

Company X

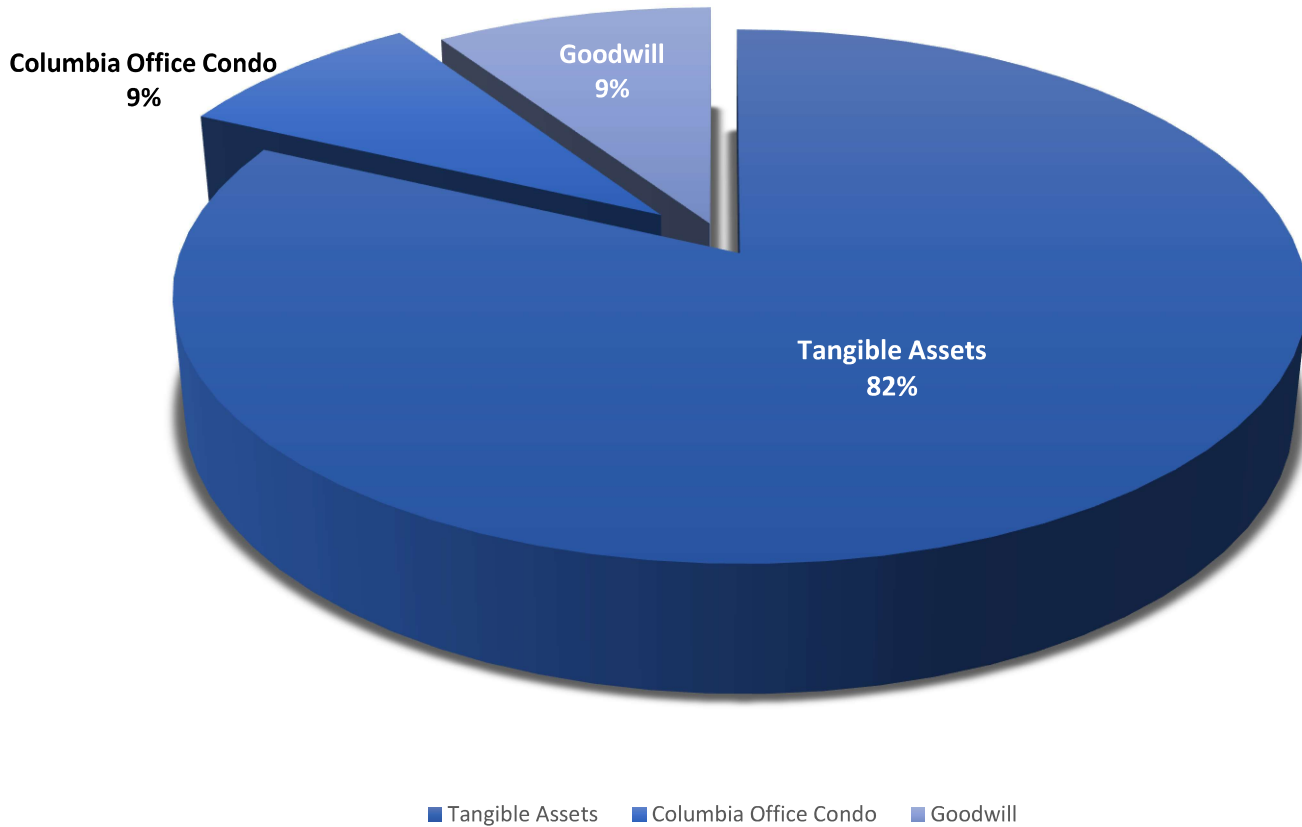
# Business Valuation

As of December 31, 2020



Company X

# Company X



		December 31, 2020
Tangible Assets	Page 12	\$ 1,917,057
Columbia Office Condo	Page 11	202,592
Goodwill	Page 3	219,000
<b>Total Business Value</b>		<b>\$ 2,338,649</b>
Ownership Percentage		100%
<b>Value of Ownership Interest (Rounded)</b>		<b>\$ 2,300,000</b>

