

## Business Valuation of Distributor: Initial Information Needs List



For Questions Regarding this List Contact:  
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**Note: Please provide information in PDF format (not password protected). We have server to which this information can be uploaded easily from your computer (information encrypted during transmission to our server). 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 (accrual, if available) (consolidated and consolidating), for the last five fiscal years to the valuation date, including balance sheets, income statements, schedules, statement of cash flows, accompanying accountant notes to statements. Copies of any audited, compiled or reviewed financial statements for the same time frame. Copies of any internal divisional or subsidiary financials for the same time frame.
2. Federal corporation (partnership if LLC) income tax returns (including all schedules) for the last five fiscal years to the valuation date. Include copies of all amended returns.
3. Latest interim and fiscal year-to-date financial statements to the valuation date, including detailed balance sheet and income statements, and for same fiscal year-to-date period of prior year.
4. Current detailed accounts receivable aging as of valuation date.
5. Revenues by customer (top 10 largest customers) for each of the three fiscal years leading up to the valuation date.
6. Revenues and gross profits by product line.
7. Revenues by distributor represented, latest fiscal year.
8. Purchases by supplier (top ten largest, in dollars) for the latest fiscal year up to the valuation date.
9. Budgets, forecasts or business plans or projections of any kind, if any.
10. Copies of any peer distributor financial performance, rankings, compensation or similar studies, whether coordinated by the manufacturer whose products the Company distributes or prepared by third parties (e.g., trade associations, etc.).
11. Copies of all distributorship agreements and any associated amendments in force as of the valuation date.
12. Information on any pending or threatened loss of distribution rights, or information on any actual or alleged non-compliance with distributorship terms, manufacturer expectations, etc.
13. Information on any possible or pending additions of distribution rights or enhancements to existing distribution rights.
14. Regarding any restrictions on transfer or assignment of distributorship rights in a sale or transfer of Company ownership as outlined in the distributorship agreement:
  - What is the likelihood the manufacturer would approve a transfer of ownership?
  - Explain the manufacturer's process of approving (or even directing who the buyer might be) any buyer.
  - Will the manufacturer approve buyers who are not currently other distributors?
  - Will the manufacturer approve private equity buyers or funds?
  - How often do dealerships sell? Typically to whom have they sold? Information on any pricing or how determined?
15. Listing of company locations, branches.
16. Overview of Company's distribution territory:
  - Where?
  - Is it "protected" from other distributors of the same product? If they can sell to customers in the Company's market, what kind of remuneration, if any, does the Company receive? How often does the Company compete against distributors of the same brand? Can the Company go into other geographic markets? If so, how does that work?
  - Can the manufacturer sell directly to customers or "national" accounts in the Company's market? If so, what kind of remuneration, if any, does the Company receive?
17. Compensation paid each officer, director, shareholder, member (if LLC) and each of their respective family members by the Company, each of the last five fiscal years to the valuation date. Copies of form W2s and 1099s for each for the same periods.

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18. Copies of all existing contracts of any kind, including but not limited to the following: • Dealer and distributorship agreements (and amendments) • Employment agreements • Covenants-not-to-compete • Supplier and/or franchise agreements • Customer agreements and contracts • Lease on premises, if any • Loan agreements with banks and other financial institutions
19. Schedule of life insurance in force on officers, shareholders, with the following information on policies covering shareholders or officers, including: • 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. Company corporation documents, including: • Articles of incorporation, Bylaws, and any amendments (Articles of Organization, Operating Agreement, any amendments, if LLC) • Corporate minutes. • Shareholder or buy/sell agreements
21. Ownership as of the valuation date. If multiple share (member, if LLC) classes, list by class. Rights and restrictions by class.
22. Information on all prior transactions in Company shares/membership units including terms, purchase price, any written contracts.
23. Information on any past, current or potential future offers, plans, or consideration given to buy or sell part or all of the Company's shares/membership interests or assets, even if general, or highly preliminary, currently or historically. Discussions with any possible buyer and information on any offers received. Copies of any offering memoranda, marketing information or other documents provided to solicit buyers of the Company, for undertaking a public or private offering of the Company's shares/membership interests or assets, or to raise venture capital or financing of any kind. Copies of business plans prepared.
24. Information on any related party transactions of any kind (e.g., leases of real property or equipment from related parties or entities).
25. Any contingent or off-balance sheet assets or liabilities of any kind whatsoever as of the valuation date, such as:
  - Pending or threatened lawsuits. • Regulatory compliance requirements. • Warranty or other product liability.
  - Hazardous waste/environmental. • ERISA claims or problems. • OSHA problems. • IRS audits, disputes, tax liens.
  - Letter of credit liabilities. • Liens or judgments of any kind. • Guarantees by Company of any obligations. • Actual, pending or threatened default on loan, lease or financing agreements of any kind. Actual, pending or threatened acceleration of loans, leases or financing agreements. of any kind. Non-compliance with loan, lease or financing agreement terms and conditions of any kind. • Off balance-sheet assets or liabilities of any kind not showing on the Company's balance sheet as of the valuation date.
26. Information on:
  - Any recent, pending or possible future loss of a product line, distributorship right, customer, supplier or financing source which might materially impact the business
  - Any recent, pending or possible future addition of a product line, distributorship right, customer, supplier or financing source which might materially impact the business
  - 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.
27. Copies of any existing indicators of asset values as of or near the valuation date, including latest property tax assessments and any appraisals that have been prepared including real and personal property appraisals of assets owned by the Company.
28. List of all assets/liabilities not used in the day-to-day business as of the valuation date. This might include, among other items, marketable securities, cash value of life insurance, investment or excess real estate, assets held for sale or for personal use.
29. Information on any compensation paid to individuals not working in the business on a daily basis for each of the last five fiscal years to the valuation date. Provide amounts by each by year.
30. Information on any unusual or non-recurring income or expense items by year, last five fiscal years to the valuation date.
31. Copies of any patents, trademarks, copyrights held by the Company.
32. Appraisals of real estate owned as of the valuation date as prepared by state licensed and certified appraisers.
33. Listing of senior management of the Company, along with name, title, position, start date, responsibility at valuation date. Listing of same information for other "key" persons in the business not included in senior management listing, but whose departure from the Company, or death or incapacitation would materially impact the Company.
34. Summary of credit agreements (including equipment and leasing floorplan lines) and related outstandings under each at the valuation date, including rate, term, collateral, guarantees, etc. Information on any default or non-compliance with loan covenants and the basis of the non-compliance. Any pending or threatened loan acceleration.
35. Any on any other material factor impacting (or potentially impacting) the Company, its results or value as of the valuation date.