

PLEASE USE THESE FORMS ONLY!

QUESTIONNAIRE 1

Please Note:

1. Enclose or fax a copy of your check for the evaluation with the questionnaire so we can start work immediately.
2. A signed copy of the "Order/Agreement must accompany the questionnaire.
3. We will not ship the appraisal until it is paid for.

Please send us your e-mail address and we will send you all new forms by e-mail. If you prefer the new forms on a disk using Microsoft Word, please let us know.

Important questions that must be addressed prior to starting the appraisal.

1. Do you want this to be a stock sale ___ or an Asset Sale Appraisal ___? (Please check one)
2. Is Real Estate part of this appraisal? If yes:
 - What is the "Fair Market Value" of the land, building(s) and improvements?
\$ _____ How was the value estimates:
NOTES _____
 - Does the company pay itself (or the owner personally) a "Fair Market Rent"?
If not, what would be the total rent per year? \$ _____
NOTES: _____

Please send us a copy of all financial statements, profit and loss statements, the latest balance sheet and, if possible, a depreciation schedule. (no originals please)

Finally, what did you charge your client for this appraisal? _____. This information is kept confidential and is only needed to keep the company knowledgeable about the appraisal should the client or his advisors ever call.

Fill in client's name and address as you want it to appear:
 Seller: _____
 Company Name: _____
 Address: _____

Circle accounting method
Cash Accrual

Physical Address, if different: _____

 City/State/Zip: _____

Are there any environmental concerns that you may have observed. If so, please explain.

Please list all document(s) reviewed (i.e. annual profit and loss Statements, inventory and asset lists, etc.)

QUESTIONNAIRE 2

PRICING:
(Please check)

Stock Sale Appraisal \$2,495.00 _____ Asset Sale \$1,995.00 _____
Stock Sale Appraisal for litigation or potential litigation add \$800.00 _____
Minority Discount study, please add \$400.00 _____ Certified Limited Scope \$1,395 _____
(For Litigation purposes, only stock sale appraisals are acceptable. If a rush is needed, please call for quote)
Hypothetical Appraisal please add \$1,200.00 _____
Rush Delivery _____ add \$100 UPS Next Day Service instead of Priority Mail, will be charged at cost to the representative.
Total for appraisal \$ _____

Valuation Partner:

Name: _____
Company: _____
Address: _____

Phone: _____ Fax: _____ Cell _____
E-mail: _____ (e-mail address required for Adobe download)

Description of Business: _____ **SIC Code:** _____ **(Found on Tax Return)**
(If necessary use note pages. Tell us as much as possible or include company brochures/web site)

Reason for Evaluation: (Contemplation of Sale, Bank Financing, Estate Planning, etc.)

Effective Date of Evaluation: (Date of last Profit and Loss Statement reviewed)

If Client is other than the owner, Please list Owner's Name and Address:

SEND TO NEW ADDRESS: **Connecticut Business Brokers**
24 laurelwood pond lane
New hartford, CT 06057
(800) 943-7778 Fax (860) 482-6819

QUESTIONNAIRE 3
DISCRETIONARY NET PROFIT ANALYSIS

Warning #1

DO NOT add back the interest expense incurred by "floor planning"

Warning #2

If revenue was generated by selling assets or unusual activities or came from sources other than this business or any other revenue that will not be transferred to a new owner - **DEDUCT THOSE AMOUNTS.**

Warning #3

If Real Estate is involved and the company does not pay "Fair Market Rent" – DEDUCT AN AMOUNT PER YEAR THAT WOULD BE FAIR MARKET RENT.

THIS SECTION IS CRITICAL - BE EXTREMELY ACCURATE!

Company's Year Ends on: _____	200 ____	200 ____	200 ____	200 ____
NET PROFIT from an annual statement or tax return	<u>3 YEARS AGO</u>	<u>2 YEARS AGO</u>	<u>LAST YEAR</u>	<u>THIS YEAR</u>
	_____	_____	_____	_____
<u>DISCRETIONARY (Expenses)</u>				
Owner wages and payroll tax	_____	_____	_____	_____
Owner entertainment costs	_____	_____	_____	_____
Owner vehicle costs	_____	_____	_____	_____
Owner's personal insurance costs	_____	_____	_____	_____
Travel or miscellaneous	_____	_____	_____	_____
Non-essential business expenses	_____	_____	_____	_____
Depreciation	_____	_____	_____	_____
Interest expense (See Warning #1)	_____	_____	_____	_____
Bad debts expense (unusual)	_____	_____	_____	_____
Owner's dues and subscriptions	_____	_____	_____	_____
Amortization	_____	_____	_____	_____
One time major expense	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Discretionary (Expenses) Total	_____	_____	_____	_____
<u>DEDUCTIONS</u>				
Wages for unpaid or "Voluntary" relatives	_____	_____	_____	_____
Other income (Warning #2)	_____	_____	_____	_____
Sale of Assets	_____	_____	_____	_____
Adjustment for Fair Market Rent	_____	_____	_____	_____
_____	_____	_____	_____	_____
TOTAL DEDUCTIONS	_____	_____	_____	_____
NET PROFIT	_____	_____	_____	_____
DISCRETIONARY (Exp) TOTAL	_____	_____	_____	_____
TOTAL DEDUCTIONS	_____	_____	_____	_____
_____	_____	_____	_____	_____
TOTAL CASH FLOW	_____	_____	_____	_____
_____	_____	_____	_____	_____