Company X

	Weight	Reference	December 31, 2020
Excess Earnings	1	Page 4	\$ 436,499
Capitalized Seller's Discretionary Earnings	1	Page 4	220,911
Market Based Method Based on Gross Revenue	1	Page 4	None
<i>Weighted Average Goodwill</i>			219,137
<b>Goodwill (Rounded)</b>			<b>\$ 219,000</b>

Company X

**Method 1: Excess Earnings**

December 31, 2020

Excess Earnings	Page 5	\$ 187,339
Multiple	Page 6	x 2.33
Goodwill (Method 1)		<u>\$ 436,499</u>

**Method 2: Capitalized Normalized Net Earnings**

Normalized Net Earnings	Page 5	\$ 287,984
Capitalization Rate (Schilt's)		÷ 0.13
Subtotal		2,137,968
Less: Net Tangible Assets	Page 12	(1,917,057)
Goodwill (Method 2)		<u>\$ 220,911</u>

**Method 3: Market Based Methods**

Multiple of Gross Revenue		
Gross Revenue	Page 8	\$ 2,076,096
Multiple	Page 7	x 0.35
Subtotal		726,634
Less: Net Tangible Assets	Page 12	(1,917,057)
Goodwill (Method 3)		<u>None</u>

Company X

		December 31, 2020
Seller's Discretionary Earnings	Page 9	\$ 467,984
Less: Replacement Compensation	Page 10	(180,000)
Normalized Net Earnings		287,984

Less: Estimated Return on Tangible Assets:		
Adjusted Tangible Assets <sup>[1]</sup>	Page 12	1,917,057
Rate of Return on Tangible Assets (prime +2)		x 5.25%
Estimated Return on Use of Tangible Assets		100,645

**Excess Earnings**

**\$ 187,339**

[1] Adjusted Tangible Assets excludes the Columbia Office Condo.

# Company X

December 31, 2020

## Risk Rating

- 0.00 = Continuity of Income at Risk
- 2.50 = Steady Income Likely
- 5.00 = Growing Income Assured

2.00

## Competitive Rating

- 0.00 = Highly Competitive in Unstable Market
- 2.50 = Normal Competitive Conditions
- 5.00 = Little Competition in Market, High Cost of Entry for New Competition

1.50

## Industry Rating

- 0.00 = Declining Industry
- 2.50 = Industry Growing Somewhat Faster than Inflation
- 5.00 = Dynamic Industry, Rapid Growth Likely

2.00

## Company Rating

- 0.00 = Recent Start-Up, Not Established
- 2.50 = Well Established with Satisfactory Environment
- 5.00 = Long Record of Sound Operation with Outstanding Reputation

4.00

## Company Growth Rating

- 0.00 = Business Has Been Declining
- 2.50 = Steady Growth, Slightly Faster than Inflation Rate
- 5.00 = Dynamic Growth Rate

2.00

## Desirability Rating

- 0.00 = No Status, Rough or Dirty Work
- 2.50 = Respected Business in Satisfactory Environment
- 5.00 = Challenging Business in Attractive Environment

2.50

Total of Multiple for Pre-Tax Earnings

14.00

Total Average of Multiple for Pre-Tax Earnings

2.33

Company X

SIC Code	Description	Date	Annual Sales	SDE	SDE / Sales	Sales Price	Sales Price / Annual Sales	Sales Price / Earnings
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SIC 871: Engineering, Architectural, and Surveying								
871	Engineering Services	04/24/08	2,534,000	479,000	19%	873,000	0.34	1.82
871	Environmental Consulting	01/08/05	2,200,000	618,000	28%	1,650,000	0.75	2.67
871	Environmental Testing	02/17/11	2,085,000	256,000	12%	620,000	0.30	2.42
871	Engineering Services	02/23/16	2,061,000	400,000	19%	1,100,000	0.53	2.75
871	Structural Engineering	07/21/13	1,885,000	250,000	13%	500,000	0.27	2.00

