

Valuation Brief

Confidential CPA Firm

presented by

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Report Date

8/29/2025



Calculation of Value

Subject Company	Confidential CPA Firm
Street Address	Great State, FL
Date incorporated	4/15/2003
Business activity code	541211
Business activity	Offices of Certified Public Accountants
Product or service	Tax Preparation, Accounting and Bookkeeping

This reports contains data used to analyze Confidential CPA Firm. Our analysis includes recognizing historical business performance, making adjustments to remove the impact of activities outside of normal operations and to model performance in a forecast period for the existing company.

I have estimated the Most Probable Selling Price of the Operating Company to be \$5,164,000 as of the date of the latest financial statement. This report is designed to give a general guideline or benchmark value. It is not a formal appraisal.

Most Probable Selling Price

Business value here is based on the concept of Most Probable Selling Price, that is, that price for the assets intended for sale which represents the total consideration most likely to be established between a buyer and seller considering compulsion on the part of either buyer or seller, and potential financial, strategic, or non-financial benefits to the seller and probable buyer. (Defined by the International Business Brokers Associations IBBA)

Market Approach

The Market Approach has an underlying concept where the value of a business can be determined by reference to sales of reasonably comparable guideline companies (“comparables” or “comps”) that are known to have taken place in either the public or private marketplace. This approach is based on the economic principle of substitution where a rational financial buyer will not pay more for a company than the current price for a comparable company.

Normalized Operations

The controlling owner of the Company has discretion how to conduct business operations, manage costs and expenses, and acquire assets through debt and equity. Since it is assumed that the business entity will be controlled 100% by the new owner(s) certain adjustments may be made to reflect that level of control. The financial statements are normalized to reflect business operations and remove the impact of activities outside of normal operations.

Forecast Performance

Since value is forward looking, financial statements are developed to reflect performance for the Existing Company in the Projection Period. Actual performance may vary from these estimates.

Assumptions and Limiting Conditions

The analyst relies on the company and its management for its financial reporting and projections, and the integrity of the company’s financials in general. Therefore, the analyst makes no representations or warranties to the accuracy or thoroughness of this valuation report. If a more detailed valuation is needed, we recommend a comprehensive certified valuation.

Income Statement for Confidential CPA Firm

Statement Type	Tax Return	Tax Return	Statement
Accounting method	Cash	Cash	Cash
Months in period	12	12	12
Income Statement, Unadjusted	2022	2023	2024
Gross Receipts or Sales	3,093,316	3,269,757	3,826,119
Returns and Allowances	49,967	55,053	62,335
Gross Revenue, net	3,043,349	3,214,704	3,763,784
Cost of Goods Sold	808,444	870,991	996,862
Gross Profit	2,234,905	2,343,713	2,766,922
Net Gain Form 4797			
Other Income			40,500
Total income (loss)	2,234,905	2,343,713	2,807,422
Compensation of Officers	200,000	338,218	189,000
Salaries and Wages	52,279	135,000	184,000
Repairs and Maintenance	1,468	1,131	1,645
Bad Debt			
Rent	51,726	64,688	48,728
Taxes and Licenses	20,850	27,284	46,251
Interest Expense	711		
Depreciation	113,003	1,120	
Depletion			
Advertising	12,593	13,262	3,164
Pension Profit Sharing	915,137	592,900	92,000
Employee Benefit		3,853	
Other Deductions	811,125	765,449	1,231,896
Total Deductions	2,178,892	1,942,905	1,796,684
Ordinary business income (loss)	56,013	400,808	1,010,738
Common-Sized	2022	2023	2024
Gross Receipts or Sales	100%	100%	100%
Returns and Allowances	2%	2%	2%
Gross Revenue, net	98%	98%	98%
Cost of Goods Sold	26%	27%	26%
Gross Profit	72%	72%	72%
Net Gain Form 4797	0%	0%	0%
Other Income	0%	0%	1%
Total income (loss)	72%	72%	73%
Compensation of Officers	6%	10%	5%
Salaries and Wages	2%	4%	5%
Repairs and Maintenance	0%	0%	0%
Bad Debt	0%	0%	0%
Rent	2%	2%	1%
Taxes and Licenses	1%	1%	1%
Interest Expense	0%	0%	0%
Depreciation	4%	0%	0%
Depletion	0%	0%	0%
Advertising	0%	0%	0%
Pension Profit Sharing	30%	18%	2%
Employee Benefit	0%	0%	0%
Other Deductions	26%	23%	32%
Total Deductions	70%	59%	47%
Ordinary business income (loss)	2%	12%	26%

Normalization for Confidential CPA Firm

Financial statements are normalized to remove the impact of non-recurring, non-economic or other unusual items that are outside of regular operations in order to eliminate anomalies and/or facilitate comparisons. Adjustments to revenue could include the removal of revenue gained from the sale of business assets. Adjustments to expense could include expenses under the control of ownership, such as officer compensation or rent expense that are above or below market rates.

