago	Three Years Ago	Four Years Ago	Five Years Ago
Fair compensation for a manager to replace owner/officer #1						
Fair compensation for a manager to replace owner/officer #2 (if applicable)						
Excess or unnecessary labor or salaries including bonuses, etc.						
Wages to family members, partners and/or shareholders who are not working						
Fair compensation for family and/or owners who are working but not paid						
Payroll, commissions, bonuses and vacation that should be accrued at year end						
Unnecessary or personal travel, meals & entertainment						
Discretionary contributions to retirement programs						
Discretionary dues & subscriptions						

# INVENTORY & SUPPLIES

How often is a physical inventory taken?

Explanation of any significant difference between Inventory On Hand and Amount Shown On Books:

How much of existing inventory is Obsolete/Outdated? (% or \$)

Inventory Valued Based On:

FIFO
LIFO

LEVEL OF INVENTORY ON HAND:

	Normal Level	Current Level
Raw Material	\$	\$
Work In Progress	\$	\$
Finished Goods	\$	\$
Parts	\$	\$
Used Items	\$	\$
TOTAL INVENTORY	\$	\$

VALUE OF SUPPLIES ON HAND:  
(Office Supplies, Shop Supplies, and items expensed upon purchase)

\$		\$	
----	--	----	--

Other information about inventory and supplies:

**INVENTORY & SUPPLIES INFORMATION (Provide a summary of inventory):**

Do you carry any inventory? If yes, describe:

List key vendors/suppliers by products:

Use attachment if necessary

Name	Products/services purchased	% of purchases

## FUTURE EXPANSION

List the Company's significant capital expenditures (not projected) as follows:

Fiscal Years	Sales Level (\$ in 000's)	Capital Expenditures (\$ in 000's)	Description
Current Year			
Last Year			
Two Years Ago			
Three Years Ago			
Four Years Ago			
Five Years Ago			

Has there been any significant expenditure that was expensed for, but should have been capitalized?  
If yes, describe the amounts and years incurred:

Please indicate estimated normal annual recurring capital expenditures anticipated over the next five years:

Assuming potential future sales levels, please estimate the required additional space (facilities) and capital expenditures (equipment) required.

Sales level (\$ in 000's)	Additional Space		Capital Expenditures	
	Square Footage	Annual Rent	Description	Cost

Comment on any facility and/or personnel expansion currently in progress:

Does the company have a written business plan for achieving growth over the next several years?  
Please describe and include a copy of the plan. Who drafted the plan? Were any outside consultants utilized?

## FINANCIAL RECORDS

Fiscal Year End:	Cash or Accrual
Financial Records location:	
Income statements prepared:	Monthly   Quarterly   Annually

### ADJUSTMENTS TO FINANCIAL STATEMENTS FOR DISCRETIONARY INCOME OR EXPENSE:

Principal/Owner's Salary:	\$
Auto Gas, Oil, & Repairs:	\$
Auto Lease/Loan Payments:	\$
<b>Insurance:</b>	\$
Auto Insurance:	\$
Life Insurance:	\$
Other Insurance:	\$
Membership, Dues, Etc.:	\$
Travel & Entertainment:	\$





# ACCOUNTS RECEIVABLE

Provide a current aging of accounts receivable

Describe the basic terms you give your customers:

Indicate potential uncollectable Accounts Receivable in excess of current Allowance for Bad Debts:

Have there been any significant inventory or A/R write-offs or adjustments in the past 3 years?

Explain any reserve accounts held for shareholder distribution or other purposes.

Do any individual customers account for over 10% of your Accounts Receivable? If yes, explain, including customer and average balance:

Explain all Notes Receivable:

# ACCOUNTS PAYABLE

Provide a current aging of Accounts Payable

What is your current Accounts Payable Policy? (I.e. discounts, special terms, etc.)

Please explain any Payables that are currently past due:

Describe liens existing from suppliers or creditors.

Describe any capital leases or long-term equipment financing arrangements.  
Typically, what are the terms?

Can these liabilities be assumed by the purchaser?

Describe any mortgages or real estate liabilities.

List any and all bad debts and any agreements which might reasonably be expected to result in a loss.

## GROSS PROFIT MARGINS

Profit Margins can be a significant factor in projecting a Pro Forma income statement. A discussion of past and expected margins is key to understanding the future profitability of the company.

**Gross Profit Margin (%) per financial statements:**

Gross Margin	This year (Estimated)	Last Year	2 Years Ago	3 Years Ago	4 Years Ago	5 Years Ago

Explain why the historical gross profit margins have changed:

## INCOME AND EXPENSE ITEMS

Nonrecurring, discretionary or discontinued income or expenses can materially affect the Company's results of operations in any one year. To properly recast the financial statements, these terms should be identified to the extent possible. Bear in mind that these items should be able to withstand the scrutiny of a prospective buyer.