	Annual Sales	SDE	% SDE / Sales
Subject Company - weighted	2,076,096	467,984	23%

Average	18.2%	0.44	2.33
Median	19.0%	0.34	2.42

Multiplier	<b>0.35</b>	<b>2.40</b>
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Company X

	Weight	Reference	Weighted Average Gross Revenue
Gross Revenue from 2016	1	Page 13	\$ 2,463,818
Gross Revenue from 2017	2	Page 13	2,347,738
Gross Revenue from 2018	3	Page 13	2,282,414
Gross Revenue from 2019	4	Page 13	2,538,566
Gross Revenue from 2020	10	Page 13	1,736,112
<b>Weighted Average Gross Revenue</b>			<b>\$ 2,076,096</b>



Company X

	Weight	Reference	Weighted Average SDE
Seller Discretionary Earnings from 2016	1	Page 14	\$ 472,726
Seller Discretionary Earnings from 2017	2	Page 14	423,707
Seller Discretionary Earnings from 2018	3	Page 14	348,410
Seller Discretionary Earnings from 2019	4	Page 14	975,404
Seller Discretionary Earnings from 2020	10	Page 14	309,270
<b>Weighted Average BizComps' Seller Discretionary Earnings</b>			<b>\$ 467,984</b>

Company X

Lines

	Annual Mean Wages				Weight	
	ERI	PayScale	BLS	Average		
1						
2	Chief Executive Officer	\$ 216,001	\$ 200,000	\$ 192,071	\$ 202,691	5
3	Chief Operating Officer	168,791	154,000	155,917	159,569	4
4	Mechanical Engineer	148,750	126,000	118,548	131,099	1
5	Mechanical Engineering Manager	195,814	157,000	n/a	176,407	3
6	Engineering Consultant	215,639	145,000	n/a	180,320	2
7						15

8 *Divided by Sum of Weight Factors:* 178,179

9 *Conclusions, Rounded:* **\$ 180,000**

## Company X

### Assets

Current Assets:	Per Books	Adjustments	Restated
Bank Accounts			
Bank of America Checking #9222 <sup>[1]</sup>	\$ 1,449,956	\$ 87,677	\$ 1,537,633
Bank of America Savings #9876 <sup>[2]</sup>	72,813	-	72,813
First Community Bank Checking #2184 <sup>[3]</sup>	174,956	6,132	181,088
Accounts Receivable	408,455	-	408,455
<b>Total current assets</b>	<b>2,106,180</b>	<b>93,809</b>	<b>2,199,989</b>
Fixed Assets:	Per Books	Adjustments	Restated
Columbia Office Condo <sup>[6]</sup>	202,592	(202,592)	-
Accumulated Depreciation	(177,597)	177,597	-
Furniture, Fixtures, and Equipment	-	-	-
<b>Total fixed assets</b>	<b>24,995</b>	<b>(24,995)</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 2,131,175</b>	<b>\$ 68,814</b>	<b>\$ 2,199,989</b>

### Liabilities

Current Liabilities	Per Books	Adjustments	Restated
Accounts Payable	277	-	277
Citibank Mastercard #8890 <sup>[4]</sup>	4,042	(3,293)	749
Chase Ink Visa #0849 <sup>[5]</sup>	(109)	546	437
Payroll Tax Liabilities			
Federal Taxes	44,855	-	44,855
Federal Unemployment	462	-	462
NC Income Tax	2,982	-	2,982
NC Unemployment Tax	516	-	516
SC Income Tax	2,333	-	2,333
SC Unemployment Tax	1,679	-	1,679
Employee Retirement Contributions	105,000	-	105,000
<b>Total current liabilities</b>	<b>162,036</b>	<b>(2,747)</b>	<b>159,289</b>

