

**Business Valuation of Accounting Firm: Initial Information Needs List  
(Needs to be Made Specific to Unique Issues of Actual Entity)**



**For Questions Regarding this List Contact:**

**BANISTER FINANCIAL, INC.**

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**Accounting Firm ("Firm"):**

**Valuation Date (Value as of):**

1. Last seven years of detailed Firm annual financial statements, including balance sheets, income statements, statement of changes in financial position, accompanying accountant notes to statements.
2. Last seven years Firm tax returns.
3. Latest interim and year-to-date financial statements (up to the Valuation Date), including detailed balance sheet and income statements, and for same year-to-date period of prior year.
4. List of subsidiaries, parent or affiliates, if any, along with relevant financial statements for the last five fiscal years, along with current interim and year-to-date financial statements up to the Valuation Date. Also include consolidated and consolidating financial statements of the Firm and its subsidiaries, along with inter-company eliminating entries.
5. Equipment list and depreciation schedule as of latest fiscal year end on or prior to the Valuation Date (on both a book and tax basis).
6. Current detailed accounts receivable aging by client as of the Valuation Date and as of the latest fiscal year end and year-to-date period on or just prior to the Valuation Date. Schedule of unbilled work-in-process by client as of the Valuation Date, and as of the latest fiscal year end and year-to-date period on or just prior to the Valuation Date.
7. Revenues by client (top 10 largest clients) for each of the last three fiscal years leading up to the Valuation Date. Notate which client revenues were generated by which Firm CPA and who is the primary CPA responsible for the relationship.
8. Current backlog as of Valuation Date.
9. Revenues by service area (audit, write-up work, tax, business valuation, litigation support, management consulting, information technology consulting, etc.) for each of the last two fiscal years leading up to the Valuation Date, and for the latest year to date period ended on or just to the Valuation Date.
10. Provide a detailed, itemized breakdown, for each officer who is a shareholder, each shareholder, and director of the following by year for the last five fiscal years leading to and including the Valuation Date and for the latest year-to-date period on or just prior to the Valuation Date:
  - Annual compensation
  - Director fees
  - Life insurance premiums
  - Schedule of any deferred compensation
11. Copies of calculations for each fiscal year (for the last five years leading up to and including the Valuation Date) of how officer, shareholder compensation is calculated (i.e., formula calculations on productivity, etc.).
12. Information on any unusual, non-essential, personal (non-business related) or non-recurring revenue or expense items by year (for each of the last five fiscal years leading up the Valuation Date and for the year-to-date period ending on or just prior to the Valuation Date), stating the amount, the source, and why unusual or non-recurring in nature.

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13. Total billed hours per each CPA, each of five fiscal years leading up to the Valuation Date.
14. Standard hourly billing rate for each professional and staff member at the Valuation Date.
15. Copies of Firm detailed general ledgers for each of the five fiscal years leading up to the Valuation Date and for the latest year-to-date period available ended on or just prior to the Valuation Date.
16. Forecasts or business plans or projections of any kind, if any.
17. Copies of all bank and financial institution loan and credit agreements, notes and security agreements, personal guarantee agreements.
18. Any default or threatened acceleration on bank loan agreements.
19. Copies of any and all existing contracts of any kind, including but not limited to the following:
  - Employment agreements
  - Covenants-not-to-compete
  - Client agreements and contracts
  - Royalty agreements
  - Equipment lease or rental contracts
  - Labor contracts
  - Employee benefit plans
  - Any miscellaneous contracts, copyrights, patents, etc.
  - Lease on premises, if any
  - Contracts to purchase or sell assets or stock
  - Any other contract or agreement of any kind whatsoever
20. Schedule of life insurance in force as of the Valuation Date, with the following information on policies covering shareholders or officers:
  - Face amount of policy
  - Ownership of policy
  - Beneficiary
  - Cash value, if any, at the Valuation Date
  - Amount of annual premiums paid by the Firm
21. Amounts of liability and malpractice liability insurance carried by the Firm as of the Valuation Date (copy of malpractice coverage certificate in force at Valuation Date as well as a copy of the malpractice policy) and the anticipated cost of any upcoming renewal premiums if materially different than historic premiums. Information on any planned changes in coverage or the possible loss of coverage.
22. Full and complete copies of Firm corporate documents including:
  - Articles of incorporation (Articles of Organization if LLC)
  - Bylaws
  - Any amendments to the above
  - Corporate minutes
  - Partnership agreement (if a partnership), Operating Agreement (if a professional limited liability company or partnership) and any associated amendments.
  - All corporate or partnership documents of any kind
  - Shareholder or similar buy/sell agreements of any kind pertaining to ownership interests in the Firm.
  - Options to purchase stock, rights of first refusal
  - Trust agreements
  - Other documents affecting the ownership rights of the interest being valued
  - Employment or Deferred Compensation or similar agreements of any kind.
23. List of stockholders/members/partners as of the Valuation Date, including the number of shares/units/partnership interests held by class (voting, non-voting, common and preferred).