Normalizing Adjustments	2022	2023	2024			
Gross Receipts or Sales						
Returns and Allowances						
Gross Revenue, net						
Cost of Goods Sold						
Gross Profit						
Net Gain Form 4797	0	0	0	0	0	0
Other Income	0	0	0	0	(40,500)	0
Total income (loss)						
Compensation of Officers	0	0	(200,000)	(338,218)	(189,000)	0
Salaries and Wages						
Repairs and Maintenance						
Bad Debt	0	0	0	0	0	0
Rent	0	0	0	0	0	0
Taxes and Licenses						
Interest Expense	0	0	(711)	0	0	0
Depreciation	0	0	(113,003)	(1,120)	0	0
Depletion	0	0	0	0	0	0
Advertising						
Pension Profit Sharing			(915,137)	(592,900)		
Employee Benefit						
Other Deductions	0	0	(126,343)	(262,187)	(392,957)	0
Other Deductions Detail	2022	2023	2024			
Automobile			(10,504)	(14,866)	(18,272)	
Charitable Contributions			(2,378)	(32,178)	(27,598)	
Automobile Insurance			(5,395)	(5,687)	(8,339)	
Owner Insurance			(8,565)		(8,327)	
Defined Benefit Plan						
Excess Payroll			(52,279)	(135,000)	(184,000)	
Excess Payroll Tax			(16,111)	(25,143)	(26,413)	
Travel Expense			(6,578)	(10,132)	(8,170)	
Section 179				(2,217)		
401K			(15,136)	(27,900)	(92,000)	
Continuing Education			(9,397)	(847)		
Shareholder Med Premium				(8,217)	(19,838)	
Other Deduction						
Other Deduction						
Other Deduction						
Other Deduction						
Other Deduction						
Other Deduction						
Other Deduction						
Other Deduction						
Other Deduction						
Total	0	0	(126,343)	(262,187)	(392,957)	0

Recast for Confidential CPA Firm

Weighting	0%	0%	20%	20%	60%	0.0%
Income Statement, Normalized						
		2022	2023	2024		
Gross Receipts or Sales		3,093,316	3,269,757	3,826,119		
Returns and Allowances		49,967	55,053	62,335		
Gross Revenue, net		3,043,349	3,214,704	3,763,784		
Cost of Goods Sold		808,444	870,991	996,862		
Gross Profit		2,234,905	2,343,713	2,766,922		
Net Gain Form 4797		0	0	0		
Other Income		0	0	0		
Total income (loss)		2,234,905	2,343,713	2,766,922		
Compensation of Officers		0	0	0		
Salaries and Wages		52,279	135,000	184,000		
Repairs and Maintenance		1,468	1,131	1,645		
Bad Debt		0	0	0		
Rent		51,726	64,688	48,728		
Taxes and Licenses		20,850	27,284	46,251		
Interest Expense		0	0	0		
Depreciation, Amortization,		0	0	0		
Advertising		12,593	13,262	3,164		
Pension Profit Sharing		0	0	92,000		
Employee Benefit		0	3,853	0		
Other Deductions		684,782	503,262	838,939		
Total Deductions		823,698	748,480	1,214,727		
Ordinary business income (loss)		1,411,207	1,595,233	1,552,195		
EBITDA		1,411,207	1,595,233	1,552,195		
SDE		1,411,207	1,595,233	1,552,195		
Common-Sized						
		2022	2023	2024		
Gross Receipts or Sales		101.6%	101.7%	101.7%		
Returns and Allowances		1.6%	1.7%	1.7%		
Gross Revenue, net		100.0%	100.0%	100.0%		
Cost of Goods Sold		26.6%	27.1%	26.5%		
Gross Profit		73.4%	72.9%	73.5%		
Net Gain Form 4797		0.0%	0.0%	0.0%		
Other Income		0.0%	0.0%	0.0%		
Total income (loss)		73.4%	72.9%	73.5%		
Compensation of Officers		0.0%	0.0%	0.0%		
Salaries and Wages		1.7%	4.2%	4.9%		
Repairs and Maintenance		0.0%	0.0%	0.0%		
Bad Debt		0.0%	0.0%	0.0%		
Rent		1.7%	2.0%	1.3%		
Taxes and Licenses		0.7%	0.8%	1.2%		
Interest Expense		0.0%	0.0%	0.0%		
Depreciation, Amortization,		0.0%	0.0%	0.0%		
Advertising		0.4%	0.4%	0.1%		
Pension Profit Sharing		0.0%	0.0%	2.4%		
Employee Benefit		0.0%	0.1%	0.0%		
Other Deductions		22.5%	15.7%	22.3%		
Total Deductions		27.1%	23.3%	32.3%		
Ordinary business income (loss)		46.4%	49.6%	41.2%		
EBITDA		46.4%	49.6%	41.2%		
SDE		46.4%	49.6%	41.2%		

