

## Initial Information Needs for Business Valuation of a Temporary Staffing/Contract Staffing Services Firm



**For Questions Regarding this List Contact:**

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**Note: Please provide information in PDF format (not password protected). We have a secure server to which this information can be uploaded easily from your computer (information encrypted during transmission to our server) and is easier and more secure than by email. Please email the names and email addresses of parties who will have access to submitting or retrieving information from the server and we will establish password protected accounts for them.**

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

1. Detailed annual financial statements, last five years, including balance sheets, income statements, statement of cash flows, notes.
2. Federal corporation (or partnership if LLC) income tax returns (with all schedules), last five years, including any amended returns.
3. Depreciation schedule, latest available.
4. Current detailed accounts receivable aging as of valuation date.
5. Revenues by customer in dollars (top 5 largest customers in dollars) for each of the last three fiscal years, year to date to valuation date.
6. Breakdown of revenues for the latest fiscal year by:
  - temporary staffing (also, show breakdown by clerical/office, versus industrial, IT, technical, etc.)
  - payrolling
  - placement
  - other service lines
7. Summary of pricing of staffing contracts, contract terms (start date, end date, renewals, etc.). Information on likelihood of larger clients non-renewing upon expiration or any material expected changes in pricing.
8. Information on any proposals outstanding as of the valuation date to provide staffing services, likelihood of obtaining, and approximate impact on Company.
9. Detailed year-to-date (to valuation date) income statement and balance and for the same year-to-date period of the prior year.
10. Is workers compensation self insured or through a self insurance entity in which the Company is a shareholder or investor? Provide details, including:
  - Name of entity
  - Funding requirements of Company
  - Claims experience of Company
  - Any expected change in premiums
11. Benefits provided Company temporary or contract employees.
12. Contractual ability of Company to pass along any changes it experiences in workers compensation premiums, benefits costs, changes in employment taxes, etc. to clients.
13. Expected financial impact of the Affordable Care Act on the Company.
14. Provide a detailed, itemized breakdown, for each officer who is a shareholder (or member if LLC), each shareholder (or member if LLC), and director of the following by year for each of the last five years:
  - Annual compensation (W2s, 1099s) • Director fees • Life insurance premiums • Deferred compensation
15. Budgets, forecasts or business plans or projections of any kind, if any.
16. Copies of all bank and financial institution loan and credit agreements, notes and security agreements.
17. On any bank lines for advances against receivables, provide the required borrowing base requirements and allowed advances.
18. Copies of contracts of any kind, including but not limited to the following:
  - "Typical" customer contract • Employment agreements

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- Covenants-not-to-compete
  - Supplier and/or franchise agreements
  - Equipment lease or rental contracts
  - Labor contracts
  - Any miscellaneous contracts, copyrights, patents, etc.
  - Lease on premises, if any
  - Contracts to purchase or sell assets or stock
  - Other key contracts or agreements
19. Schedule of life insurance in force, 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 Company
20. Amounts of liability and product liability insurance carried by the Company and the anticipated cost of any upcoming renewal premiums if materially different than historic premiums
21. Full and complete copies of Company documents including (only if changed from prior valuation):
- Articles of incorporation, bylaws, amendments (if LLC, articles of organization, operating agreement, any amendments to foregoing)
  - Corporate minutes
  - All corporate documents of any kind
  - Shareholder, buy/sell agreements
  - options to purchase stock, rights of first refusal
  - Other documents affecting the ownership rights of the interest being valued
22. List of stockholders (members, if LLC) as of the valuation date, including the number of shares (membership units if LLC) held by class (voting, non-voting, common and preferred).
23. Information on all prior transactions in the Company's shares/membership interests, including terms, purchase price, any written contracts.
24. 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 Company's shares or assets
  - Undertake a public or private offering of the shares
  - Establish an Employee Stock Ownership Plan
  - Offer stock options
  - Sell the Company (either stock/membership interests or assets, in whole or in part)
  - Undertake joint venture arrangements with others
  - Solicit or obtain venture capital
25. List of current managerial and key employees, with the following information
- Start date with Company.
  - Position
  - Annual compensation

Provide information on any reasons why the Company 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 or employees who are:

- Not active on a day-to-day basis.
  - Not integral to the business.
26. Information on any related party transactions 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.
27. Any contingent or off-balance sheet assets or liabilities of any kind whatsoever, such as:
- Pending or threatened lawsuits.
  - Regulatory compliance requirements.
  - Warranty or other product liability.
  - Hazardous waste or other environmental.
  - ERISA claims or problems.
  - OSHA problems.
  - Letter of credit liabilities.
  - Liens or judgments of any kind.
  - Guarantees by the Company of any obligations.
  - IRS liens, payroll, sales or other tax liens
  - Off balance-sheet assets or liabilities not show on the Company's balance sheet as of the valuation date.
  - Loan defaults or acceleration.
  - Exposure on self-insurance programs and degree to which reinsurance partially or fully covers the anticipated liability.
  - Actual, pending or threatened default, compliance or acceleration related to any loan, lease or financing agreement of any kind.
  - Any other material contingency or liability of any kind whatsoever.
  - Status of any current or past IRS audits
28. Information on:
- Any recent, pending or possible future loss of a customer or supplier which might materially impact the business
  - Any recent, pending or possible future addition of a service line, customer or supplier which might materially impact the business

## **Initial Information Needs for Business Valuation of a Temporary Staffing/Contract Staffing Services Firm**

- The recent loss of key employees that might harm the business, whether through a loss of revenues, result in the establishment of a competing company, or any other material impact on the business
  - Pending or possible acquisitions or purchases of other companies or assets, product lines, etc.
  - Any factor of any kind that might have a material impact, positively or negatively, on the Company's financial or operating performance, or value.
29. Copy of latest county tax bill showing county appraised value of real and business personal property owned by the Company.
  30. Amounts of any unusual, non-recurring or discretionary expenses by year (e.g., legal fees associated with lawsuits, environmental or hazardous waste cleanup, etc.), last five years, by amount and type.
  31. Amounts of any personal, non-business related expenses paid by the Company by year, last five years, by amount and type.