SAMPLE
REPORT

Robert A. Johnson
Wealth Management Advisory

Financial Advisor Comparative Market Analysis

("Premium" Market Valuation)

As of January 1, 2021
Report Date August 27, 2021

SRG
|Succession Resource Group|

Robert A. Johnson
Wealth Management Advisory

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Prepared by

Succession Resource Group, Inc.

12570 SW 69th Avenue

Portland, Oregon 97223

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Executive Summary

SRG Service	Financial Advisor Comparative Market Analysis ("Premium: Market" Version)
Governing Standard:	Calculation of Value
Assumed Purpose:	Third-party external sale
Internal Purpose:	Sale (within next year)
Standard of Value:	Fair Market Value
Premise of Value:	Value as a going concern
Client Name:	Mr. Robert A. Johnson
Advisor Name:	Mr. Robert A. Johnson
Business Name:	The Broker-Dealer Association Practice of Robert A. Johnson doing business as Wealth Management Advisory
Formal Entity Name:	Success Driven, LLC
Type of Entity:	Limited Liability Company (LLC)
NAICS Code:	523930; Financial Planning & Advice
Interest Valued:	100% of book of business
Valuation Date:	January 1, 2021
Report Date:	August 27, 2021
Report Type:	Summary Report
Methodologies Used:	Market Approach: M&A Method
Assumptions & Liabilities:	See Statement of Assumptions and Limiting Conditions
Appraiser Name:	Kristen MJ Grau, CPA, CVA
Appraiser Firm:	Succession Resource Group
Calculation of Value:	$2,023,000

Executive Summary - Key Statistics

$2,023,000
CALCULATION OF VALUE

2.77x
Net Revenue Multiple
(Blended Overall Post-Payout, if Applicable)[1]
(See "Valuation Math" Section for details)

Other Multiples for Reference:

2.35x
GDC Multiple

4.22x
SDE Multiple

Financial Information

$860,000
Gross Revenue/GDC
(T12 as of January 1, 2021)

99%
Recurring Revenue

$80,000,000
Total AUM

1.02%
Return on Assets

$252,000
Adj. Expenses
(Excluding Owner Comp)

4.07%
Avg. Growth Rate

$3,209
Revenue per Household

$298,507
Assets per Household

Practice Information

Oregon
Primary Location

90%
Local Households

268
Total # of Households

134
Households Per Advisor

1
Owners

2.00 / 2.00
Total Full-Time Equivalent Staff / Licensed Staff[2]

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1 The Multiples indicated in this valuation report are on a net revenue basis. Meaning, value divided by revenue after the broker-dealer haircut (i.e. payout rate). This may not be applicable for all companies such as Registered Investment Advisors ("RIA") where there is no payout rate.
2 Owners with less than or equal to 25% interest in the Company will be counted as employees, as well as owners.

August 27, 2021

Succession Resource Group
4800 Meadows Road, Suite 470
Lake Oswego, Oregon 97035

Mr. Robert A. Johnson
5555 Main Street
Portland, Oregon 97035

Mr. Johnson,

You requested that our firm determine the fair market value of the Broker-Dealer Association Practice of Robert A. Johnson doing business as Wealth Management Advisory (referred to herein as the "subject practice," "book of business," or "Company"), located at 5555 Main Street Portland, Oregon 97035 at the time of this valuation. This valuation is being conducted on behalf of our client and will be used for purposes of a sale (within next year) using the market-based approach based on the experience and comparable sales database of Succession Resource Group, Inc. (SRG).

Standard of Value

Based upon the understood purpose and use of the appraisal, we have adopted the "fair market value" standard of value. For this purpose, fair market value is defined by the Internal Revenue Service in Revenue Ruling 59-60 as:

> The price at which property would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of the relevant facts. Court decisions frequently state in addition that the hypothetical buyer and seller are assumed to be able, as well as willing, to trade and to be well informed about the property and the market for such property. [Treasury Reg. 20.2031-1(b); Revenue Ruling 59-60. 1959-1 CB 237]

Scope

The scope of this valuation is a "Calculated Value". A Calculation Engagement occurs when the client and valuation firm agree to specific valuation approaches, methods, and the extent of selected procedures and results in a Calculated Value. This analysis provides only an estimate of value based on assumptions, information provided, and limited valuation procedures. Business debt for example, whether held personally or by the entity in which the advisor works, was not considered as part of this Calculated Value, as most deals in the financial services industry are completed as asset sales, with the former owner retaining the debt. The Calculation Value did not include all the procedures required for a Conclusion of Value. Had a Conclusion of Value been determined, the assumptions or information provided changed, or if the assignment scope were expanded, the results may have been different.

Valuation Methodology

Valuation of a business asset requires consideration of all pertinent factors bearing upon its investment merits. The following three valuation approaches were considered:

1) Income Approach: The Income Approach estimates future cash flows discounted to present value at an appropriate rate of return for the investment.
2) Market Approach: The Market Approach utilizes valuation ratios derived from transactions of companies that are like the subject business or business assets.
3) Asset Approach: The Asset Approach analyzes the assets and liabilities of the business and restates them from a historical cost to fair market value.

Application of each of the valuation methodologies to the subject practice is described in the following sections of the report.

Assumptions & Limiting Conditions

The calculation of values provided in the following sections of this report are subject to the Statement of Assumptions and Limiting Conditions. The Statement of Assumptions and Limiting Conditions is to be read as an integral part of this report.

Calculation of Value

Based on our analysis, it is our opinion that the fair market value of the Company as of January 1, 2021 was equal to:

Base Calculation of Value
$2,023,000

This value and the payment terms ascribed to this opinion are described more completely in the following sections of the report.

Statement of Assumptions and Limiting Conditions

This calculation engagement is subject to the following assumptions and limiting conditions:

1. This report has been prepared solely for the use of the parties named in this report assuming a third-party external sale. We hereby disclaim liability to any other person or for any other use. The information and conclusions reached should not be relied upon by any other person nor should any statement in this report be used for any other purpose without the consent of Succession Resource Group, Inc.
2. The statements and opinions, including but not limited to the questionnaire, other information, and estimates given in this report are given in good faith and in the belief that such statements are not false or misleading. In preparing this report, we have relied upon information believed to be reliable and accurate. We have no reason to believe that any material facts have been withheld from us, nor do we warrant that our investigation has revealed all the matters in which an audit or more extensive valuation and/or examination might disclose.
3. Tax returns, financial statements, production reports and other related information provided by the subject practice or its representatives, during this engagement, have been accepted without any verification as fully and correctly reflecting the subject practice's business condition and operating results for the respective periods. We have not audited, reviewed, or compiled the financial information provided and accordingly, we express no audit opinion or any other assurance of this information.
4. The calculated values arrived at herein assume that the subject practice's client base would be acquired under a standard asset purchase arrangement with a third-party licensed peer as the buyer, under the payment terms described more fully in this report.
5. The report and calculated values are not intended by the author and should not be construed by the reader to be investment advice in any manner whatsoever.
6. Neither all nor any part of the contents of this report should be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other means of communication without our prior written consent and approval.
7. Future services regarding the subject matter of this report, including, but not limited to testimony or attendance in court, shall not be required of SRG or its principals unless previous arrangements have been made in writing.
8. SRG has assumed the subject practice is in full compliance with all applicable federal, state, or local laws or regulations, unless specified in this report. SRG shall have no responsibility for deviations of this.

9. Any and all information not provided to SRG by the Client has been omitted and assessed with a neutral adjustment for purposes of the value.
10. No change of any item in this report shall be made by anyone other than a representative of SRG, and SRG shall have no responsibility for any such unauthorized changes.
11. Except as noted, SRG has relied on the representations of the owners, management, and/or other third parties concerning the value and status of the business and any other assets or liabilities, except as specifically stated to the contrary in this report. SRG has not considered the subject practices' assets or liabilities for purposes of this valuation nor has SRG attempted to confirm whether the business is free and clear of liens and encumbrances or that the entity has good title to all assets.
12. This valuation reflects facts and conditions existing at the valuation date. Subsequent events have not been considered, and SRG has no obligation to update this report for such events and conditions.
13. Neither the owners nor any director or contract employees of Succession Resource Group, Inc. have any present or contemplated future interest in the subject practice, no personal interest with respect to the parties involved, nor any other interest that might prevent us from performing an unbiased valuation. Our compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or use of, this report.
14. The appraiser has <u>not</u> made a personal inspection of the subject business/property.
15. This valuation assumes that the Company has rights to direct the client relationships and revenue from such clients, as well as the ability to sell this book of business to any buyer regardless of broker-dealer affiliation, custodial affiliation, or Company affiliation. Any variance based on these facts may result in a material difference to the overall valuation.