Forecast for Confidential CPA Firm (Existing Company)

Valuation is a "prophecy of the future" based on reasonable knowledge of relevant facts. Revenue is forecast for the first, and following years, in the projection period. Cost structure is developed by "weighting" historical periods to indicate the degree of reliance on those periods in order to develop a structure for the forecast period.

Income Statement, Forecast	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Revenue, net	4,017,425	4,218,296	4,429,211	4,650,672	4,883,205
Cost of Goods Sold	1,069,560	1,123,038	1,179,190	1,238,150	1,300,057
Gross Profit	2,947,865	3,095,258	3,250,021	3,412,522	3,583,148
Compensation of Officers	0	0	0	0	0
Salaries and Wages	196,854	206,697	217,031	227,883	239,277
Repairs and Maintenance	1,724	1,810	1,900	1,995	2,095
Bad Debt	0	0	0	0	0
Rent	50,190	51,696	53,246	54,844	56,489
Taxes and Licenses	41,945	44,042	46,244	48,556	50,984
Interest Expense	0	0	0	0	0
Depreciation, Amortization, Depletion	0	0	0	0	0
Advertising	8,666	9,099	9,554	10,032	10,533
Pension Profit Sharing	0	0	0	0	0
Employee Benefit	0	0	0	0	0
Other Deductions	843,862	886,055	930,358	976,876	1,025,720
Total Deductions	1,143,240	1,199,398	1,258,334	1,320,186	1,385,099
Ordinary business income (loss)	1,804,624	1,895,859	1,991,686	2,092,336	2,198,049
Allowance for Taxes	451,156	473,965	497,922	523,084	549,512
Net Income	1,353,468	1,421,895	1,493,765	1,569,252	1,648,537
EBITDA	1,804,624	1,895,859	1,991,686	2,092,336	2,198,049
SDE	1,804,624	1,895,859	1,991,686	2,092,336	2,198,049

Income Statement, Forecast, Common Sized	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Revenue, net	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Goods Sold	26.6%	26.6%	26.6%	26.6%	26.6%
Gross Profit	73.4%	73.4%	73.4%	73.4%	73.4%
Compensation of Officers	0.0%	0.0%	0.0%	0.0%	0.0%
Salaries and Wages	4.9%	4.9%	4.9%	4.9%	4.9%
Repairs and Maintenance	0.0%	0.0%	0.0%	0.0%	0.0%
Bad Debt	0.0%	0.0%	0.0%	0.0%	0.0%
Rent	1.2%	1.2%	1.2%	1.2%	1.2%
Taxes and Licenses	1.0%	1.0%	1.0%	1.0%	1.0%
Interest Expense	0.0%	0.0%	0.0%	0.0%	0.0%
Depreciation, Amortization, Depletion	0.0%	0.0%	0.0%	0.0%	0.0%
Advertising	0.2%	0.2%	0.2%	0.2%	0.2%
Pension Profit Sharing	0.0%	0.0%	0.0%	0.0%	0.0%
Employee Benefit	0.0%	0.0%	0.0%	0.0%	0.0%
Other Deductions	21.0%	21.0%	21.0%	21.0%	21.0%
Total Deductions	28.5%	28.4%	28.4%	28.4%	28.4%
Ordinary business income (loss)	44.9%	44.9%	45.0%	45.0%	45.0%
Allowance for Taxes	11.2%	11.2%	11.2%	11.2%	11.3%
Net Income	33.7%	33.7%	33.7%	33.7%	33.8%
EBITDA	44.9%	44.9%	45.0%	45.0%	45.0%
SDE	44.9%	44.9%	45.0%	45.0%	45.0%

