

Questionnaire

for

BUSINESS VALUATION

of

Effective Date of Appraisal: 6/15/10

All Questions are to be answered as of the
Effective Date of the Appraisal.

PLEASE PRINT LEGIBLY

(use backside of pages or additional paper, if necessary)

CAUTION: All questions must be answered as of the effective date of the appraisal and not the date on which you are completing this questionnaire

OWNERSHIP & CONTROL

Do you have partners or other shareholders? Yes No If yes, provide the following information for each: (if married, joint husband and wife ownership will be assumed unless you state otherwise; include yourself and all partners and/or shareholders).

Name: _____ Spouse's name _____

Position/Title _____ Percentage Owned _____ %

Name: _____ Spouse's name _____

Position/Title _____ Percentage Owned _____ %

Name: _____ Spouse's name _____

Position/Title _____ Percentage Owned _____ %

Name: _____ Spouse's name _____

Position/Title _____ Percentage Owned _____ %

ORIGINAL CAPITALIZATION

1. Was the business started by you? Yes No If yes, please answer these questions:

(a) We started the business on _____ at the following location:

(b) The initial cash contribution was \$ _____ (equity, not borrowed); the cash was provided by _____

2. Did you buy the business? Yes No If yes, please answer the following questions:

(a) We bought the business from _____ on (date) _____. We paid \$ _____; of that total we paid \$ _____ down, the balance was financed by _____

(b) Please furnish a copy of the Purchase Agreement.

3. The business originally commenced operations in (month/year) _____, in (city/state)

_____ at this address _____

4. The first address at which we operated the business was _____

We left that address in (month/year) _____

FORM OF ORGANIZATION

1. Originally, the legal form was: Proprietorship General Partnership Limited Partnership Limited Liability Partnership "S" Corporation Regular Corporation Limited Liability Company
2. Currently, the name of the corporation/partnership/company is:

3. Currently, the legal form is: Proprietorship General Partnership Limited Partnership Limited Liability Partnership "S" Corporation Regular Corporation Limited Liability Company. If this is a change from the original legal form, please give the date (month/year) of the change to this legal form. _____/_____.

4. The business name if different than the legal name above:

5. Advisors: (please enter the name and address of your attorney and accountant)

Attorney: (name, firm name, address)

Office Phone: _____ Fax: _____

Accountant: (name, firm name, address)

Office Phone: _____ Fax: _____

RESTRICTIONS & TRANSFERABILITY

Are there any agreements restricting, limiting, or in any other way influencing the sale or right to sell, purchase, or encumber ownership interests? Yes No If yes, please provide copies of the agreements.

PRIOR SALES AND PURCHASES OF COMPANY SECURITIES

Were there any prior sales/purchases of corporate securities/partnership or other ownership interests within the past five years? Yes No If yes, please provide details, including: (i) date of sale/purchase; (ii) size of the interest bought/sold; (iii) price paid; (iv) how and by whom that price was determined; (v) terms of sale; and (vi) relationship between the seller and buyer, if any. Use additional paper if necessary.

SUBSIDIARIES (or affiliate)

1. Is the corporation or business a subsidiary of another corporation or business? Yes No If yes, please answer the following: (i) what is name of the parent company; and (ii) what percentage of your Company does the parent company own?

2. Does your Company have other businesses as subsidiaries? Yes No If yes, please provide the following information: (i) what are the names; (ii) what are the locations; (iii) what are their principal products/services; (iv) what percentage of the businesses does your Company own?

3. Does your Company's financial statements include any of the assets or liabilities, income or expenses, or are they in any other way affected by the financial activities of any subsidiaries? Yes No If yes, attach full details.
4. Does your Company's financial statements exclude any of its assets or liabilities, income or expenses, or are they in any other way affected by decisions to include any of your Company's financial status or activities on the financial statements of your parent company? Yes No If yes, attach full details.