What was Valued

This valuation is on the Broker-Dealer Association, LLC Practice of Robert A. Johnson, doing business as ("DBA") Wealth Management Advisory. The Company is formally organized as Success Driven, LLC. This valuation includes the personal production of Mr. Robert A. Johnson.

Information Sources

The following sources of information were used in preparing the value:

1. SRG's data gathering questionnaire (included as Exhibit 2) is the primary source of data used in this analysis. This questionnaire was completed by Mr. Robert A. Johnson. This questionnaire was submitted by Mr. Robert A. Johnson.
2. SRG reviewed the Company's website at www.WMA.com.
3. We conducted a telephone interview with Mr. Robert A. Johnson on August 27, 2021 and email correspondence with Mr. Robert A. Johnson on August 28, 2021.
4. SRG reviewed FINRA's Broker-Check website and the SEC's Investment Adviser Public Disclosure website to verify licenses, employment history, registration, outside business activities (OBA), and disclosure events. A copy of these reports has been included in Exhibit 1.
5. National economic data and industry data were compiled and reviewed.
6. Research of comparative business data has been analyzed using SRG's proprietary valuation database of privately held financial services companies that have sold. The business and transactional data, given its proprietary and valuable nature, is not included in this report, though aggregate benchmarking data may be cited from time-to-time and was used in the analysis of the subject practice.

Company Information

Advisor Overview & Structure

The Broker-Dealer Association Practice of Robert A. Johnson is owned and operated by Mr. Robert A. Johnson. The Company is doing business as Wealth Management Advisory, and is formally established as a Limited Liability Company (LLC) under the name Success Driven, LLC. The Company is affiliated with Broker-Dealer Association, LLC and custodies with TD Ameritrade.

Owner

Mr. Robert A. Johnson represents the following classifications: Registered Representative (RR), Investment Adviser Representative (IAR), and Insurance Agent. The following table provides a summary of the owner details:

	Owners
	1
Name Prefix	Mr.
First Name + Initial	Robert A.
Last Name	Johnson
Title	President
Role	Licensed Producing Owner
Ownership %	100
What is the age of the owner(s)?	60
Hours Spent Per Week	45
Securities and/or Advisory Licenses	7, 63, SIE
Years Licensed	20
Regulatory Disclosures	No
Insurance Licenses	life, health
Designations	CFP
Annual Salary ($)	$-
Annual Bonus ($)	$-
Annual Owner Benefits	Yes
Annual Draw/Distribution ($)	$-
Other Comments	None

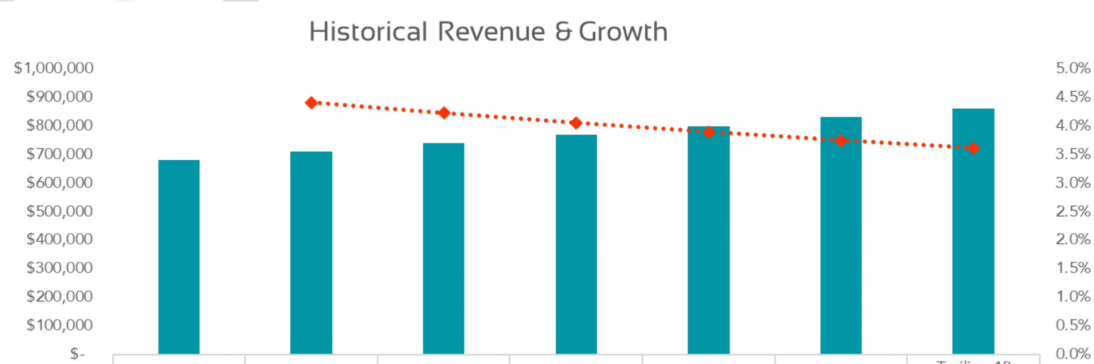
Description of Book of Business

The Company provides comprehensive financial planning, and other related investment services to approximately 268 households, nearly 90% of whom are local.

The Company has not identified its unique competitive advantage. The subject practice has had its clients for approximately ten years and acquires new clients through centers of influence, personal groups, client referrals, professional groups, the company's website, acquisition, and radio show. The average client age for the subject practice is 55 years old. The Company currently engages its clients in the multi-generational planning process, with approximately 45 households being part of multi-generational family groups, holding approximately 30% of the total Assets Under Management (AUM).

Historical Revenue

Historical revenue and revenue growth are indicated below.



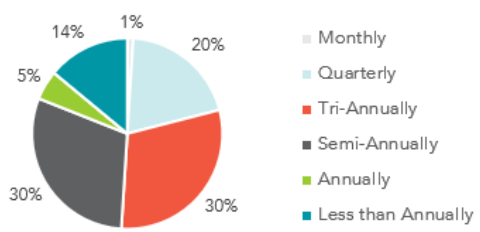
	2015	2016	2017	2018	2019	2020	Trailing 12 months
Gross Revenue/GDC	$680,000	$710,000	$740,000	$770,000	$800,000	$830,000	$860,000
Revenue Growth		4.4%	4.2%	4.1%	3.9%	3.8%	3.6%

Client Communication

Communication Frequency

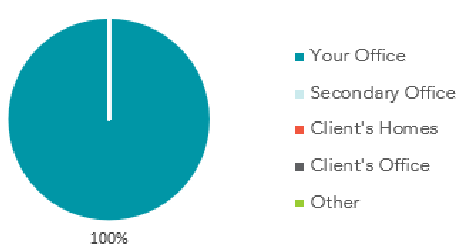
1st Quartile	2nd Quartile	3rd Quartile	4th Quartile
Weekly	Monthly	Quarterly	Quarterly

Face-to-Face Client Meeting Frequency

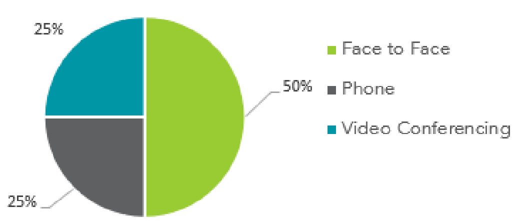


Face-to-Face Meeting Per Year: 662.5
Face-to-Face Meeting Per Week Per Advisor: 6.3

Client Meeting Locations



Formal Review Meetings



Communication Methods

- Blog Posts
- Client Appreciation Events
- Client Gifts
- Educational Client Events
- Emails
- **Face-to-Face Meetings**
- Newsletters
- Occasion Cards
- Social Media
- Telephone Calls
- **Video Conferencing**
- Other: None

Meetings Held By

Mr. Robert A. Johnson

Personnel and 1099 Contractors

The Company's personnel are indicated below. Total annual employee compensation is approximately $120,000, including salaries, bonuses, health insurance benefits, and retirement plan benefits. The Company did not report any 1099 Contractor expense.

	Personnel	
	1	2
Employee Name	Francis Ngannu	Amanda Nunes
Employment Status	Full Time	Part Time
Title	COO (Chief Operating Officer)	Lead Adviser (Level 1)
Role	Producing Advisor	Administrative
Key Employee	No	No
Hours Per Week	45	45
Number of Months Within Firm During Valuation Period	12 Months	12 Months
Are You the Employer of Record?	Yes	Yes
Percentage of time/cost allocated for this valuation:	100%	100%
Age	36	40
Years with Company	5	10
Securities and/or Advisory Licenses	7, 63, SIE	7, 63, SIE
Insurance Licenses	life, health	life, health
Designations	CFP	CFP
(paid during valuation period) **W-2 Salary**	$50,000	$50,000
(paid during valuation period) **W-2 Bonus**	$10,000	$10,000
(paid during valuation period) **1099 Income ($)**	$-	$-
Does individual receive health benefits?	Yes	Yes
Does employee receive retirement plan contributions by Company?	Yes	Yes
Is Compensation Tied to Production?	No	No
If Yes, how is the payout structured?	Not Applicable	Not Applicable
Compensation Method	W-2 - Salary	W-2 - Salary
Employment Agreement?	Yes	Yes
Restrictive Covenant Agreement?	Yes	Yes
Related to Owner?	No	No
If compensation is not at market, what would be fair compensation?	Not Applicable	Not Applicable
Other Comments #1	None	None
Other Comments #2	None	None

Technology

The Company utilizes the following technologies:

CRM: Salesforce

Financial Planning: NaviPlan Select

Portfolio Rebalancing: Black Diamond

Document Management: NetDocuments

Account Aggregation: Aqumulate

Research: AdvisoryWorld

Marketing: Broadridge

Social Media: PageFreezer

Accounting Software: QuickBooks

3 - 50% Paper / 50% Digital files
Self-Reported Paperless Score

Expenses

The Company currently has one office location, as indicated below. Total annual overhead is approximately 30.0% of total annual revenue.