**Provide detail on any non-recurring (one-time only) or discontinued (no longer applicable) Income and/or Expenses:**

Description	Current Year*	Last Year	2 Years Ago	3 Years Ago	4 Years Ago	5 Years Ago

\*Indicate if these items are recorded in (C)ost of sales, (O)perating Expenses or other (I)ncome/(E)xpenses.

## INCOME STATEMENT

Which unusual factors have affected sales (world events, economic cycles, local economy, competitors, etc.)?

Describe the sales seasonality.

What is the high point for revenue?

What is the low point?

What is the sales volume outlook over the next two years?

Are there unusually large revenue peaks projected over the next 2 years?

What is the sales backlog projection for the next 12 months?

Describe factors affecting the cost of sales (increased materials costs, labor, overhead, etc.).

Discuss ways to improve profitability.

### EXPENSES

List unusual expense items which may be one-time, personal, or discretionary expenditures.

Which expenses may be unnecessary for core business operations?

Working capital and financing  
Estimate current requirements for business working capital.

What firms provide your sources of working capital?

What is the business history of line-of-credit limits? Does a revolving line of credit exist? If yes, describe the terms.

## BALANCE SHEET ADJUSTMENTS

	Book Value	Estimated FMV
Equipment		
Vehicles		
Computer Equipment		
Furniture & Fixtures		
Leasehold Improvements		
Real Estate		
Other		

Please provide current CPA asset list in electronic format. Please go through them line by line for accuracy. Fixed asset accounts may vary so feel free to fill in the fixed asset column with the appropriate account names.

## OTHER ADJUSTMENT ITEMS

	Current Year	Last Year	Two years Ago	Three Years Ago	Four Years Ago	Five Years Ago
Penalties & fines						
One-time advertising or marketing expense proven non-productive						
R&D costs expensed instead of capitalized						
Leased equipment issues						
Inventory write-offs						
Unusual bad debts Excess rent or occupancy expense						
Moving & premises renovation expense						
Excess or non-recurring legal, consulting or other professional services						
Discretionary charitable donations that do not result in revenue						
Sales taxes recorded as income and expense						
Cash shortages or missing funds						
Insurance proceeds						
Lawsuit settlements						
Net income or loss from discontinued operations						
Business interruption expense						
Income reduction due to loss of major customer						
Payments to former employees under employment contracts						
Amount that rent is below market value						
Increase business insurance premiums for appropriate coverage						

Please provide an explanation of the "Other Compensation" from the table above:

# LITIGATION

## Legal considerations:

Explanation:

Y/N

<input type="checkbox"/>	Pending Litigation (Suing Clients/Customers or Being sued)	
<input type="checkbox"/>	Unresolved Insurance Claims	
<input type="checkbox"/>	Leases In Default (For Equipment, Vehicles or Real Estate)	
<input type="checkbox"/>	Outstanding Contracts or Agreements	
<input type="checkbox"/>	Claims For Back Wages	
<input type="checkbox"/>	Product Liability Exposure	
<input type="checkbox"/>	Unpaid Employee Medical or Benefit Claims	
<input type="checkbox"/>	Employee Vacation Time/Pay; Severance Pay Due	
<input type="checkbox"/>	Pending Changes In Licenses or Permits	
<input type="checkbox"/>	Has the business or any of its owners filed bankruptcy in the past 5 years?	
<input type="checkbox"/>	Has the business or any of its owners filed bankruptcy in the past 5 years?	

## Pending violations of government regulations:

(If yes to any of the following, describe below)

<input type="checkbox"/>	Delinquent Taxes (Sales Taxes, Payroll Taxes, Income Taxes)	
<input type="checkbox"/>	Violations of American Disability Act	
<input type="checkbox"/>	Pending Environmental Problems	
<input type="checkbox"/>	OSHA violations	
<input type="checkbox"/>	Other	

Provide details of any current or pending litigation:

Describe Warranties on your products/services:

Describe any product claims:

Comment on any significant research and development:

# REGULATORY COMPLIANCE

## ENVIRONMENTAL

### PROPERTY

Provide a list and a brief summary of any possible source of environmental concern:

Are there any above or underground storage tanks on site? If yes, provide location and a description of the contents:

Describe any known spills or leaks on your property or within one (1) mile of your property location:

Describe any discharges from your property to surface water or to adjacent properties:

### AUDITS

Please list the name(s) and contact information of knowledgeable personnel familiar with the condition of the plant and property, both past and present:

Please provide copies of any environmental site assessments conducted on owned or leased properties. Please list dates:

	When Completed	Copy	Action Taken
Phase One			
Phase Two			

Please list any citations, fines or assessments related to health, safety or environmental compliance matters:

## BUSINESS PROCESS

Please list all hazardous materials used in the process of the business:

	Y/N
Are hazardous materials properly labeled and stored in compliance with local municipal, state and federal regulations?	
Are personnel properly trained?	
Is training documented and current for all personnel?	
Are waste materials properly sorted and disposed of in compliance with all local municipal, state and federal regulations?	