QUESTIONNAIRE 4

HISTORICAL AND PROJECTED INCOME

	200	200	200	200	200	200
TOTAL REVENUES	_____	_____	_____	_____ <i>Annualized</i>	_____	_____
EXPENSES	_____	_____	_____	_____	_____	_____
TOTAL CASH FLOW	_____	_____	_____	_____	_____	_____

OPTIONAL - BES WILL DO THIS FOR YOU

NORMALIZING DISCRETIONARY EARNINGS (Likelihood of occurrence for the following fiscal year)
 The objective of adjusting the income to a "normalized" basis is to make the best possible estimate of the economic earning power of the entity. Statement adjustments are generally based on the assumption that the entity will continue to remain independent in its present mode of operation.

The Small Business Acquisition Manual describes this process as follows: "In preparing the stabilized income account, you are attempting to show the most likely performance for the business over the ensuing 12 month period. It is not your own business plan projection, which may include a lot of changes you would make in the business, but rather a picture of the business with the strengths and weaknesses it has at present which is what you pay for when you buy a business."

NOTE: Please enter the weightings of future occurrences to determine the net profit for question #1. For instance, if the company is 80% likely to do the same next year as it did this year and 10% likely that it could do what it did last year and 10% likely to do what is projected for next year, then you should rate the present year at 80%, the previous year at 10% and the following year at 10%.

<u>Fiscal Period</u>	<u>Year</u>	<u>Earnings</u>	<u>Weight</u>	<u>Factored</u>
Fiscal period ended	_____	_____	_____	_____
Fiscal period ended	_____	_____	_____	_____
Fiscal period ended	_____	_____	_____	_____
Fiscal period ended	_____	_____	_____	_____
Fiscal period ended	_____	_____	_____	_____
Fiscal period ended	_____	_____	_____	_____
Discretionary Earnings			100%	_____

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QUESTIONNAIRE 5

1.	Using the past 12 months (or normalized) profit/loss statement ADD back all non-cash expenses, owner draws and benefits, one time or unusual expenses, and non-essential expenses. ENTER A DOLLAR AMOUNT.	XXXXXXXXXXXXXXXXXXXXXXX
2.	What would an absentee owner have to pay a manager annually, including all benefits and bonuses, to run this business profitably? ENTER A DOLLAR AMOUNT. IF THIS BUSINESS IS CURRENTLY 100% ABSENTEE-ENTER \$0.00.	
3.	How much cash do you expect as a down payment? ENTER A DOLLAR AMOUNT.	
4.	What is the current market value of OWNED equipment and fixtures? ENTER A DOLLAR AMOUNT.	
5.	What is the current market value of your leasehold improvements? ENTER A DOLLAR AMOUNT.	
6.	What is the market value of included vehicles? ENTER A DOLLAR AMOUNT.	
7.	What is the average daily value of stocks, supplies or merchandise for consumption or resale? ENTER A DOLLAR AMOUNT.	
8.	What will be the lease cost PER SQUARE FOOT PER MONTH including all related fees on the average over the next three years? ENTER A DOLLAR AMOUNT.	
9.	Give the current lease rate per foot for a similar space down the street. ENTER A DOLLAR AMOUNT.	
10.	Give the current lease rate per foot for a similar space on the other side of the street. ENTER A DOLLAR AMOUNT.	
11.	If any leased/purchase equipment can be transferred, what is the difference between market value and current payoff? ENTER A DOLLAR AMOUNT.	
12.	What is the current value of any TRANSFERABLE licenses, rights or patents that will be sold with this business? ENTER A DOLLAR AMOUNT.	
13.	What was this company's gross revenue over the <u>past 12 months</u> ? ENTER A DOLLAR VALUE.	
14.	What was the gross revenue your <u>past fiscal year</u> ? ENTER A DOLLAR VALUE.	
15.	What was the gross revenue <u>two fiscal years ago</u> ? ENTER A DOLLAR VALUE, ENTER \$0.00 IF NOT AVAILABLE.	
16.	How many direct or indirect competitors have survived the past four years? ENTER A PERCENTAGE OF SURVIVAL.	
17.	What would be the MINIMUM rate of annual return a buyer would require to assume this risk? ENTER A MINIMUM RETURN ON INVESTMENT.	XXXXXXXXXXXXXXXXXXXXXXX
18.	What would be the MAXIMUM annual rate of return a buyer would expect to assume this risk? ENTER A MAXIMUM RETURN ON INVESTMENT.	XXXXXXXXXXXXXXXXXXXXXXX
19.	In collecting data, how sure are you of your accuracy? <u>ENTER A PERCENTAGE OF ERROR.</u>	
20.	If you took a professionally prepared loan package based on this business and its assets to local banks, what percentage of those banks would commit to a loan based solely on this business and its assets? ENTER A PERCENTAGE OF BANKS.	
21.	As you review the past 12 months, what percent of total revenues came in as green cash? DO NOT COUNT ANYTHING BUT PURE CASH! ENTER A PERCENTAGE OF THE TOTAL REVENUE.	
22.	Given the current state of leasehold improvements and equipment, what percent will need to be replaced each year to maintain a good image and run efficiently? ENTER A PERCENT OF REPLACEMENT PER YEAR.	
23.	Assuming the owner has a sales price and down payment in mind, what percent down would be required to buy this business? ENTER THE PERCENT OF DOWN PAYMENT.	
24.	Given the current market value of these assets, what percent of that market value would a banker consider as collateral value? ENTER A PERCENTAGE OF COLLATERAL VERSUS MARKET VALUE.	