## Company X

### Liabilities (continued)

Long-term Liabilities	Per Books	Adjustments	Restated
First Community Bank Mortgage #0683 <sup>[7]</sup>	125,886	(2,243)	123,643
<b>Total long-term liabilities</b>	<b>125,886</b>	<b>(2,243)</b>	<b>123,643</b>

<b>Total Liabilities</b>	<b>\$ 287,922</b>	<b>\$ (4,989)</b>	<b>\$ 282,932</b>
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<b>Net Tangible Assets</b>	<b>\$ 1,843,253</b>	<b>\$ 73,804</b>	<b>\$ 1,917,057</b>
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**Notes:**

- [1] Based on the Bank of America checking account ending #9222 in the name of **Company X** statement for the period of December 1, 2020 through December 31, 2020, the account had an ending balance of \$1,537,633.
- [2] Based on the Bank of America savings account ending #9876 in the name of **Company X** statement for the period of December 1, 2020 through December 31, 2020, the account had an ending balance of \$72,813.
- [3] Based on the First Community Bank checking account ending #2184 in the name of **Company X** for the period of December 1, 2020 through December 31, 2020, the account had an ending balance of \$181,088.
- [4] Based on the Citibank Mastercard ending #8890 excel transaction file for the period December 19, 2020 through January 19, 2021, the account had a balance of \$749 as of December 31, 2020.
- [5] Based on the Chase Ink Visa credit card ending #0849 in the name of **Company X** statement for the period December 25, 2020 through January 24, 2021, the account had a balance of \$437 as of December 31, 2020.
- [6] We have excluded the Columbia Office Condo as a separate item subject to property division.
- [7] Based on First Community Bank mortgage ending #0683 transaction history for the period February 22, 2020 through August 8, 2021, the account had a balance of \$123,643 as of December 31, 2020.