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24. Information on all prior transactions in the Firm's shares/member/partnership interests, including the names of the parties involved, the amount shares or interests purchased or sold, the associated terms, purchase price, any written contracts. Provide information on the first start date with the Firm of each current owner, the date they were offered the opportunity to buy-in, copies of any employment contracts or details on any pay arrangements with each prior to the buy-in.
25. Information on any past, current or potential future offers, plans, or consideration given to (even if highly preliminary and not acted upon):
  - Buy or sell part or all of the Firm's shares or assets
  - Sell or merge the Firm (either stock or assets, in whole or in part)
  - Undertake joint venture arrangements with others
26. Information on any offers made or discussion (even if no offer materialized) concerning the possible sale, acquisition or, or merger with the Firm, even if general, or highly preliminary, currently or historically.
27. Brief written history, if available
28. Copies of promotional and marketing literature, if any
29. List of key competitors.
30. List of Firm employees and professional staff as of the Valuation Date, including:
  - Start date with the Firm
  - Position.
  - Annual compensation, latest fiscal year on or prior to the Valuation Date.
  - Resumes of professional staff.

Provide information on any reasons why the Firm would or would not be able to continue to successfully operate in the event of the death, disability or termination of employment of any of these key employees.

Details on any paid officers, shareholders, partners or employees who are:

- Not active on a day-to-day basis.
- Not integral to the business.

31. Consulting studies prepared for the Firm, if any.
32. Information on any related party transactions (with shareholders, partners, their family members or relatives or entities in which any of these hold ownership interests) of any kind whatsoever, including but not limited to the following:
  - Leases of real or personal property.
  - Management or service fees.
  - Loan guarantee fees.
  - Purchases or sales of goods or services.
33. Any contingent or off-balance sheet assets or liabilities of any kind whatsoever of the Firm, such as:
  - Pending or threatened lawsuits.
  - Regulatory compliance requirements.
  - Hazardous waste or other environmental.
  - ERISA claims or problems.
  - OSHA problems.
  - Letter of credit liabilities.
  - Liens or judgments of any kind.
  - Guarantees by the Firm or its partners, shareholders or owners of any obligations.
  - IRS liens, payroll, sales or other tax liens- payment status of all of these items. Status of any current or past IRS audits

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- Off balance-sheet assets or liabilities.
  - Exposure on self-insurance programs and degree to which reinsurance partially or fully covers the anticipated liability.
  - Exposure under phantom stock ownership plans.
  - Any other material contingency or liability of any kind whatsoever.
34. Information on:
- Any recent, pending or possible future loss of a key client (s) or other matters which might materially impact the Firm
  - Any recent, pending or possible future addition of a key client (s) or other matters which might materially impact the Firm
  - The recent loss of key employees that might harm the Firm, whether through a loss of revenues, result in the establishment of a competing firm, or any other material impact on the Firm
  - Any known health problems with Firm professionals that may materially impact the Firm or its performance or relationships with clients.
  - Pending or possible acquisitions or purchases of other companies or assets, product lines, etc., known or knowable as of the Valuation Date.
  - Any factor of any kind that might have a material impact, positively or negatively, on the Firm's financial or operating performance, or value as of the Valuation Date.
35. Information on any complaints, pending actions or investments, censures, pending or threatened at the Valuation Date, or historically, with any state CPA society or with the AICPA or any professional or regulatory body or authority of any kind.
36. Details of any pending or threatened malpractice claims as of the Valuation Date. Information on all past claims on or prior to the Valuation Date.
37. Copy of latest peer review findings available as of the Valuation Date.
38. Copies of any existing indicators of Firm asset values as of the Valuation Date, including latest property tax assessments and any appraisals that have been prepared, including real and personal property appraisals and any business or practice appraisals of the Firm or its shares or ownership interests. Copy of county ad valorem value assigned by it to the fair market value of Firm real and personal property on or before the Valuation Date.
39. Please provide a list of all assets and liabilities that are not used in the day-to-day Firm or would not be needed by a buyer to operate the Firm. For example, non-operating assets might include (but not be limited to) marketable securities, cash value of life insurance, investment or excess real estate, assets held for sale or for personal use.