	Office Locations
	1
Company Address	5555 Main Street
Company City	Portland
Company State	Oregon
Company Zip Code	97035
Is this office considered "headquarters"?	Yes
Primarily Used for	Client meetings and staff
Type of Space	Commercial Office Space
Approx. Square Feet Used by Company	1000
Annual Lease Cost	$12,000
# of years remaining on lease	2
Own Building	No
If owned by entity, please list the entity name	Not Applicable
Is the lease at Fair Market Value (FMV) Rates?	Not Applicable
If not at FMV, what would the FMV be?	Not Applicable
Notes	None

Primary Office Area Type	Urban

Debt

The Company has not reported any debt at this time. Under the current scope, debt is for informational purposes only and has not been considered for purposes of this valuation.

Industry Analysis & Outlook

Only Included with Actual Report

Economic Analysis & Outlook

Only Included with Actual Report

Valuation Methods

The following traditional valuation methods were considered to estimate the fair market value of the Company:

Asset Approach

In the Asset Approach, value is estimated by restating the value of assets and liabilities from historical cost to fair market value. This approach considers the value of the underlying assets used in the business without consideration of any unrecorded intangible assets. For an operating company, the Asset Approach is usually viewed as the lower bound of value since it does not include the value of goodwill or other intangible assets.

Book value of equity is not an appropriate measure of value for most businesses because assets and liabilities are generally stated at historical cost and not fair market value. Under the Asset Approach, all assets and liabilities are stated at fair market value and the difference reflects value under this approach.

The Asset Approach is not appropriate for this valuation. The objective of the valuation is to determine the market value of the subject practice – which is largely a profitable, intangible asset being valued as a going concern. Therefore, the Asset Approach is not applicable.

Income Approach

The Income Approach to valuation determines the expected future cash flows and then discounts those cash flows to a present value using an appropriate rate of return. The selected discount rate or rate of return should reflect the degree of uncertainty or risk associated with the future returns and rates of return available from similar alternative investments. Higher uncertainty or risk leads to a higher expected rate of return, which produces a lower value for the investment.

Income approach valuation methods include for example Discounted Cash Flow (DCF) and Capitalization of Single Period Cash Flow. In the DCF method, future cash flows are discounted to present value using an appropriate discount rate. It is best to use the DCF approach when a company anticipates a change in its cash flows over the near term. When current cash flows are consistent with expected future expected cash flows, it is best to use the capitalization of single period cash flow method.

A financial advisory business generally produces consistent expected future cash flows, whether it generates revenue from recurring or transactional sources. Most financial advisory businesses core asset is their client relationships, and the revenue these relationships produce. Like most professional service providers, financial advisory practices typically have very few operating costs, and because most deals involve practices of similar size, the buyer sheds most or all the seller's expenses. The value of the client list (also referred to as the book of business) is best made under the market approach and therefore the Income Approach is not applicable.

Market Approach

The market approach rests on the premise that a business can be valued with reference to what comparable companies have sold for in an open and unrestricted market. This approach uses comparable or "guideline" company data to assess the value of the subject entity. The challenge in valuing a business using this approach, and particularly when valuing a small or unusual operating entity, is finding true market comparable sales. It is unlikely that any two businesses or ownership interests will be alike even with respect to their core competencies. Succession Resource Group is unique in this regard, as its primary clients are financial advisors, insurance agents, and accountants who have very comparable operating structures and are typically comparable.

The methods for collecting and assessing guideline company data are the *Public Company Analysis Method* and the *Merger and Acquisition (M&A) Method*. These methods are often used together to determine the valuation multiple to apply to a company's "earnings", net adjusted assets, cash flow, or revenue. This approach is likely to be considered appropriate when the subject company is of comparable size to companies that have data available related to the sale of their business. This information is often obtained by comparing against publicly traded companies, as their share price is publicly available, but relative to the size of the subject company, this data is unreliable for comparative purposes.

"Rules of Thumb" are sometimes referred to. They are not given any weight unless they are supported by other valuation methods and it can be established that knowledgeable buyers and sellers place substantial reliance on them. "Rule of Thumb" is highly considered in this industry due to the reliance buyers and sellers place on them, and the number of private transactions between advisors that are not published but through proprietary systems.

For purposes of this valuation, we considered the "Rule of Thumb" method and the M&A method.

Rule of Thumb Method

According to the "Business Reference Guide" 2016, regarding "investment advice" firms, the "range of valuation multiples is very wide and varies by the type of revenue stream and how it's paid." In the financial services industry – particularly for independent financial advisors - the "Rule of Thumb" methodology is most used as these practices are private transactions and advisors rely on publicly available information regarding average rules of thumb for practices due to the similarity of advisory firm and how they are operated. There are many sources that publish a Rule of Thumb for financial service practices, including the following examples:

FP Transitions[5]

FP Transitions is a third-party market source who works within the financial services industry. FP Transitions disclosed publicly that they closed 104 deals in 2013, indicating stable valuations, with variations in value connected in transaction type and deal structure.

For sales to external buyers, the average multiple observed in 2013 was 2.36 times trailing twelve months' recurring revenue, an increase from the 2012 multiple of 2.35. Open market sales – those transactions where the seller engages in a national search for the most qualified buyer – saw an average of 2.41 times revenue, while private transactions – those businesses sold to a peer without a wider search – saw an average multiple of 2.30.

Based on 2017 market data, the average multiple observed by FP Transitions was 2.44 times trailing twelve months' recurring revenue and a .96 times transactional revenue for the average down payment of 32% and the remainder on a 3-5-year seller financed note.[6]

Key Management Group (KMG)[7]

Key Management Group is a third-party market source who works within the financial services industry. In an excerpt of their executive white paper titled, "Mergers & Acquisitions for Financial Advisory Practices, Navigating the Age Wave" dated February 2014, it is noted by the authors that the multiple paid based on their data for recurring revenue is 2.475 and the multiple paid for transactional revenue is .90, based on 2013 average metrics for all broker dealers.

Rule of Thumb Summary

Based on the above market sources, an average of the two recurring multiples results in a 2.425 rule of thumb. Because this is the only publicly available information, it being from older data, and the

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[5] *FP Transitions Announces 2013 M&A Data for Financial Advisory Firms. February 24, 2014 (https://www.businesswire.com/news/home/20140224005188/en/FP-Transitions-Announces-2013-MA-Data-Financial)*

[6] *Succession Lending & FP Transitions Advisory Practice M&A and Financing Power Lunch Webinar. October 23, 2018.*

[7] *Todd Doherty, "Mergers & Acquisitions for Financial Advisory Practices, Navigating the Age Wave", Key Management Group Executive White Paper, February 2014. (https://s3.amazonaws.com/KMGWebsite/MA-Feb2014.pdf)*

lack of ability to verify the transactions or how the multiple for FP Transitions and KMG determined the multiples, no weight has been applied to this approach.

M&A Method

Using several available sources, including Pratt's Stats and BIZCOMPs, we searched for acquisitions of independent financial service firms. Based on our knowledge of these sources and the subject practice, the transactions utilized are significantly larger than the subject practice. Therefore, SRG's proprietary database of transactions was used. SRG's deal database is the only one of its kind SRG has been able to verify and rely on since it includes only deals that were facilitated by SRG or are from verified sources, such as SRG's partner firms (broker-dealers, trade groups, and industry lenders). These multiple industry sources of comparable sales provide two primary benefits to the analysis:

1. Large volume of confirmed comparable sales from a variety of sources that can be leveraged during the analysis to provide a micro-level of analysis and more direct comparable sales; and
2. Unbiased industry data. Comparable sales from a single source will tend to show biases in the data. With a variety of data sources from around the financial services industry, the data relied upon for the comparative market analysis is less prone to such biases, providing a more accurate industry comparison.

This M&A data has been used by SRG to develop models and algorithms to analyze the vast amount of data available on each comparable transaction relative to the data provided for the subject practice. This ensures a reliable and consistent application of adjustments by SRG.

The first step in SRG's analysis is to take the base revenue (recurring and non-recurring separately) and adjust for the client and revenue attrition expected to occur because of a hypothetical sale. The second level of analysis is determining the appropriate multiples of revenue for each revenue stream being evaluated for the subject practice. We then analyze the subject practice relative to the comparable sale transaction data, grouping the data comparison and premium or discount adjustments into three core indexes – our Financial Quality Index, Client Quality Index, and Advisor Demand Index. Looking at each revenue stream individually, we then apply the appropriate revenue multiple, modified using a combination of quantitative and qualitative adjustments because of the Financial Quality Index, Client Quality Index, and Advisor Demand Index. After applying each of the adjusted indexes, we can determine the base value under standard deal terms.