Most Probable Selling Price for Confidential CPA Firm

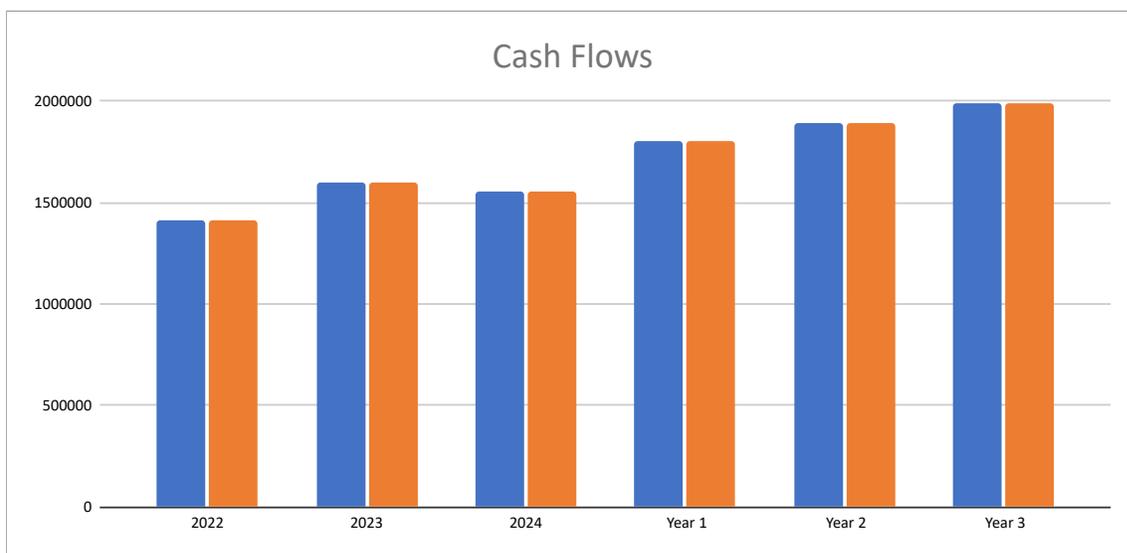
The Market Approach is a general way of determining a value indication of a business by comparing the performance of the subject company to similar businesses that have been sold. Normalized EBITDA and SDE provide the earnings stream used for comparison.

Forecast	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Revenue, net	4,017,425	4,218,296	4,429,211	4,650,672	4,883,205
Net Income	1,353,468	1,421,895	1,493,765	1,569,252	1,648,537
Allowance for Taxes	451,156	473,965	497,922	523,084	549,512
Interest Expense	0	0	0	0	0
Depreciation, Amortization, Depletion	0	0	0	0	0
EBITDA	1,804,624	1,895,859	1,991,686	2,092,336	2,198,049
Compensation of Officers	0	0	0	0	0
SDE	1,804,624	1,895,859	1,991,686	2,092,336	2,198,049