If you answered "no" to any of these questions, please explain:

Do you have a service who provides advice, training and removal of contaminants? Who and how long have they been under contract?

## OTHER

Has the property been inspected by regulatory or compliance officials (i.e. fire, health, code enforcement, auditors, etc.)? If yes, please list the agency, the nature of the inspection and the results:



# REAL ESTATE

## PHYSICAL BUILDINGS

Describe the physical space required to conduct business:

**PLEASE PROVIDE COPIES OF BLUE PRINTS AND LOT LEGAL DESCRIPTION IF AVAILABLE**

Facility	Address	Est. Sq. Ft.	# of floors	Lot size	Building type	Age of building	Used by which company	Condition	Use of building/ property	Leased/ Rent or Owned	\$ and terms if Rent or Lease	Estimate or Appraisal Value	Taxes	Real Estate insurance	Part of Sale?	
Hdquarters															Y or N	Y or N
#2															Y or N	Y or N
#3															Y or N	Y or N
#4															Y or N	Y or N
#5															Y or N	Y or N
#6															Y or N	Y or N
#7															Y or N	Y or N
#8															Y or N	Y or N
#9															Y or N	Y or N
#10															Y or N	Y or N
															Y or N	Y or N
															Y or N	Y or N

Facility from above	Water		Sewer		Gas		Electric		Trash		Other:	
	Source	Who pays	Average bill	Source	Who pays	Average bill	Source	Who pays	Average bill	Source	Who pays	Average bill
Hdquarters												
#2												
#3												
#4												
#5												
#6												
#7												
#8												
#9												
#10												

Use attachment if necessary

Real Estate Appraisals:  
 Appraisal District Tax Valuation:  
 (Appraised Value, Date, Contested)  
 Independent Appraisal:  
 (Date last appraised, Appraised Value, Appraiser)  
 Price Desired By Owner:  
 Terms Desired By Owner:  
 Other Information: (Special Features, Near By Businesses & Landmarks, Neighborhood Characteristics, Etc.)

\$

**LEASE TRANSFER:**

Fee amount \$  To whom the fee is to be paid?

Name of tenant on lease:   
Name of landlord:   
Management company:   
Contact person:   
Mailing address:   
Phone number:

**Are rent payments current? If not, describe below:**

Amount Due	Current Status
\$	
\$	
\$	
\$	

# MISCELLANEOUS

## MISCELLANEOUS INFORMATION

Does your company have a contract employee handbook? If yes, include a copy with this Worksheet.

--

If no, complete this section.

Describe the rates paid to various contract workers and the reasons for any differences:

--

## AREAS OF IMPROVEMENT

Comment on those areas of your operations that could be improved, including areas such as management, marketing, products/services, etc. –**THINK!**

--

## TERMS OF SALE AND OTHER CONSIDERATIONS

Previous listings by a broker:

Use attachment if necessary

Date:	Price:	Terms:
	\$	
	\$	

Entities currently considering purchasing the subject business:

Price:	Terms:	Considerations:
\$		
\$		

On what terms and conditions will all Principals/Owners sign Non-Compete Agreements:

Terms:	Considerations:

# APPRAISALS

## REASON BUSINESS IS BEING APPRAISED

Reason for Appraisal:  
Who provided the information herein?


## INFORMATION FROM PREVIOUS APPRAISALS

Name of Appraiser:  
Company Name:  
Address:  
Phone Number:  
Appraised Value:  
Price Includes:

\$
Operating Assets
Vehicles
Real Estate

Receivables	\$	
Payables	\$	
Goodwill	\$	

## APPRAISAL TYPES

The Telling/Pratt or the Telling/Jones team can provide a variety of appraisals for different needs and requirements.

Type Property Appraised :

Business Enterprise (TGL provides as part of agreement)
Machinery & Equipment RealEstate Litigation Services
Complete Limited Calculations
Self Contained Summary Restricted
%
\$

Type of Appraisal:

Type of Report:

Ownership Interest Being appraised:

Proposed Fee:

Specify:

Standard of Value:

Fair Market Value - In Place Fair Market Value Fair Market Value - Removal Orderly Liquidation Forced Liquidation Other (Explain to the right)	If other explain:

Function & Use:

--