Only Included with Actual Report

Fig. 1 Average Multiples of Revenue - Financial Services

Only Included with Actual Report

Fig. 2 Average Multiples of Revenue – by Region

Only Included with Actual Report

Attrition Index

The most valuable asset in a financial services practice consists of the client relationships and a seller's ability to transfer such revenue producing relationships to a successor. The first step in determining the fair market value of the subject practice is to determine our expected estimate of client retention after a hypothetical sale has occurred. If the relationships are not transferable and retainable by a successor, there is little value associated with the business. Therefore, the first step is to analyze the business's Practice Risk and Client Relationship Risk relative to comparable sales to calculate the Attrition Index, which is used to estimate how much of the client base, AUM, and revenue is expected to be retained by a successor.

To determine the subject practice's Attrition Index, we begin with a client retention rate of 100%. The base Attrition Index for the subject practice is then adjusted by Practice Risk and Client Relationship Risk, as detailed in the following two sections.

Practice Risk:

The Practice Risk analysis component of the Attrition Index is based on the infrastructure of the practice and how those factors impact the retention of clients and therefore the retention of revenue. The following chart summarizes the primary factors considered and how the subject practice scored in each area relative to the comparable sales. The following chart provides a score on a one (1) to five (5) scale, with one being well below average, three being average, and a five being above average:

	Attrition Index - Practice Risk					Your Stats	Benchmark
Personally Branded	N/A	2	3	N/A	N/A	Yes	Only Included with Actual Report
Web Presence	N/A	2	3	N/A	N/A	Yes	
Years Personally in Business	1	2	3	4	5	25	
CRM	N/A	2	3	N/A	N/A	Yes	
Niche Business	1	2	3	N/A	N/A	No	
Competitive Advantage	N/A	N/A	3	4	5	No	
Owners	1	2	3	4	5	1	
Total Employees	1	2	3	4	5	2	
Emp. Agreements	1	2	3	N/A	N/A	100%	
Licensed Restrictive Covenants	1	2	3	N/A	N/A	100%	
Unlicensed Restrictive Covenants	1	2	3	N/A	N/A	Not Applicable	
Regulatory Disclosures	1	2	3	N/A	N/A	No	
Transferable Relationships	N/A	N/A	3	4	5	0	

On the vertical axis, you will find each of the metrics typically considered, as well as how the subject practice scored (highlighted for each individual metric) relative to the benchmark determined based on comparable sales. Each metric is a key indicator of the likelihood of client transfer and potential risk to a buyer. The following descriptions are designed to provide examples of how some of these metrics impact the Practice Risk and therefore the Attrition Index:

Technology: Technologies used within the subject practice (e.g., Client Relationship Management system (CRM), website, portfolio management system, financial planning software), provide greater continuity from the seller to the buyer during the transition and a greater level of transparency for a buyer during the due diligence process thus reducing their actual or perceived risk.

Niche: A business niche (e.g., socially responsible investing, business executives of local fortune 500 company, etc.) is another example that is positively correlated with high client retention rates. A unique business niche provides for a more retainable and transferable relationship with clients, but inversely reduces the amount of market demand for a practice (potentially).

Staffing: Maintaining a high level of continuity from the seller to buyer during a transition is critical to client retention. While it is assumed the owner of the subject practice would provide transition related support, the retention of clients will be greater if the subject practice has other non-owner professionals with client contact who can and will be retained post-sale. For example, if the same person answers the phone before and after a sale, the retention of clients will be greater due to the increased continuity from the client's perspective during the transition. A potentially mitigating factor to having staff with client contact is reducing a buyer's risk post-sale by having employment agreements and/or some form of restrictive covenants (non-competition, non-solicitation, or no-serve clauses). Without such agreements in place, key staff that can be retained may also be perceived as a threat to client retention should any of those licensed staff leave the firm.

Client Relationship Risk:

The Client Relationship Risk component of the Attrition Index is based on the specifics of the client base and the subject practice's relationships with such clients. As most of the infrastructure (office space, software, suppliers, equipment, furniture, etc.) of the practice is typically not retained during the sale of a financial services business (most transitions are structured as an asset sale where a buyer consolidates most of the seller infrastructure), this component of the Attrition Index is more heavily weighted and therefore has the greatest impact on the retention estimate. The following chart provides a score on a one (1) to five (5), with one being well below average, three being average, and a five being above average:

	Attrition Index - Client Relationship Risk					Your Stats	Benchmark
New Households	1	**2**	3	4	5	4%	Only Included with Actual Report
Lost Households	1	2	3	**4**	5	1%	
Average Age of Clients	1	2	3	**4**	5	55	
High Risk Clients (Age 71+)	1	**2**	3	4	5	33%	
High Value Clients	1	2	3	**4**	5	7%	
Client Tenure	1	**2**	3	4	5	10	
Short Tenure Clients	1	2	3	**4**	5	5%	
Long Tenure Clients	1	**2**	3	4	5	25%	
Multi-Gen Planning	1	2	**3**	4	5	Yes	
Meeting Outside Office	1	2	3	**4**	5	0%	
Client Contact							
Top Quartile	1	**2**	3	4	5	Weekly	
Second Quartile	1	2	**3**	4	5	Monthly	
Third Quartile	1	**2**	3	4	5	Quarterly	
Bottom Quartile	1	**2**	3	4	5	Quarterly	

On the vertical axis in the chart are the metrics typically considered as stated previously, as well as how the subject practice scored (highlighted for each individual metric) relative to the benchmark determined based on the comparable sales. Each metric is a key indicator of the likelihood of client transfer and potential risk to a buyer. It is important to note that the metrics shown above are not a comprehensive list of metrics evaluated and each is weighted differently.

The following descriptions are designed to provide examples of how some of these metrics impact the Client Relationship Risk and therefore the Attrition Index:

Client Age: When evaluating the risk of a financial services business during a potential sale, the age of the client base has a material impact. Older clients (defined as those above age 70) tend to be riskier from a growth and retention perspective than those of a younger demographic; old clients have a much lower life expectancy than the rest of the client base, are typically drawing from their accounts versus contributing, and have shown a pattern of being more resistant to change. This risk can be reduced with multi-generational planning. If the subject practice has built relationships with the heirs of older clients, and developed a bond with the entire family unit, the attrition rates will typically be lower than average.

Client Growth: The subject practice's historical pattern of client retention and ability to attract new clients is another indicator for the strength of the client relationships. Lost clients are also an important metric, and while many advisors deal with the death of a client or in some cases fire a client periodically, clients leaving of their own volition reduces the expected retention rate and value of the subject practice.

Client Tenure: The client tenure, or how long the clients have had a relationship with the subject practice and practice owner, is a major factor in client attrition and is weighted heavily in this analysis. The longer the relationship, the more apt a client is to accept a transition to the chosen successor and the more successful a transition will be. For this reason, we analyze the length of the client relationship by leveraging a variety of factors obtained from the subject practice owner, including the average tenure of the entire client base, the number of clients that have been with the subject practice for less than five years and those that have had a relationship for more than 15 years.

Client Service Model: Client contact is the most heavily weighted indicator for client attrition as the more frequent and "quality" contact with clients the more transferable and lower attrition the book of business can expect. This metric is analyzed in quartiles, as advisors would typically communicate with higher net worth clients more than their counterparts. Client contact can be achieved through a variety of mediums, including phone calls, email, face-to-face, newsletters, birthday cards, holiday cards, client appreciation events, video conferencing, etc.

Attrition Index Summary:

After each of the metrics in the Practice Risk assessment and the Client Relationship Risk assessment have been calculated, the base client retention rate is adjusted up or down based on how the subject practice scored relative to the comparable sales benchmarks. The adjustments are also scaled by the severity of the difference.

Based on our analysis, the subject practice's estimated client retention rate is 100%. The Attrition Index is 0%, maintaining the subject practice's value due to the projected retained revenue.

Financial Quality Index (FQ Index)

After the Attrition Index has been calculated, and projected client retention (and therefore revenue retention) is determined for the subject practice, we are able to obtain a realistic starting point for the rest of the Comparative Market Analysis.

