

# Business Valuations

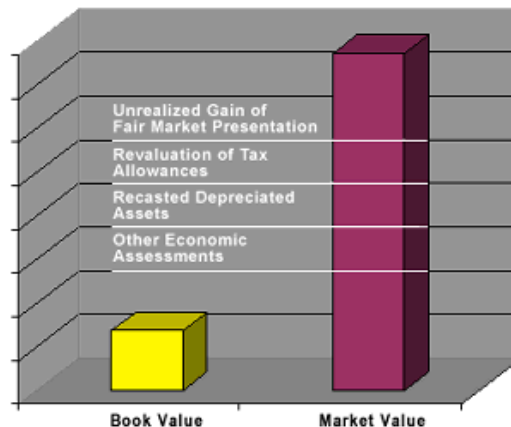
## Finding the Right Number for the Sale

Have you ever sold or bought a home? How did you settle on the price? You probably started with a home appraisal and neighborhood analysis report. The transfer of a business is similar to a home, but much more complicated. Placing a fair market "value" on the business requires an assessment of company assets, location, economic, market, goodwill, and other factors.

True market value is obtained by using a fully qualified and experienced business valuation specialist to prepare a Market Valuation analysis. **Without it, the seller may leave a significant amount of value on the table.**

**It is called book vs. market values:** many business owners use tax returns or financial statements prepared for tax returns as a basis of determining value. Tax returns reflect an understatement of "True Value" because they report depreciated assets and IRS deductions.

In addition, the business goodwill or name, which represents the market value of the company, is not a consideration for tax purposes and is often not reflected. What you have is a "book value" that is lower than the true "market value" of the business. A valuation reflects the "Fair Market Value" of a business. This represents the true economic value of your business.



**DON'T LET A BUYER PAY LESS THAN FAIR MARKET VALUE!**

**For More Information Contact**



1202 Brassie Court, Chesapeake, VA 23320  
Telephone: 757-410-3851 Fax: 757-512-5937  
Email: [Sajomach@gmail.com](mailto:Sajomach@gmail.com) Website: [www.DBAvalue.com](http://www.DBAvalue.com)

# Roland Davis, BCA, M&AMI, CMEA, SBA

**Occupation:** Business Valuations, M&E Appraisals,  
Acquisition & Ownership Consultant for Businesses.

**Title:** President

**Company:** Davis Business Appraisers, Inc.

**Website:** [www.DBValue.com](http://www.DBValue.com)

## **Preferred Contact Information:**

**Address:** 1202 Brassie Court, Chesapeake, VA 23320

**Phone:** 757-410-3851

**Fax:** 757-512-5937

**Cell:** 757-652-8417

**Email:** [DBValue@gmail.com](mailto:DBValue@gmail.com)



## **Mission Statement / Brief Description of Company:**

Davis Business Appraisers, a Hampton Roads business appraisal firm performs business valuations and machinery & equipment appraisals. We help define the tangible and intangible asset values for family-owned and closely-held businesses, professional practices, limited liability companies, corporations and partnerships. Our unique combination of business valuation and machinery & equipment appraisal expertise allows us to offer innovative solutions to difficult valuation issues.

## **Work History / Special Recognitions:**

Roland has earned numerous distinctions. The highest is Mergers and Acquisition Master Intermediary. M&AMI awarded by the International Business Brokers Association. He is a former Division President with Landmark Communications, CEO of Executive Productivity Systems, Inc. and Vistage Chair. He was elected to Chesapeake City Council in May 2014.

## **Other Associations / Awards Received:**

Chesapeake City Council  
2013 First Citizen of Chesapeake  
Chairman, City of Chesapeake's 50<sup>th</sup> Anniversary  
President, Chesapeake Rotary Club & Paul Harris Fellow  
Past Board Member, Economic Development Authority, City of Chesapeake  
Treasurer & Board Member, Chesapeake Regional Medical Center  
Foundation Chairman, Bishop Sullivan Catholic High Foundation  
Board Member, Chesapeake Division Hampton Roads Chamber of Commerce  
Board Member, Chesapeake Boys & Girls Club  
Chairman & Co-Founder, Chesapeake Virginia Wine Festival  
2011 Chesapeake Rotarian of the Year  
2012 Chesapeake Volunteer of the Year - Hampton Roads Chamber  
Eagle Scout

## **Education:**

Andover High School  
B.S. West Virginia University  
International Business Broker Association Courses, Business Valuation & Appraisers Courses,  
NEBB Institute (Certified Machinery & Equipment Appraiser)

## **Other Interests:**

Baseball, Rotary Club, Apple Computers & the Beach.