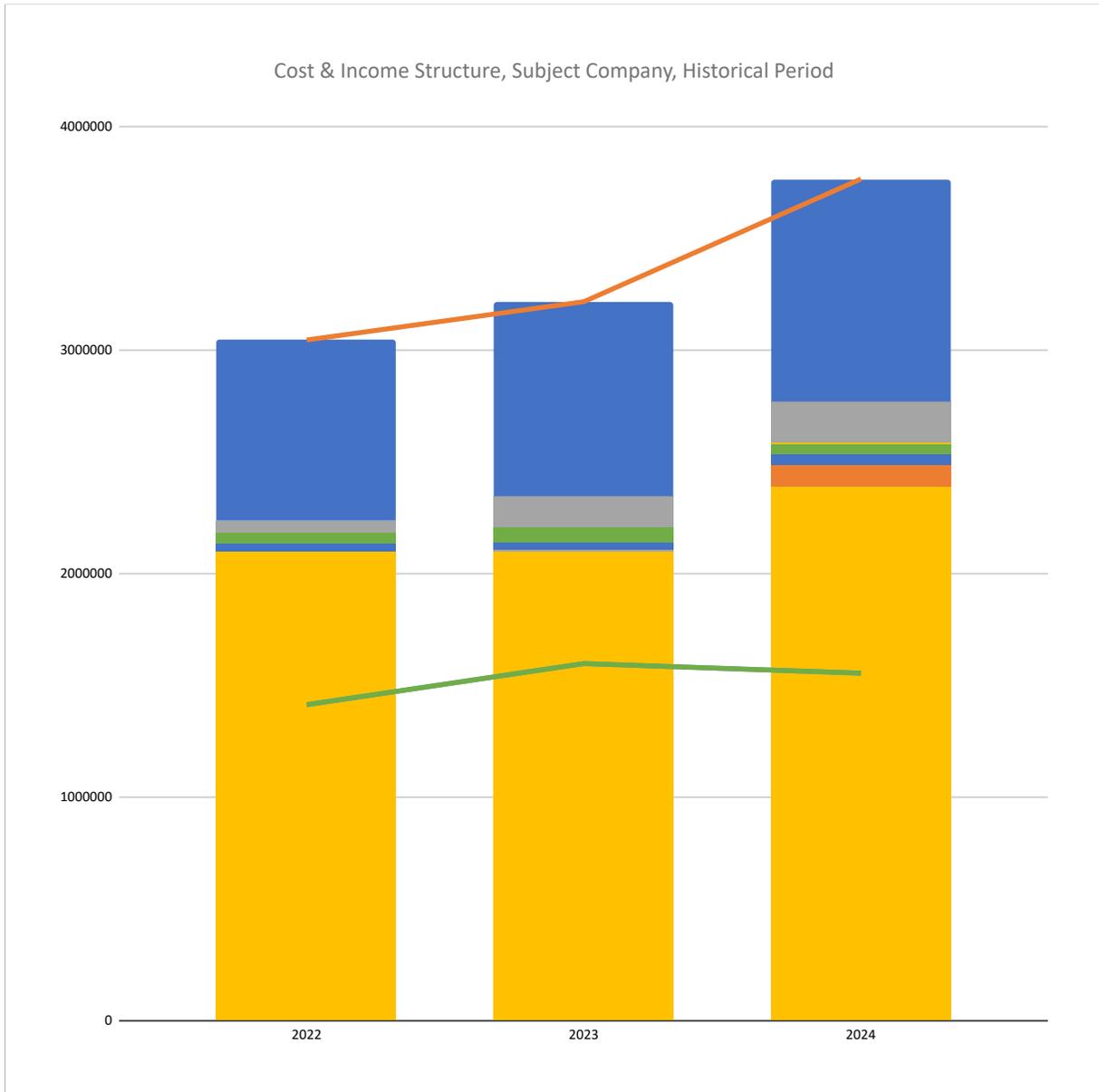
Weighted & Reconciled Estimate of Value

Earnings Stream	Rank	Measure	Factor	Indication	Weight	Value Estimate
EBITDA	75%	1,804,624	4.48	8,084,717	0%	0
SDE	75%	1,804,624	2.86	5,164,015	100%	5,164,015
Weighted & Reconciled Estimate of Value, Market Approach						5,164,015
Weighted & Reconciled Estimate of Value, Market Approach, rounded						5,164,000
EBITDA / PRICE						34.9%