# Company X

12 Months December 31,

Description	2016		2017		2018		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Revenue</b>										
Gross Receipts	\$ 2,463,818	100.00%	\$ 2,347,738	100.00%	\$ 2,282,414	100.00%	\$ 2,538,566	100.00%	\$ 1,736,112	100.00%
Less: Returns and Allowance	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Balance	2,463,818	100.00%	2,347,738	100.00%	2,282,414	100.00%	2,538,566	100.00%	1,736,112	100.00%
Less: Cost of Goods Sold	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Gross Profit	2,463,818	100.00%	2,347,738	100.00%	2,282,414	100.00%	2,538,566	100.00%	1,736,112	100.00%
Add: Other Income (Loss)	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total Income	2,463,818	100.00%	2,347,738	100.00%	2,282,414	100.00%	2,538,566	100.00%	1,736,112	100.00%
<b>Operating Expenses</b>										
Advertising/Marketing	4,563	0.19%	5,207	0.22%	70	0.00%	8,397	0.33%	3,052	0.18%
Vehicle Expenses	12,450	0.51%	11,970	0.51%	4,518	0.20%	7,537	0.30%	3,631	0.21%
Contract Labor/ Outside Services	273,830	11.11%	179,216	7.63%	340,998	14.94%	271,122	10.68%	288,472	16.62%
Depreciation Expense	39,389	1.60%	45,937	1.96%	24,239	1.06%	9,826	0.39%	7,750	0.45%
Employee Benefit Programs/Healthcare/Auto	127,207	5.16%	140,920	6.00%	121,224	5.31%	105,215	4.14%	110,743	6.38%
Insurance - Other than health	32,455	1.32%	38,390	1.64%	35,868	1.57%	37,265	1.47%	33,383	1.92%
Mortgage Expense	19,443	0.79%	14,929	0.64%	14,782	0.65%	6,534	0.26%	5,367	0.31%
Legal and Professional Services	2,672	0.11%	7,585	0.32%	-	0.00%	-	0.00%	-	0.00%
Pension & Profit Sharing/Retirement	131,323	5.33%	126,300	5.38%	113,181	4.96%	107,292	4.23%	105,000	6.05%
Rent - Vehicles, Machinery & Equip	12,481	0.51%	13,669	0.58%	12,476	0.55%	19,495	0.77%	2,184	0.13%
Rent - Other Business Property	29,151	1.18%	22,102	0.94%	22,672	0.99%	19,910	0.78%	21,279	1.23%
Repairs & Maintenance	6,434	0.26%	2,060	0.09%	693	0.03%	461	0.02%	1,017	0.06%
Supplies	4,560	0.19%	11,269	0.48%	3,911	0.17%	4,589	0.18%	3,922	0.23%
Taxes & Licenses	71,248	2.89%	82,122	3.50%	69,317	3.04%	65,826	2.59%	65,122	3.75%
Travel & Entertainment	294,986	11.97%	296,534	12.63%	388,773	17.03%	179,902	7.09%	59,961	3.45%
Travel - Meals (Reimb)	8,928	0.36%	9,851	0.42%	9,181	0.40%	7,859	0.31%	4,586	0.26%
Utilities & Phone	25,229	1.02%	20,155	0.86%	18,100	0.79%	13,887	0.55%	13,066	0.75%
Wages	814,115	33.04%	802,591	34.19%	682,011	29.88%	609,496	24.01%	653,375	0.21%
Other Expenses										
Training/Seminar	536	0.02%	769	0.11%	2,487	0.11%	1,034	0.04%	1,817	0.10%
USGBC Project Certification	1,735	0.07%	13,486	0.57%	16,575	0.73%	11,819	0.47%	40,477	2.33%
Bank Service Charges	1,069	0.04%	1,219	0.05%	1,117	0.05%	1,057	0.04%	1,283	0.07%
Printing and Reproduction	4,697	0.19%	6,444	0.27%	3,255	0.14%	2,682	0.11%	727	0.04%
Postage & Delivery/Shipping	2,464	0.10%	1,283	0.05%	753	0.03%	1,749	0.07%	1,189	0.07%
Miscellaneous Expenses	33,440	1.36%	29,015	1.24%	3,953	0.17%	2,189	0.09%	2,700	0.16%
Tools and Equipment	20,251	0.82%	32,460	1.38%	76	0.00%	2,407	0.09%	735	0.04%
Software	1,064	0.04%	1,287	0.05%	864	0.04%	2,069	0.08%	2,361	0.14%
Web Hosting	-	0.00%	-	0.00%	354	0.02%	533	0.02%	382	0.02%
Professional Societies	1,204	0.05%	-	0.00%	733	0.03%	2,861	0.11%	655	0.04%
Parts for Repairs AFB	53,557	2.17%	52,603	2.24%	66,062	2.89%	28,350	1.12%	356	0.02%
FFE under \$500	-	0.00%	595	0.03%	-	0.00%	-	0.00%	-	0.00%
Bad Debt	-	0.00%	-	0.00%	-	0.00%	41,625	1.64%	-	0.00%
Total Operating Expenses	2,030,481	82.41%	1,969,968	83.91%	1,958,243	85.80%	1,572,988	61.96%	1,434,592	82.63%
<b>Net Income</b>	\$ 433,337	17.59%	\$ 377,770	16.09%	\$ 324,171	14.20%	\$ 965,578	38.04%	\$ 301,520	17.37%

Source: 2016 TR                      2017 TR                      2018 TR                      2019 TR                      2020 TR

Adjustments

Depreciation Expense <sup>(1)</sup>	39,389		45,937		24,239		9,826		7,750
Total Adjustments	39,389		45,937		24,239		9,826		7,750

# Company X

Description	12 Months December 31,									
	2016		2017		2018		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Seller's Discretionary Earnings	\$	472,726	\$	423,707	\$	348,410	\$	975,404	\$	309,270

**Notes:**

[1] Depreciation Expense - We have added back 100% as it is a non-cash expense.