OWNERS/MANAGEMENT

Provide the requested information below on yourself, all other owners, and other members of your management team.

Name _____ Approx. hrs. per wk. _____

Salary/Hourly Wage \$ _____ Position _____ Relationship to control owner _____

Owns _____% of Company. Employed under Contract? _____

Other Benefits: Car; Medical/Dental/Life/Disability Insurance; Club Dues; Travel, etc.)

Indicate which benefits and the monthly costs for each.

Name _____ Approx. hrs. per wk. _____

Salary/Hourly Wage \$ _____ Position _____ Relationship to control owner _____

Owns _____% of Company. Employed under Contract? _____

Other Benefits: Car; Medical/Dental/Life/Disability Insurance; Club Dues; Travel, etc.)

Indicate which benefits and the monthly costs for each.

Name _____ Approx. hrs. per wk. _____

Salary/Hourly Wage \$ _____ Position _____ Relationship to control owner _____

Owns _____% of Company. Employed under Contract? _____

Other Benefits: Car; Medical/Dental/Life/Disability Insurance; Club Dues; Travel, etc.)

Indicate which benefits and the monthly costs for each.

Name _____ Approx. hrs. per wk. _____

Salary/Hourly Wage \$ _____ Position _____ Relationship to control owner _____

Owns _____% of Company. Employed under Contract? _____

Other Benefits: Car; Medical/Dental/Life/Disability Insurance; Club Dues; Travel, etc.)

Indicate which benefits and the monthly costs for each.

2. Do any of the owners or management have any special or unique skills used in the business (e.g., professional designations, membership in professional organizations or community/civic groups, degrees, certifications, awards)? Yes No If yes, who and what?

3. Does the Company anticipate any shortage of competent applicants for any of its routine or management positions? Yes No If yes, please explain below.

KEY EMPLOYEES (nonowners)

1. Please provide the below information on any key employees not listed above in the management section (**for now ignore fringes and perks**).

<u>NAME</u>	<u>DATE HIRED</u>	<u>POSITION</u>	<u>TOTAL PAY/BONUS</u>
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Of the people listed above:

- 1.1. Who are related to any of the owners?

- 1.2. Do they all receive the same type medical/dental/disability/life insurance benefits as are paid for the owners/management personnel? J: Yes No

- 1.3. If no, who receives different insurance and/or fringe benefits and why:

1.4. Automobiles (who has them, make/model, and year):

1.5. Other special benefits (extended paid vacations, memberships, etc.) Give details, who, what, cost, etc.

1.6. Do any of these key employees have any special or unique skills used in the business (e.g., professional designations or degrees, awards, etc.)? Yes No If yes, please enter who and what.

2. Pay and benefits for all other employees not described elsewhere. Information by category is sufficient. (e.g., we have 6 clerks, 10 laborers, 4 clerical people, with pay ranges for each, and the types of fringe benefits they receive.)

3. Are there established written policies regarding starting pay, eligibility for raises, fringe benefits eligibility, vacation and sick leave policies, promotion eligibility, etc.? Yes No

4. Do you consider the pay and benefits you provide all nonshareholder employees to be competitive in the marketplace and roughly equivalent to that offered by your competitors? Yes No

If no, explain: (1) whether your pay and benefits are more or less than that paid by your competitors; (2) what you feel is typically paid by your competitors; and 3) why yours are inconsistent with the competition.

5. Does the Company pay employment agency fees to recruit employees? Yes No If yes, what categories of employees?

6. Do you have any reason to believe that any members of management or the employees referenced in this questionnaire will be leaving you in the near future? Yes No If yes, who, when and why?

7. Are any members of management or any of the employees represented through a collective bargaining agreement? Yes No (If yes, give the details: what union, expiration of the agreement, history of strikes, prospects for renewal of the agreement without disruption, etc.) Also, disclose any past, current or expected future attempts to do so.

8. Are any members of management or employees employed through an individual employment agreement? Yes No If yes, include a copy.