## ENGAGEMENT LETTER

This letter is to confirm my understanding of your request to appraise the following property:

Type of Property: **Business**

Name of Business:

Location:

The following parameters of this engagement are also based upon our previous communication:

Date of Value:

Purpose of Appraisal:

Intended Use:

Intended Users:

You have requested that I prepare an appraisal assignment:

1. *The appraisal report will not be given to any other party without the appraiser's approval.*
2. *The appraiser will report the type of value requested by the client by researching the market and industry, apply the appropriate approaches to value, and provide a written report of his findings.*
3. *The appraiser is indemnified against any and all problems that may arise from the use of this report. You agree to indemnify and hold us harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorney's fees, to which we may become subject in connection with this engagement.*
4. *You agree that, in the event we are judicially determined to have acted negligently in the execution of this engagement by a final unappealable court order, damages shall be limited to an amount not to exceed the fee received by us for this engagement.*

5. *Our liability for injury or loss, if any, arising from the services we provide to you shall not exceed \$2,500 or our fee, whichever is greater. Increased liability limits may be negotiated upon your written request, prior to commencement of our services, and your agreement to pay an additional fee.*
6. *Your obligation for indemnification and reimbursement shall extend to any controlling person of Davis Business Appraisers, Inc., including any director, officer, employee, subcontractor, affiliate or agent.*
7. *If in the future the appraiser is called on to testify in court or at deposition regarding the written report, the appraiser will be paid the going hourly rate charged by the appraiser to cover professional time, the gathering of materials, reviewing the case and preparing for testimony along with other expenses incurred \$250 per hour for court time.*
8. *If called on to defend this report to any other party, the appraiser's expenses and hourly rate will be billed on a monthly basis or as incurred.*
9. *The client will shoulder the responsibility of legal costs incurred by the appraiser when defending this appraisal.*
10. *The client warrants that the information and data supplied will be complete and accurate in every respect to the best of client's knowledge; that any reports, analysis, or other documents prepared by the appraiser will be used only in compliance with all applicable laws and regulations; and client will hold appraiser harmless for any breach of this warranty*

As a result of our previous communication, and at your request, I will report this assignment according to the SBA recommended valuation methods and consider the value determinants cited in Internal Revenue Service Ruling 59-60.

As previously agreed, the fee for this assignment will be \$\_\_\_\_\_. The fee is payable 50% upon engagement and 50% prior to presentation of opinion. The estimated delivery date for the report will be \_\_\_\_\_ (or within 3 weeks of receipt of all information requested)

Thank you for the opportunity to be of service. Please sign and date this engagement letter and return the original to my office.

Date \_\_\_\_\_ Client \_\_\_\_\_

Appraiser \_\_\_\_\_

**Davis Business Appraisers, Inc**  
 1202 Brassie Court, Chesapeake, VA 23320  
**Telephone:** 757-410-3851 **Fax:** 757-512-5937 **Email:** Sajomach@gmail.com

Federal ID # 20-0444020



9/1976 - 9/1979 Boy Scouts of America Baltimore, MD.

**District Executive/Director of Public Relations**

Responsible for fundraising, recruitment of volunteers, publicity, and program development for Anne Arundel County for the Boy Scouts Explorer Division. Camp Director for Summer Camp for 2 summers. Promoted successful Boy Scout Expo for Baltimore Area in 1978. Coordinated advertising and public relations to Baltimore media market

**EDUCATION**

6/1976 West Virginia University Bachelor's Degree

**COMMUNITY LEADERSHIP**

**Chesapeake City Councilman**  
**2013 First Citizen of Chesapeake**  
**City of Chesapeake 50<sup>th</sup> Anniversary - Chairman**  
**Chesapeake Rotary Club - Past President**  
**Chesapeake Division Hampton Roads Chamber Board**  
**Chesapeake Regional Medical Center Foundation Board**  
**Bishop Sullivan Catholic High Foundation Board -Fmr. Chair**  
**Boys & Girls Clubs of Chesapeake Board of Directors Chesapeake**  
**Virginia Wine Festival – Chairman & Creator**