The next step is to calculate the FQ Index, which is used to increase or decrease the base multiples found for the subject practice. The FQ Index is an analysis of the revenue and other financial metrics used to begin adjusting the value of the projected retained revenue. The following chart provides a score of the subject practice relative to the benchmark as established by comparable sales, using the same scale described previously:

	Financial Quality Index					Your Stats	Benchmark
Revenue Mix	1	2	3	4	5	99%	Only Included with Actual Report
Revenue Growth Avg.	1	2	3	4	5	4%	
Client Growth	1	2	3	4	5	4%	
Net Flow	1	2	3	4	5	10.12%	
ROA (Potential)	N/A	N/A	3	4	5	1.02%	
% of Investable AUM (Potential)	N/A	N/A	3	4	5	80%	
Total Overhead	1	2	3	4	5	29.30%	
Revenue Per Household	1	2	3	4	5	$3,209	
Assets Per Household	1	2	3	4	5	$313,433	
Pay Per Employee (FTE)	1	2	3	4	5	$60,000	
COVID-19 Impact	1	2	3	N/A	N/A	N/A	

As stated previously, on the vertical axis in the chart above are the metrics typically considered, as well as how the Company scored (highlighted for each individual metric) relative to the benchmark. Each metric shown is a key indicator of the quality of the revenue and assets under management to be transferred to a buyer. It is important to note that the metrics shown above are not a comprehensive list of metrics evaluated and each is weighted differently.

The following descriptions are designed to provide examples of how some of these metrics impact the Financial Quality Index and used to adjust the multiples of revenue for the recurring and transactional revenue:

Growth: Behind predictability of the revenue stream, there is no more important factor than the growth of a practice from a buyer's perspective. There are three growth metrics reviewed and compared: 1) revenue growth; 2) client growth; and 3) net flow. The net flow refers to the asset under management growth, factoring out market fluctuation.

Value is a function of the subject practice's ability to produce revenue into the future. The more revenue projected into the future post-sale, net of expected attrition, the greater value is to be expected based on comparable sales.

Overhead: There are typically only three expenses that have a material impact on the value of a financial services practice: 1) referral fees paid into perpetuity; 2) employee costs; and 3) leases or other long-term contracts that must be maintained by a buyer. Because most deals are done as an asset sale versus a stock sale, purchasers do not buy the liabilities or debts of the subject practice, but the three examples provided are common expenses that are or need to be retained in whole or in part by a buyer. If the employees are key to the transition of the client base for example, they are likely to be retained by a buyer. However, the costs related to such employees affect the cash flow of the business and can be a detriment to the value, even if they are great employees depending on how and how much they are compensated historically.

Ratios: There are several ratios that are used to compare and evaluate the efficiency of a practice. Some of the major ratios typically used are return on assets (the subject practice's ability to generate revenue from each dollar of AUM), revenue and assets per client, and estimated percentage of investable client assets held by the advisor. The greater the revenue per client for example, the greater positive adjustment to the FQ Index and therefore higher expected value.

Overall, the subject practice's FQ Index Score is negative and produces a weighted -5% adjustment to the base multiples of revenue.

Client Quality Index (CQ Index)

Following the FQ Index calculation, we calculate the Client Quality Index before applying each to the base multiples of gross revenue (after applying the Attrition Index adjustment). The CQ Index is used to adjust the established multiples of gross revenue based upon the overall quality of the book of business being sold. The following chart provides a score of the subject practice relative to the benchmark as established by comparable sales, using the same scale described previously:

	Client Quality Index					Your Stats	Benchmark
Number of Households	1	2	3	4	5	268	Only Included with Actual Report
Average Age of Clients	1	2	3	4	5	55	
Client Demographics							
Client Age & Assets	1	2	3	4	5	N/A	
Multi-Gen Planning	1	2	3	4	5	N/A	
# clients under $100,000	1	2	3	4	5	19%	
# clients over $1,000,000	1	2	3	4	5	7%	
Top 5 Clients							
5 Largest Households Rev. %	1	2	3	4	5	12%	
5 Largest Households % of AUM	1	2	3	4	5	12%	
5 Largest Households Avg. Age	1	2	3	4	5	55	
5 Largest Households Multi-Gen	1	2	3	4	5	100%	

The vertical axis in the table above contains the metrics considered during the analysis of the CQ Index, as well as how the Company scored (highlighted for each individual metric) relative to the benchmark. Each metric shown is a key indicator of the quality of the book of business to be transferred to a buyer.

The following descriptions provide examples of how some of these individual metrics impact the CQ Index. These metrics adjust the base multiples of gross recurring and transactional revenue as follows:

> Age: The demographics of the client base are heavily weighted given the impact client age has on the value of practices sold. This has everything to do with the longevity of the revenue stream being acquired as well as the potential future growth from increased assets from existing clients. The older the client base is, the lower the value will be based on the expected long-term decline in revenue and lack of new potential assets. For the valuation of a financial services business, the 41-60 age group, and the institutional groups, represent the opposite of older clients as they have great longevity and are typically in the accumulation phase with their assets.

AUM Risk: The concentration of client assets is reviewed for a variety of potential issues. The first is the concentration of assets with the different age groups discussed previously. The impact on the valuation of older clients may be mitigated if this group of clients represents a minority portion of the assets. We also review the total households that have less than $100,000 in assets, the total households with over $1 Million in assets, and the amount of investable assets with each of the subject practice's top five clients. The age, assets, and how much revenue they generate on a yearly basis is reviewed to determine how "top heavy" the practice is and the longevity of those top clients. The more assets held by a small segment of the subject practice, the greater the risk and therefore the lower the value.

Overall, the subject practice's FQ Index Score is negative and produces a weighted -5% adjustment to the base multiples of revenue.

Advisor Demand Index (AD Index)

The final step in the valuation process is evaluating the overall demand of the Company and determining an appropriate discount or premium that should be applied. The Advisor Demand Index (AD Index) is determined using comparable sales and SRG's expertise representing selling advisors in a variety of markets. The calculation of the AD Index is based on the subject practice's state and metropolitan location, practice type, and a variety of other factors relative to the benchmark determined based on comparable sales. The following chart provides a score of the subject practice relative to the benchmark as established by the comparable sales, using the same scale described previously:

	Demand Index					Your Stats	Benchmark
State Demand Rank	1	2	3	4	5	25	Only Included with Actual Report
Competitive Adv.	N/A	N/A	3	4	5	No	
Meeting Outside Office	1	2	3	4	5	0%	
Face-to-Face Mtg. Frequency	1	2	3	4	5	6.37	
Niche	1	2	3	N/A	N/A	No	
Area Type (Urban vs. Rural)	N/A	2	3	N/A	N/A	Urban	

The vertical axis in the table above contains the metrics considered during the analysis of the AD Index, as well as how the Company scored (highlighted for each individual metric) relative to the benchmark. Each metric shown is a key indicator of the amount of demand for the subject practice.

The following descriptions provide examples of how some of these metrics impact the AD Index and adjust the base value:

Location: To determine the location demand for the subject practice (located in Oregon), SRG evaluates the subject market based on the state's population and population growth, GDP and GDP growth, average household income, and financial advisor demand (determined based on the number of advisors and buyers in each market).

Meeting Frequency & Location: The amount of client contact, location, and scalability by a buyer directly impacts the demand for the subject practice. Practice's with a high amount of automated client touches and one annual meeting in the subject practice's office for example will generate a high level of demand, where a practice that has an above average amount of client touches, but all manual and done by the owner, and/or quarterly meetings with clients in their homes will generate a low level of demand (despite having strong relationships because of such activity).

Niche: A niche business may result in a greater expected retention rate as discussed previously, but a niche that is too narrowly focused will also result in a reduced pool of buyers and therefore reduce the AD Index.

Competitive Advantage: For advisors with a unique competitive advantage, and one that can be maintained and easily transferred to a buyer will see an increased demand, making the entire purchase more strategic in nature and increasing the value.

Overall, the subject practice's AD Index results in a positive 1% adjustment to the base multiples of revenue.

Value & Deal Terms

The base value was determined based on the Market Approach, placing all the weight on the M&A Method using SRG's transaction data. This value assumes standard deal terms for similar practices, as detailed more completely below. Standard deal terms are established as an assumption for the base value as the terms and value are closely correlated when valuing a book of business. There are many different deal terms and combinations of the deal terms used in the financial services industry that can materially shift the risk in the transaction from one party to the other. Depending on the terms and the practice being valued, the impact on valuation can be as much as a 30-40% discount or premium. More risk assumed by the buyer through guarantees on the purchase price and/or shorter maturities on the seller financing results in a discount. Inversely, risk assumed by the seller through contingent financing or longer maturities on the seller financing has been associated with a premium on the value.