9. Are any members of management or any employees expecting a material change in their compensation, benefits or position? Yes No If yes, give the details: Who, what, when and why.

10. Are there any other matters regarding labor (owners/management/employees) about which we should be familiar? Yes No If yes, provide details.

PRODUCT OR SERVICE MIX

Explain the Company's primary product(s)/service(s). Please include approximate percentage of all revenues received from each.

PRODUCT/SERVICE	APPROXIMATE % OF REVENUES
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>

SALES/MARKETING

1. How does the Company market its business? Please include approximate percentage of all business received from each:

Advertising _____%	Direct Mail Soliciting _____%
Phone Canvassing _____%	Referrals _____%
Repeat Customers _____%	Other: _____%
Other: _____%	Other: _____%

2. Types of advertising used and approximate percentage of the total advertising budget used in each:

Television	____%	Radio	____%
Newspaper	____%	Magazines	____%
Trade Shows	____%	Other: _____	____%
Other:	____%	Other: _____	____%

3. Does the Company use: (check those used, and indicate the number employed as of the date we are appraising the Company; also indicate the approximate percentage of the Company's total sales that are generated by the category.)

<input type="checkbox"/> Inside Sales people	#employed _____	generate approx. _____%	of total sales
<input type="checkbox"/> Outside salespeople	#employed _____	generate approx. _____%	of total sales
<input type="checkbox"/> Independent Contractors	# used _____	generate approx. _____%	of total sales
<input type="checkbox"/> Manufacturers' Reps	# used _____	generate approx. _____%	of total sales
<input type="checkbox"/> Owners	# active in sales _____	generate approx. _____%	of total sales

4. Any other information about marketing and/or sales that you feel we should know?

Yes No If yes, provide details:

5. Does the Company offer and carry sales on credit? Yes No

5.1 If yes, what is the approximate percentage of:

Cash Sales _____% + Credit Sales _____% (should equal 100%)

5.2 Is credit advanced on approval of credit or automatically with sales?

5.3 What are the Company's credit terms?

5.4 Does the Company prepare an aging of accounts receivable? Yes No If yes, please provide a copy as of the closest date prior to the appraisal's effective date shown on the cover page.

5.5 Does the Company prepare an aging of accounts payable? Yes No If yes, please provide a copy as of the closest date prior to the appraisal's effective date shown on the cover page.

5.6 What is the Company's policy regarding the write off of uncollectibles? Give specific points of decision; when, why, etc.

5.7 Estimate of credit sales that are not collected in a typical year? _____%

5.8 Are there commissions or other forms of payment which will be due to salespeople or others contingent upon collection of the receivables? Yes No If yes, give particulars, including who, why, when, and how the amount to be paid is determined.

6. Does the quantity of business fluctuate during the year? Yes No If yes, give details as to which months, quarters, seasons, etc. are slower and faster. Indicate approximate percentage of the year's total revenues that are received in the slow and fast seasons.

6.1 The busiest months are _____ during which we do approximately _____% of our total annual sales.

6.2. The slowest months are _____ during which we do approximately _____% of our total annual sales.

7. Does your business fluctuate with or rely on any other industry? Yes No If yes, what industry? (please name the industry (ies) and why your revenues fluctuate with each.

8. Is there any other information about the fluctuations in revenues that you believe we should be aware of? Yes No If yes, provide same.

CUSTOMER BASE

1. What types are the Company's primary customers (e.g. consumer, industry, government)?

2. Please give the name and location of the Company's 3-5 major customers/clients, together with the approximate percentage of the Company's total business obtained from each:

Name/City

% Of Business

3. What approximate percentage of the Company's total business and revenues come from within the:

City/County _____% State _____% USA _____% International _____%

4. With respect to customer turnover, typically how long does a new customer remain a customer? one sale only 1 year 1-3 years 3-5 years 5-7 years
 Longer; specify _____

5. Is there any other information about your customer base that you believe we should be aware of Yes No If yes, please provide the information below.