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QUESTIONNAIRE 6

25.	What percentage of supplies or inventory for resale would an expert consider as dead or obsolete? ENTER A PERCENTAGE OF DEAD STOCK.	
26.	What percent of the workforce has been with the company more than two years? ENTER A PERCENTAGE OF EMPLOYEES.	
27.	What is the average inflation rate for the past three years? ENTER AN AVERAGE PERCENTAGE.	XXXXXXXXXXXXXXXXXXXXXX
28.	What percent of the total price asked by the owner will be OWNER financed? ENTER A PERCENT OF TOTAL PRICE.	
29.	On the owner financing, what type of interest rate will the seller offer? If no owner financing is offered, use bank-financing rate. 1=FIXED RATE, 2=VARIABLE RATE.	
30.	On owner financing, what fixed rate of interest is the seller offering? ENTER A PERCENT OF INTEREST--If no financing is offered, enter current bank fixed rate.	
31.	What is the percentage over or under the current prime rate the seller will take on owner financing if owner financing uses a variable rate loan? ENTER THE PERCENTAGE OVER (plus) OR BELOW (minus) PRIME.	XXXXXXXXXXXXXXXXXXXXXX
32.	What percent of the total price asked by the owner will be BANK financed? ENTER A PERCENT OF TOTAL PRICE.	
33.	When securing bank financing, what type of interest rate will a purchaser most likely secure? 1=FIXED RATE, 2=VARIABLE RATE.	XXXXXXXXXXXXXXXXXXXXXX
34.	As of the effective date, what is the current bank interest rate for a small business loan? ENTER PERCENTAGE.	XXXXXXXXXXXXXXXXXXXXXX
35.	What is the percentage over prime currently being offered by banks on VARIABLE RATE loans of this kind? ENTER THE PERCENTAGE OVER PRIME.	XXXXXXXXXXXXXXXXXXXXXX
36.	What is the current prime interest rate as of the effective date?	XXXXXXXXXXXXXXXXXXXXXX
37.	How many years has company been in business? ENTER THE NUMBER OF YEARS.	
38.	How many family members, relatives and/or partners, INCLUDING THE OWNER, are actively working in this business? ENTER A NUMBER.	
39.	How many different accounts does this company sell or provide a service to? ENTER THE NUMBER OF TOTAL ACCOUNTS.	
40.	Using only the largest trade accounts, rate the accounts in relation to total accounts: 1=One account equals 25% of business, 5=Very many accounts equal 25%.	
41.	At the time of sale, how many years will the buyer have guaranteed under lease and lease options to conduct business? ENTER A NUMBER OF YEARS.	
42.	What is the SHORTEST number of years a buyer would expect to repay initial loans? ENTER A NUMBER OF YEARS.	XXXXXXXXXXXXXXXXXXXXXX
43.	What is the LONGEST number of years a buyer would expect to repay initial loans? ENTER A NUMBER OF YEARS.	XXXXXXXXXXXXXXXXXXXXXX
44.	What is the average age of the facilities and equipment? ENTER A NUMBER OF YEARS.	
45.	Given an individual with reasonable skills and little direct knowledge of this business, how long would it take to functionally learn this business? ENTER A NUMBER 1=HOURS, 2=DAYS, 3=WEEKS, 4=MONTHS, 5=YEARS.	
46.	When starting a business at this scale, how many months would it take to show this kind of profit after deducting a reasonable salary for you or a manager? ENTER NUMBER OF MONTHS.	XXXXXXXXXXXXXXXXXXXXXX
47.	Give the total number of full time employees? ENTER THE NUMBER OF EMPLOYEES.	
48.	Give the total number of part-time employees? ENTER A NUMBER OF EMPLOYEES.	
49.	How much owner training time would be given to a buyer at no charge? ENTER A NUMBER OF WEEKS.	