Base Value

	% of Sales Price	Amount	Years
Cash Down Payment	70%	$ 1,416,000	
Fixed Note	0%	$ -	
Adjustable Note	30%	$ 607,000	5
Earn-out	0%	$ -	
Practice Value		**$ 2,023,000**	

Cash Value

	% of Sales Price	Amount	Years
Cash Down Payment	100%	$ 1,821,000	
Fixed Note	0%	$ -	
Adjustable Note	0%	$ -	
Earn-out	0%	$ -	
Practice Value		**$ 1,821,000**	

NOTE: This valuation is an estimation of the current market value of your practice. The actual sales price may vary due to the terms of the deal, financing structure, assumptions of the buyer and seller, and other factors.

Valuation Math

The following section provides a high-level summary of the valuation math. Please note, whole the summary below provides context, it does not fully describe the valuation methodology uses to calculate the value.

Advisory Business

Recurring Revenue Value Calculation		
Gross Revenue (i.e. GDC)	$	850,000
(Less) Broker-Dealer Override (i.e. payout/haircut)	$	(127,500)
Net Revenue (i.e. Production)	$	722,500
(Less) Cost of Sales	$	-
Net Revenue After Adjustments	$	722,500
Implied Multiple		2.79x
Recurring Revenue Value	**$**	**2,015,906**
Non-Recurring Revenue Value Calculation		
Gross Revenue (i.e. GDC)	$	10,000
(Less) Broker-Dealer Override (i.e. payout/haircut)	$	(1,500)
Net Revenue (i.e. Production)	$	8,500
(Less) Cost of Sales	$	-
Net Revenue After Adjustments	$	8,500
Implied Multiple		0.81x
Recurring Revenue Value	**$**	**6,850**
Total Advisory Value	**$**	**2,022,755**

Revenue Source Values		
Advisory Value	$	2,022,755
Insurance Value		N/A
OSJ/Overrides Value		N/A
Tax Preparation Value		N/A
Total Overall Value	**$**	**2,022,755**
Total Overall Value (Rounded)	**$**	**2,023,000**

Certificate of Appraiser

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.
4. We have no bias with respect to the business that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our analyses, opinions, and conclusions were developed, and this report was prepared, in accordance with the *Statement on Standards for Valuation Services No. 1* issued by the American Institute of Certified Public Accountants and in accordance with *The National Association of Certified Valuators and Analysts' Professional Standards*.
7. No other persons, other than Kristen Grau, CPA/CVA and Mr. Joshua Clifford, CVA, who assisted in the preparation of the exhibits and the report, provided significant professional assistance to the individuals signing this report.

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Kristen MJ Grau, CPA, CVA

Description of Succession Resource Group, Inc.

Succession Resource Group (SRG) is a privately held company headquartered in Portland, Oregon. SRG provides valuation, contingency, entity setup and organizational support, employment resources, succession planning, and M&A support to financial advisors nationwide. The firm was founded in 2012 and currently has two partners and ten employees. The firm is recognized for its niche concept evidenced by focusing on the financial services industry.

Business valuations are a significant service specialty within the firm. The group specializes in services for independent Registered Representatives, Investment Adviser Representatives, Registered Investment Advisory firms, Office of Supervisory Jurisdiction, insurance agents and agencies, and accountants, principally in the areas of merger, acquisition, valuation, and succession planning.

Working Relationships

Our services add to the existing strengths of our client's organization as well as to our clients' outside advisors. Valuation is a unique field and specializing in this niche serving a niche market makes the work SRG less common or replicable. However, it is not unusual for us to work closely with our client's professional team, such as lenders, investment bankers, accountants, legal staff, etc. as they depend upon our work product as support for their activities.

Professional Capabilities and Credentials

Our valuation personnel and associates carry several appraisal and financial designations such as Certified Public Accountant (CPA) and Certified Valuation Analyst (CVA). Undergraduate degrees are in business administration, accounting, economics, and political science. Master's degrees are in business administration and finance.

Qualifications of Valuation Consultant

Kristen MJ Grau, CPA, CVA

Kristen Grau, CPA, CVA is the company's Executive Vice President, Chief Financial Officer, Chief Operations Officer, and Valuations Director. As Valuations Director, she has completed hundreds of valuations and her findings have been used to help with everything from benchmarking to litigation support. Kristen also co-leads SRG's practice sales division, helping advisors sell their practice, where her advocacy efforts for SRG seller clients have directly translated to 20% higher values. In addition to her full-time schedule with SRG, Kristen also owns and operates an accounting firm, The Clover Group, which focuses on external accounting and CFO services for advisors. A self-described "doer", she is committed to helping business owners improve their business and streamline processes, while maintaining customized client interaction and service.

With nearly 15 years of experience in the financial sector, Kristen began her career as a tax accountant with Moss Adams LLP and Delap LLP, where she gained expertise in accounting, tax compliance, and taxation for individuals and business owners. From these experiences, Kristen provides SRG and its clients with comprehensive and informed guidance and advice.

Kristen earned her bachelor's degree in business administration and accounting from Portland State University. She is an active CPA in the state of Oregon and is a Certified Valuation Analyst (CVA). She is also an active member of the American Institute of Certified Public Accountants (AICPA) and National Association of Certified Valuators and Analysts® (NACVA), and a past board member/treasurer of Montessori Northwest, a local non-profit.

Kristen is a wife, mother of three, entrepreneur, and Oregon native. In her free time, she enjoys playing with her children, outdoor water sports, traveling, and exploring new Pacific Northwest wineries.

Josh Clifford, CVA

Josh Clifford is our Valuations Director & Data Analyst, specializing in business valuations and accretion strategies. He works closely with our clients and provides consultations on everything from benchmarking to litigation support.

Josh joined SRG in 2020 and brings 10 years of experience in high-intensity Finance roles. The large majority of his experience was spent serving advisors and Institutions nationwide; primarily focusing on growth through acquisition.

Formerly, Josh was an Assistant Vice President and leader of the Advisor & Institution M&A team at LPL Financial. In this role, he facilitated hundreds of successful transactions and succession plans, developed the broker-dealer's valuation model, and underwrote millions of dollars in loan capital for buyers.

Josh has a M.S. and B.S. in Finance from The University of Arizona, and has also earned his Certified Valuation Analyst (CVA) credential.

Fun Facts: Josh grew up in Scottsdale, but after years of brutal summers he moved to San Diego in 2011 to live near the ocean. He surfs regularly, snorkels in the summer, free dives for lobster in the fall, and swims laps year-round. Anything water-related! He also loves to travel with his wife and explore new cities and cuisines.

Glossary of Terms

- **Assets Under Management (AUM)** – the total client assets being managed by the advisor and/or practice regardless of whether it produces revenue.
- **Business Valuation** – the act or process of determining the value of a business enterprise or ownership interest therein.
- **Calculated Value** – an estimate as to the value of a business, business ownership interest, security, or intangible asset, arrived at by applying valuation procedures agreed upon with the client and using professional judgment as to the value or range of values based on those procedures.
- **Calculation Engagement** – an engagement to estimate value wherein the valuation analyst and the client agree on the specific valuation approaches and valuation methods that the valuation analyst will use and the extent of valuation procedures the valuation analyst will perform to estimate the value of a subject interest. A calculation engagement generally does not include all the valuation procedures required for a valuation engagement. If a valuation engagement had been performed, the results might have been different. The valuation analyst expresses the results of the calculation engagement as a calculated value, which may be either a single amount or a range.
- **Cash Flow** – cash that is generated over a period by an asset, group of assets, or business enterprise. It may be used in a general sense to encompass various levels of specifically defined cash flows. When the term is used, it should be supplemented by a qualifier (for example, "discretionary" or "operating") and a specific definition in the given valuation context.
- **Conclusion of Value** – an estimate of the value of a business, business ownership interest, security, or intangible asset, arrived at by applying the valuation procedures appropriate for a valuation engagement and using professional judgment as to the value or range of values based on those procedures.
- **Consulting** – refers to tax structure allocation. Consulting is allocated for purposes of compensating the sellers' continued support transferring the client relationships to the buyer after a deal has been consummated. For the subject practice, this would result in ordinary income tax rates (subject to FICA and Medicare) for the Seller, with the buyer receiving an ordinary business expense.
- **Current Run Rate** – the gross revenue from the most recently completed quarter.
- **Down Payment (Cash Down)** – involves the buyer making a cash payment to the seller of the subject practice at closing for a portion of the sales price, or the entire sale price for all cash deals. Such payment is assumed to be non-refundable.