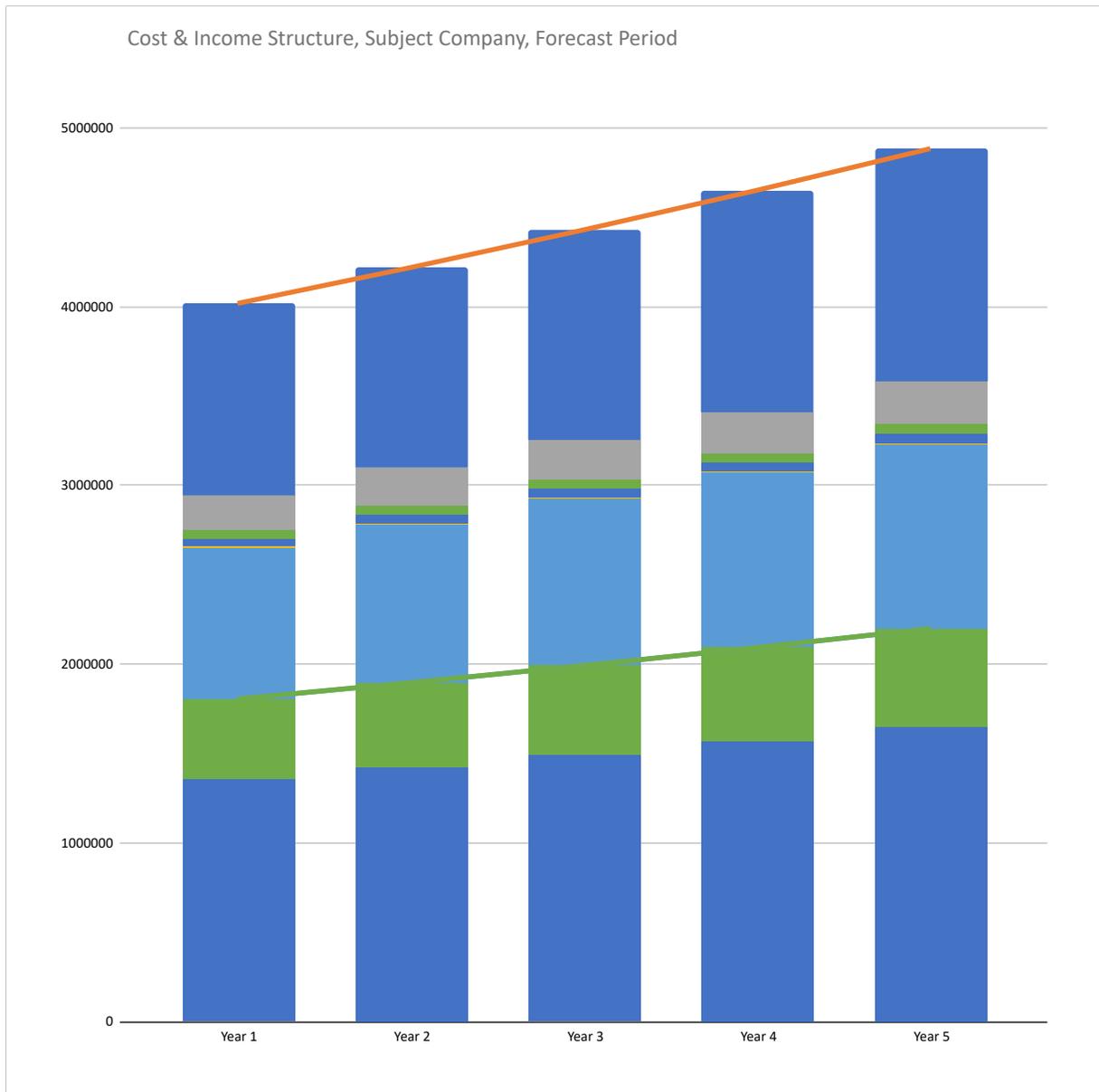
Cash Flows	2022	2023	2024	Year 1	Year 2	Year 3
EBITDA	1,411,207	1,595,233	1,552,195	1,804,624	1,895,859	1,991,686
EBITDA	46.4%	49.6%	41.2%	44.9%	44.9%	45.0%
SDE	1,411,207	1,595,233	1,552,195	1,804,624	1,895,859	1,991,686
SDE	46.4%	49.6%	41.2%	44.9%	44.9%	45.0%



Cost & Income Structure, Historical Period



Cost & Income Structure, Forecast Period



Assumptions and Limiting Conditions

The purpose of this report is to present the results and opinion of our analysis in a purchase and sale context and its use for any other purpose invalidates the result of this report.

This analysis is not a finding or statement of fact. It is a good faith finding and statement of opinion. The opinion is supported by a reasonable amount of research and analysis but is ultimately only the informed and unbiased judgment of the analyst.

The information provided here is for reference use only and does not constitute the rendering of financial, legal, investment, tax or other professional advice or recommendation. Use of such information is not a substitute for professional recommendations.

The analyst assumes no responsibility whatsoever for legal, investment or tax matters relative to its finding. Values are stated without reference to applicable legal, investment or tax claims unless so noted.

We rely on management's representations without independent investigation as though they fairly and accurately represent the financial condition and activities of the Company. No opinion, warranty, or guaranty of the reliability of the data relied upon is implied or expressed by the use of that data here.

Throughout the analysis, we may rely upon the forecasts and projections of business activity and financial performance prepared by others. We have examined these projections only at a gross level to test their fundamental reasonableness. We offer no opinion as to the reliability of these projections and forecasts.

The report is not to be construed, directly or indirectly, as a recommendation to invest or divest; it is strictly our independent opinion for the purpose described herein, based on the information, explanations, and materials provided to us and subject to the assumptions and qualifications noted herein. Potential investors should perform or obtain their own analysis of the Company's financial position for their particular purposes. The report is an informational tool, not a guide to action. It is agreed that the client does not hold the analyst responsible in case of a loss of investment as this is an opinion of value and not an opinion to invest.

For More Information Contact

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