**ACHIEVEMENTS**

Eagle Scout – Bronze Palm  
2011 Rotarian of the Year, Paul Harris Fellow – Chesapeake Rotary Club  
Chesapeake Chamber of Commerce Volunteer of the Year 2012

**BUSINESS BROKERAGE CERTIFICATIONS & EDUCATION**

**Mergers & Acquisitions Master Intermediary**

International Business Brokers Association

*n M&AMI is an experienced, proven professional whose claim of competence is supported and documented. Mergers and Acquisitions Master Intermediary (M&AMI) is the highest designation awarded by the International Business Brokers Association. There are only 75 M&AMIs worldwide.*

**Business Certified Appraiser**

International Society of Business Appraisers

*Business Certified Appraiser "BCA" is awarded by the International Society of Business Appraisers to individuals who have completed and successfully passed the three-hour proctored exam after Level One - Valuation Essentials and Level Two - Advanced Techniques courses and demonstrates their proficiency in a demonstration report subject to peer review*

**IBBA University Courses Passed**

Analyzing and Recasting Financial Statements Level I & II

Dollars from Distress

Closing at Maximum Value in 90 Days

Business Valuation Level I & II

SBA Financing

Tax Boot Camp for M&A Professional

Financing the M&A Acquisition

Seller Seminar for the Business Broker

Manufacturing M&A

Succession Planning: Exit Strategies for Privately Held Companies

Advanced M&A Tax Strategies & Deal Structures

**Certified Machinery and Equipment Appraiser**

National Equipment and Business Brokers Institute

**Business Valuations – SBA**

Fulton Bank, PNC Bank, Private Acquisitions, Gifts

**ABAR- Institute of Business Appraisers**

Accredited in Business Appraisal Review - Course Passed

**Senior Business Analyst**

International Society of Business Analysts

**International Business Brokers Association®, Inc.  
401 N. Michigan Ave., Suite 2200, Chicago, IL 60611-4267**

**NEWS RELEASE...NEWS RELEASE...NEWS RELEASE**

**CHESAPEAKE BUSINESS EXECUTIVE, ROLAND DAVIS RECEIVES  
PRESTIGIOUS MERGERS & ACQUISITION MASTER INTERMEDIARY  
(M&AMI) DESIGNATION FROM M&A SOURCE.**

***FIRST M&AMI IN HAMPTON ROADS & ONE OF 64 WORLDWIDE***

June 13, 2007 – The International Business Brokers Association; the largest international non-profit association operating exclusively for the benefit of people and firms engaged in the various aspects of business brokerage and mergers and acquisitions, today announced that Roland Davis of Sajomach Business Services, Inc. of Chesapeake, Virginia has been awarded the Merger & Acquisition Intermediary (M&AMI) designation at its International Conference in Memphis, Tennessee on June 6, 2007. Mr. Davis is the first M&AMI in Hampton Roads and is one of less than 64 worldwide. The M&AMI is a true mark of distinction that helps business owners when choosing a business brokerage for their M&A transactions.

The M&AMI designation is awarded to intermediaries who have proven professional excellence through verified transaction experience, education, certification as a business intermediary (CBI), and peer review. The M&A Source, a specialty division of the International Business Broker's Association (IBBA), is the world's largest international organization of experienced, dedicated merger and acquisition intermediaries representing the middle market.

"I am honored to have been selected by the committee to receive the M&AMI designation, as many of the leaders in our industry are previous recipients of this award," said Roland Davis, President of Sajomach Business Services, Inc.

About M&A Source & IBBA

Since 1991, the M&A Source has addressed professional issues of merger and acquisition specialists. Today, the IBBA has more than 1,800 cooperative business brokers and intermediaries across Canada, Mexico, Asia, Europe, Australia and the United States. It provides education, networking, conferences, member tools, peer-to-peer roundtables, deal making expos and other support, all specific to M&A specialists. For more information: [www.masource.org](http://www.masource.org) and [www.ibba.org](http://www.ibba.org)

About Sajomach Business Services, Inc.