- **Earn-Out Component** – an earn-out is the most contingent method of financing, where the parties determine the appropriate percentage of revenue from the acquired book that the buyer will agree to pay the seller, until one of two conditions have been satisfied: 1. until a specified dollar amount has been paid (Value based Earn-Out), or 2. until a specific date in the future (Time based Earn-Out).
- **Fair Market Value** – the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.
- **Fees** – Revenue generated for advice (managed money) versus selling a product. This is recurring revenue.
- **Going Concern** – an ongoing operating business enterprise.
- **Goodwill** – intangible asset arising because of name, reputation, customer loyalty, location, products, and similar factors not separately identified.
- **Goodwill Value** – refers to tax structure allocation. Goodwill value is the value allocated for purposes of categorizing Section 197 intangible assets. For the subject practice, this should result in long-term capital gains tax treatment, with the buyer or buyer's CPA amortizing (straight-line) this portion of the value over a 15-year period. The actual amount allocated to personal goodwill in each deal varies.
- **Gross Dealer Concessions (GDC) (Gross Revenue)** – the total revenue earned before Broker-Dealer fees and/or overrides, if applicable.
- **Investment Adviser Representative (IAR)** – Advisors affiliated and working under an RIA. This includes the BD's RIA.
- **Limited Appraisal** - the act or process of determining the value of a business, business ownership interest, security, or intangible asset with limitations in analyses, procedures, or scope.
- **Market (Market-Based) Approach** – a general way of determining a value indication of a business, business ownership interest, security, or intangible asset by using one or more methods that compare the subject to similar businesses, business ownership interests, securities, or intangible assets that have been sold.
- **Multiple** – the inverse of the capitalization rate.
- **Net Flow of Assets** – the total amount of assets over the past 12 months from 1) new clients, 2) existing clients adding to their account(s), 3) existing clients leaving, and 4) existing clients withdrawing on their assets. This excludes market fluctuations.

- **Office of Supervisory Jurisdiction (OSJ)** – Advisors with their series 24 FINRA license and who sign off on other Registered Rep's transactions or trades.
- **Overrides** – Fees withheld by an organization an advisor, agent, or account may be affiliated with. For example, a broker-dealer may have a 20% override on all securities business written with them, resulting in an 80% Payout for the advisor.
- **Payment Terms** - most deals involve an element of seller financing and every deal varies slightly in its payment structure, which has a direct impact on the value. See "Down Payment (Cash Down)", "Promissory Note (Fixed)", "Promissory Note (Adjustable)", and "Earn-Out" for descriptions of the most used deal structuring allocations in a financial services business.
- **Payout** – The net amount of revenue an advisor receives from his/her broker-dealer, OSJ, and/or general agency. Also referred to as "net of the grid."
- **Premise of Value** - an assumption regarding the most likely set of transactional circumstances that may be applicable to the subject valuation; for example, going concern, liquidation.
- **Production** – the total revenue earned by the advisor from a broker-dealer, if applicable, net of BD fees/overrides, ticket charges, etc.
- **Promissory Note (Adjustable)** – a promissory note that is adjustable is a debt instrument that involves the buyer signing a contract, promising to make installments over a specified period, bearing interest, and is for specific amount to the seller like a more traditional promissory note but has a one-time adjustment.
- **Promissory Note (Fixed)** – a promissory note is a traditional debt instrument that is used to finance acquisitions and involves the buyer signing a contract, promising to make installments over a specified period, bearing interest (typically at a rate of 4.5% to 6%), and for a specific amount to the seller.
- **Recurring Revenue** – Revenue that is generated automatically without regard to specific activities required of a business to create such revenue, or revenue that is predictable and consistent from month-to-month or year-to-year. Examples of recurring revenue would include membership fees, advisory fees, annuity or mutual funds trails, insurance renewals, tax prep, financial planning, or OSJ overrides.
- **Registered Investment Adviser (RIA) firm** – Advisors that own and operate an independent RIA firm.
- **Registered Representative (RR)** – Individual who is licensed to sell securities products and generally is affiliated with a broker-dealer
- **Renewals** – Revenue generated from insurance products. This is recurring revenue.
- **Report Date** – the date conclusions are transmitted to the client.

- **Securities** – Revenue generated from the sale of new securities products, such as mutual funds, stocks, bonds, REITs, variable insurance products (variable universal life, variable whole life, variable annuities), etc.
- **Standard of Value** - the identification of the type of value being utilized in a specific engagement, for example, fair market value, fair value, investment value.
- **Subject Interest** – a business, business ownership interest, security, or intangible asset that is the subject of a valuation engagement.
- **Subsequent Event** – an event that occurs after the valuation date.
- **Tax Structure** – the allocation of taxes related to the sale which may impact the opinion of value for the subject practice. Please see "Consulting", "Goodwill Value", "Restrictive Covenants", and "Tangible Assets".
- **Trailing 12** – the total revenue received on a rolling 12-month basis.
- **Trails** - Revenue generated from previously sold securities products (annuities and mutual funds) that continue to produce income. This is recurring revenue.
- **Transaction Revenue** – Revenue generated from one-time events, also referred to as commission revenue or non-recurring revenue
- **Valuation** – the act or process of determining the value of a business, business ownership interest, security, or intangible asset.
- **Valuation Approach** – a general way of determining a value indication of a business, business ownership interest, security, or intangible asset using one or more valuation methods.
- **Valuation Analyst** – a member who is accredited to perform a certified valuation report to estimate value that culminates in the expression of a conclusion of value or a calculated value.
- **Valuation Assumptions** – statements or inputs utilized in the performance of an engagement to estimate value that serve as a basis for the application of valuation methods.
- **Valuation Date** – the specific point in time as of which the valuator's opinion of value applies (also referred to as "Effective Date" or "Appraisal Date").
- **Valuation Engagement** – an engagement to estimate value in which a valuation analyst determines an estimate of the value of a subject interest by performing appropriate valuation procedures, as outlined in the AICPA Statement on Standards for Valuation Services and is free to apply the valuation approaches and methods he or she deems appropriate in the circumstances. The valuation analyst expresses the results of the valuation engagement as a conclusion of value, which may be either a single amount or a range.
- **Valuation Method** – a specific way to determine value.

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Question	Response	Client Notes	Source	Key

Section 1 - General & Administrative Items

Questionnaire Completed By	Mr. Robert A. Johnson	
	Contact #1	**Contact #2**
Contact Email(s)	Robert.Johnson@sample.com	None
Contact Phone(s)	(555) 555-5555	None
Data Provided as of Date	January 1, 2021	
Valuation Period Start Date	January 2, 2020	
Valuation Period End Date	January 1, 2021	
Lender Name	Not Applicable	
Lender Point of Contact	Not Applicable	

	Select "Yes" if categories on left-hand side apply to owner(s)
Registered Representative (RR)	Yes
Investment Adviser Representative (IAR)	Yes
Registered Investment Advisory Firm Owner (RIA)	No
Office of Supervisory Jurisdiction (OSJ)	No
Tax Preparation (CPA, EA, etc.)	No
Insurance Agent	Yes

Types of services provided	comprehensive financial planning
Purpose of valuation	Sale (within next year)
Secondary Purpose	None
Additional Purposes	None
Has there been a previously Completed a Valuation?	Yes
Portion of the book being valued?	Full
Do you have a contingency partner?	Yes

During the last 24 months...		**If "Yes", please explain below....**
Have any major business events occurred?	No	Not Applicable
Have you purchased or sold any clients?	No	Not Applicable
Was there a change to your payout?	No	Not Applicable
Was there a major change in owners or staff?	No	Not Applicable

This valuation includes...		***List name(s) of advisor(s):***
Personal Production of owner(s)	Yes	Mr. Robert A. Johnson
Personal Production of non-owner(s) advisor(s)	No	Not Applicable
Split revenue from advisors employed by Company	No	Not Applicable
Split revenue from advisors not employed by Company	No	Not Applicable
Overrides received from other advisors	No	Not Applicable

What (if anything) has been excluded from this valuation?	Nothing

Section 2 - Company Information

		Complete Sections Below If Applicable		
	Advisory Business (RR, IAR, RIA)	**OSJ / Supervision Business**	**Tax Preparation Business**	**Direct Insurance Business**
Company Name	Robert A. Johnson	Not Applicable	Not Applicable	Not Applicable
Doing Business As ("DBA")	Wealth Management Advisory	Not Applicable	Not Applicable	Not Applicable
Entity Name	Success Driven, LLC	Not Applicable	Not Applicable	Not Applicable
Type of Entity	Limited Liability Company (LLC)	Not Applicable	Not Applicable	Not Applicable
Entity Formation Date	May 1, 1999	Not Applicable	Not Applicable	Not Applicable
The Company's RIA Registration-Type (If Applicable)	Not Applicable			
Indicate "Yes" if Segment is Included in this Valuation:	Yes	Not Applicable	Not Applicable	Not Applicable