COMPETITION

1. Who are the Company's three major competitors?

Name/City/State	Larger/Smaller Than You	Their Approx. Share of the Mkt.
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %

2. What are the major strengths you have versus these competitors?

3. What are the major weaknesses you have versus these competitors?

4. Do you anticipate meaningful changes in your competition? Yes No If yes, provide details:

LOCATION

1. Address of the Company's headquarters:

Business Telephone: () _____ Fax: () _____

2. We moved to this address on _____

3. Our home address: _____

Home Telephone: () _____ Home Fax: () _____

4. Does the Company have more than one location? Yes No If yes, provide a list of the names and addresses, together with the primary function for each of those locations (manufacturing, service, sales, administration, distribution, etc.).

5. What are the Company's normal operating days and hours?

FUTURE FORECAST

1. Do you expect your future sales and profits to decrease remain stable or increase?

2. Estimate the percentage you expect sales to increase or decrease: Current Year _____%
Next Year _____% Average Per Year Over Next 3-5 Years _____%

3. Estimate the percentage you expect profits to increase or decrease: Current Year _____%
Next Year _____% Average Per Year Over Next 3-5 Years _____%

4. In comparison to your competitors and industry, do you consider the increases or decreases you have forecast to be: faster slower about the same

5. Does the Company prepare forecasts of sales, production, capital expenditures or earnings?
 Yes No If yes, please provide copies of the forecasts for the prior three years and all future years for which forecasts have been prepared.

6. Do you anticipate any meaningful changes in either governmental regulations and/or international competition? Yes No If yes, please attach appropriate details.

7. Any other comments regarding future? Yes No If yes, provide particulars.

OTHER

1. Are there any vehicles, equipment, fixtures, etc. that are in good working condition and owned by the business but are not used actively in the business and are not needed to continue to do the Company's current sales and profit volume? Yes No If yes, please list them below.

2. Does the Company employ any relatives or favored people who receive compensation from the business without working or who are at a level of compensation that is greater than what you would pay an unrelated/unfavored worker? Yes No If yes, please state the name, date hired, earnings, fringe benefits, number of hours typically worked per week, and an estimate of the amount they are paid in excess of the amount you would pay an arms-length employee to do the same job.

3. Is the Company and/or its principals involved in any known or likely problems such as: (i) litigation; (ii) EPA/OSHA; (iii) Americans with Disabilities Act; (iv) regulatory or licensing complications; (v) strikes; or (vi) other known or contingent liabilities? Yes No If yes, give the details, including the attorney who is representing you on each matter.

4. Does the Company hold any obsolete or otherwise unsalable inventory? Yes No If yes, provide details as to type, why, approximate value and the plans to dispose of same.

5. Does the Company carry liability and other insurances which can reasonably be described as normal and customary for your industry? Yes No If no, provide why and plans to correct.

6. As of the valuation date, were there future imminent changes known or anticipated which had not yet occurred? Yes No If yes, provide what, when, how known or anticipated?

7. Are there other matters about which we should be informed? Yes No If yes, attach the relevant documents.

8. Please provide the name and address of any local, state or federal trade associations that represent your industry whether or not you are a member. Please indicate those organizations of which you are a member.

	Member	
	Yes	No
_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>

THE INFORMATION FURNISHED IN THIS QUESTIONNAIRE AND ANY DOCUMENTS PROVIDED OR TO BE PROVIDED ARE MATERIALLY ACCURATE AND COMPLETE TO THE BEST OF MY KNOWLEDGE. BY MY SIGNATURE BELOW I AUTHORIZE MY ACCOUNTANT AND/OR MY ATTORNEY TO ANSWER YOUR QUESTIONS AND FURNISH YOU WITH RELEVANT DOCUMENTS.

SIGNATURE

DATE