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QUESTIONNAIRE 7

50.	How secure are revenues? ENTER A NUMBER: 1=OPEN ACCOUNT, NO SECURITY, 5=CASH ONLY AT POINT OF SALE.	
51.	How many direct competitors are in this company's trade area? ENTER A NUMBER: 1=MANY OR NEXT DOOR, 5=NONE.	
52.	When on vacation, how often does the owner call in? ENTER A NUMBER: 1=COUPLE TIMES DAILY, 3=FEW TIMES PER WEEK, 5=NEVER.	
53.	How did this company find its last few employees? ENTER A NUMBER: 1=UNION, 3=NEWSPAPER, 5=REFERRALS.	
54.	What amount of training is required to understand and perform most phases of this company's operations? ENTER A NUMBER: 1=DAYS, 5=PROFESSIONAL CERTIFICATION.	
55.	What is your liability exposure level? ENTER A NUMBER: 1=NONE, 3=DIRECTLY RESPONSIBLE FOR SAFETY, 5=HAZARDOUS OR LIFE THREATENING.	
56.	How important is the owner to the revenues of this business? ENTER A NUMBER: 1=INDISPENSABLE, 5=ABSENTEE.	
57.	If you use the last three years as a trend, how have gross revenues been trending? ENTER A NUMBER: 1=SEVERE DECLINE, 5=STEADY GROWTH.	
58.	This company gets most of its new business by what means? ENTER A NUMBER: 1=OWNER INFLUENCE, 5=ALL WALK-IN.	
59.	Considering social status, visual appeal, profits and longevity— using a scale of 1 to 5 how desirable is this business? ENTER A NUMBER: 1= UNDESIRABLE, 5=DREAM OF A LIFE TIME.	
60.	In reviewing past years monthly and seasonal revenues, how accurately could you predict the next few years sales OTHER THINGS BEING EQUAL? ENTER A NUMBER: 1=ALL GUESS, 5=ABSOLUTELY POSITIVE.	
61.	How has this company's liability insurance rates gone? ENTER A NUMBER: 1=GONE DOWN, 5=ALMOST IMPOSSIBLE TO GET	
62.	Give the trend of the market for this product? Apply a number: 1=Severe decline, 2=Decline, 3=Stable, 4=Slight growth, 5=Exceptional growth - no future slow down.	
63.	How long has this industry or product been widely known? ENTER A NUMBER: 1=NEW, 2=LESS THAN 10 YEARS, 3=OVER 10 YEARS.	
64.	What is the local economic trend? ENTER A NUMBER: 1=DECLINE, 2=FLAT, 3=GROWTH.	
65.	What is the national economic trend? ENTER A NUMBER: 1=DECLINE, 2=FLAT, 3=GROWTH.	
66.	Given this type of business, how would you rate this location for doing this type of business? APPLY A NUMBER: 1=POOR, 3=AVERAGE, 5=EXCELLENT.	
67.	What is the local labor market like for this business? ENTER A NUMBER: 1=COMPETITION, 3=NORMAL, 5=UNEMPLOYMENT.	
68.	What type of business is this? ENTER A NUMBER: 1=SIMPLE, 2=LIGHT, 3=INTERMEDIATE, 4=COMPLEX.	
69.	What is the strength of Unions in this area and industry? Apply a number: 1=None, 2=Weak, few competitors are union, 3=Many competitors are union, 4=Strong, most competitors are union, still some non-union, 5=All competitors are union.	
70.	If a broker is selling the business, what is the percentage rate of commission? ENTER A COMMISSION PERCENTAGE.	
71.	What would be the cost to effectively package and market the business? ENTER A MINIMUM DOLLAR AMOUNT. .	

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