Sajomach Business Services, Inc. is a full service Mergers and Acquisition Intermediary firm specializing in the transfer of Midsize corporations in Hampton Roads. The company provides services to buyers and sellers for business brokerage and business valuations. For more information Sajomach Business Services, Inc. can be contacted at 757-410-3851 or at its website [www.sajomach.com](http://www.sajomach.com)



## **Business Valuation Services**

### Opinion of Value (\$895)

An Opinion of Value is a business valuation designed specifically for the “main street” business with sales of \$500,000 or less. The primary method utilized is the SBA 7A discretionary cash flow analysis which is the predominant configuration needed in order to sell a business in the marketplace at a fair market value.

### Value Analysis (\$1,600)

The Value Analysis is a limited scope business valuation designed specifically for the “main street” business with sales of \$1,000,000 or less. The report provides only a summary of how the valuation conclusion was determined. The basis of this valuation is discretionary cash flow, since most main street businesses are bought and sold on a multiple of cash flow. The value considers primarily historical and current financial performance and very little time is spent with the Balance Sheet. The report contains the following:

- Historical Income Statement
- Adjusted Cash Flow Statement
- Comparable Sales (Market Approach)
- Summary of Common Size Financial Statistics
- Summary Review of Each Valuation Approach
- Valuation Conclusion and Justification

### Formal Valuation (Limited Scope) (\$3000)

The Formal Valuation (Limited Scope) is a limited scope business valuation intended for the standard small business with sales between \$1,000,000 and \$5,000,000. The report provides a detailed review of all aspects that were considered in determining the final valuation conclusion. The bulk of the report is financial analysis and the valuation conclusion is based more on EBITDA rather than discretionary cash flow and spends more time on current and future financial performance of the company. In addition to the earnings of the company, the Balance Sheet is also a key component of the analysis. The report contains the following:



Historical Income Statement  
Adjusted Cash Flow Statement  
Complete Financial Statement Analysis  
Common Size Analysis  
Ratio Analysis  
Industry Analysis  
Economic Outlook  
Comparable Sales  
Detailed Description of Each Valuation Approach Considered and Used  
Valuation Conclusion and Justification

### Merger & Acquisition Valuation (\$5000)

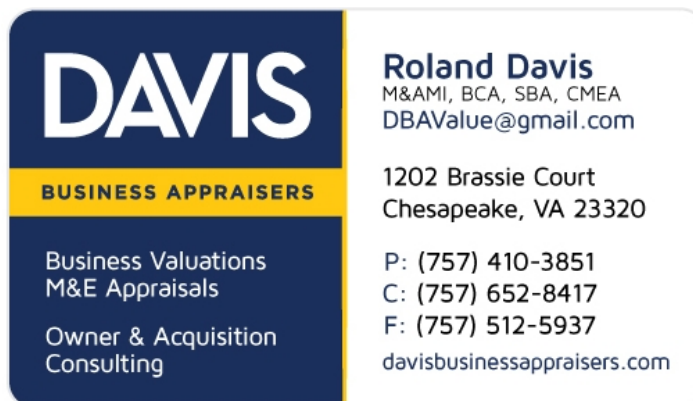
The Merger & Acquisition Valuation is a comprehensive business valuation for transactional purposes and is developed in accordance with the Uniform Standards of Appraisal Practice. This valuation is intended for the larger small business with annual revenues in excess of \$5,000,000, businesses that are expected to sell for more than \$1,000,000, strategic acquisitions of niche businesses, and generally any business with significant growth expected in the future. The basis of the valuation is future earnings with the historical performance playing only a limited role in the valuation conclusion. The selection of guideline companies comes from both the private and public markets, which tends to make the valuation conclusion more aggressive.

### IRS Revenue Ruling 59-60 (Call for Pricing)

A USPAP governed valuation developed for litigation focusing on US Court Reviews, Cited Court Precedents, and in-depth analysis and research of minority and marketability discounts. Intended for Estate Tax, Gift Tax, ESOP's, Divorce, and any situation requiring litigation.

### Machinery & Equipment Appraisal (Call for Pricing)

A USPAP certified appraisal of Machinery and Equipment. Please refer to additional literature for detailed specifications.



**DAVIS**  
BUSINESS APPRAISERS

Business Valuations  
M&E Appraisals  
Owner & Acquisition  
Consulting

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