Number of Years Personally in Business	25 Years	
Website	Yes	
Website Address	www.WMA.com	
Broker-Dealer	Broker-Dealer Association, LLC	
Broker-Dealer Payout	85.0%	
Custodian(s)	TD Ameritrade	None
Outsourced Compliance Firm Used	None	
3rd Party Asset Manager	Not Applicable	
Name of Office of Supervisory Jurisdiction (OSJ)	None	
OSJ Fee(s) ($)	Not Applicable	
Insurance Marketing Organization (IMO)	Insurance Designers of America	

What percentage of your clients fall within a niche?	0%
Niche Explanation	None
Unique Competitive Advantages	No
Competitive Advantage Explanation	None

Section 3 - Office Locations

See Office Locations in Valuation Report for further details

# of office locations	1.00
Average Annual Cost per Sq. Foot	$50.00

Section 4 - Owner Information

See Owner Information in Valuation Report for further details

Total Number of Owners (FTE)	1.00
Number of Producing Owners (FTE)	1.00
Number of Licensed, Non-Producing Owners (FTE)	0.00
Number of Passive Owners (FTE)	0.00
Number of Majority Owners (>=25%)	1.00
Number of Minority Owners (<25%)	0.00

Section 5 - Personnel

(see Personnel Information in Valuation Report for further details)

Total Employees (FTE)	2.00
Total Licensed/Registered Employees (FTE)	2.00
Total Producing Advisor Employees (FTE)	1.00
Total Administrative Employees (FTE)	1.00
% of Personnel with Employment Contracts	100.0%
% of Licensed Personnel with Restrictive Covenants	100.0%
% of Unlicensed Personnel with Restrictive Covenants	Not Applicable

Total 1099 Contactors (FTE)	0.00
Licensed/Registered 1099 (FTE)	0.00
Producing 1099 Advisors (FTE)	0.00
Administrative Employees (FTE)	0.00
% of Personnel with Employment Contracts	0.00%
% of Licensed Personnel with Restrictive Covenants	0.00%
% of Unlicensed Personnel with Restrictive Covenants	0.00%

Number of Producers	2.00

Section 6 - Revenue & Assets

What is the provided revenue type below?	Gross Revenue/GDC

2021 Full Year Revenue Projection	$500,000
Trailing 12 months	$860,000
Calendar Year 2020	$830,000
Calendar Year 2019	$800,000
Calendar Year 2018	$770,000
Calendar Year 2017	$740,000
Calendar Year 2016	$710,000
Calendar Year 2015	$680,000

Provide the trailing-12 month revenue to be valued:

	Recurring Revenue	Non-Recurring Revenue
Fee-Based Advisory (i.e. Managed Accounts)	$850,000	
3rd Party Managed Assets (e.g. "TAMPS")	$-	
Retirement Plan (401k, 403b)	$-	
529 Plans	$-	$-
Stocks		$10,000
Fixed Income (i.e. Bonds)		$-
Variable Annuities (i.e. Trails / Commissions)	$-	$-
Mutual Funds	$-	$-
Alternative Investments	$-	$-
Other Securities	$-	$-
Financial Planning	$-	$-
Tax Preparation	$-	$-
OSJ/Overrides	$-	$-
Hourly Consulting		$-
Other Revenue	$-	$-
Insurance *(through grid)*	$-	$-
Direct Insurance *(not through grid)*	$-	$-
Subtotal	**$850,000**	**$10,000**
Total	**$860,000**	
% Recurring	99%	

Was the revenue provided above trailing-12 months?	Yes	
If not trailing-12, what do the figures below represent?	Not Applicable	
How do you bill advisory fees?	Monthly	In Arrears

# of Financial Plans Completed	-
How many plans above are not charged a fee?	0
How are financial plans completed	In-house
Annual fee, if outsourced	$-
Average Price of Financial Plans	Not Provided or TBD

Assets Under Management ("AUM")	$80,000,000
Assets Under Advisement ("AUA")	$-
% of Discretionary AUM	45%

% Fees	1%
% of 3rd Party Managed Assets	2%
% Annuities	3%
% Mutual Funds	4%
% Illiquid Assets	5%

Net Flow of Assets	$8,500,000
% of investable assets	80%
Est. AUM received in the next 12 months	$2,000,000
Est. AUM received in the next 5 years	$12,000,000

Section 7 - Trailing-Twelve Expenses

Expenses should reflect the following period:	01/02/2020 through 01/01/2021
If they do not, what period did you use?	Not Applicable

	Actual P/L Expenses	SRG Adjustments	Adjusted Expenses
Est. Total Overhead (Excluding Owner)	**$252,000**	**$-**	**$252,000**
Total Employee Compensation (excluding Owners)	**$120,000**	**$-**	**$120,000**
Employee Only: W-2 Compensation	$120,000	$-	$120,000
Employee Only: Health Insurance Benefits	$-	$-	$-
Employee Only: Retirement Benefits	$-	$-	$-
Employee Only: Value of Other Perks	$-	$-	$-
Employee Only: Payroll Taxes	$-	$-	$-
Total 1099 Contractor Compensation	$-	$-	$-
Owner's Compensation (Salary + Bonus only)	$-	$-	$-
Owner Only: Health Insurance Benefits	$-	$-	$-
Owner Only: Retirement Benefits	$-	$-	$-
Owner Only: Other Compensation	$-	$-	$-
Owner Only: Payroll Taxes	$-	$-	$-
Advertising/Marketing Exp.	$50,000	$-	$50,000
Amortization	$-	$-	$-
Automobile	$-	$-	$-
Business Coach	$-	$-	$-
Continuing Education	$-	$-	$-
Depreciation	$-	$-	$-
Dues & Subscriptions	$-	$-	$-
Charitable Gifts	$-	$-	$-
Insurance Costs	$-	$-	$-
Interest	$-	$-	$-
Lease/Rent Exp. (FMV)	$12,000	$-	$12,000
Licensing Costs	$-	$-	$-
Meals & Entertainment	$-	$-	$-
Office Supplies	$-	$-	$-
Other BD Expenses (after Payout, if applicable)	$20,000	$-	$20,000
Other Expenses	$-	$-	$-
Professional Services	$50,000	$-	$50,000
Referral fees into perpetuity	$-	$-	$-
Repairs & Maintenance	$-	$-	$-
Software Costs	$-	$-	$-
Travel	$-	$-	$-
Utilities	$-	$-	$-

Forgivable Loan Debt	$-
Other Debt	$-
Acquisition Debt	$-
Number of Acquisitions	0

How are your financials prepared?	External bookkeeper/accountant

Section 8 - Client Information

		Revenue Per Metric:	Assets Per Metric:
Number of Households	268	$3,209	$298,507
Core Households	100	$8,600	$800,000
Number of Clients	300	$2,867	$266,667
Number of Accounts	500	$1,720	$160,000
Percentage of Households Local	90%		

Do you have multi-generational clients?	Yes
Approximate # of Households	45
Approximate % of AUM	30%

Average Length of Client Relationship (in Years)	10 Years
Less than 5 years	5%
5-10	20%
10-15	50%
15+	25%
Total	**100%**

Client Growth	**# of Households**	**AUM of Households**	**What Portion Was Retained**
New Households	10	$10,000,000	
Lost Households	2	$(2,000,000)	$-
Net Household and AUM Gained/Lost	8	$8,000,000	

Do the figures above represent a typical year?	Yes
If not, please explain the reason.	Not Applicable

	# of Households	**AUM of Households**
If the net figures in blue do not represent a typical year, then provide annual average net amounts:	Not Applicable	Not Applicable

Reason for lost clients	client/advisor fit

How do you Acquire Clients?		**Transferable to a 3rd Party?**	**Total # of Transferable Relationships**
Centers of Influence	Yes	No	Not Applicable
Networking Groups	No	No	Not Applicable
Personal Groups	Yes	No	Not Applicable
Broker-dealer or Custodian	No	No	Not Applicable
Client Referrals	Yes		
Advertisements	No		
Professional Groups	Yes		
The Company's Website	Yes		
Acquisition	Yes		
Blogging	No		
Radio Show	Yes		
Podcast	No		
Other - Please Describe	None		

# households under $100,000 AUM	50
# households over $1,000,000 AUM	20

Average Age of Clients	55

Clients by Age & AUM	Number of Clients per Age Segment	Percentage Assets of Total
Less than or equal to 40	20	7%
41-50	40	13%
51-60	60	20%
61-70	80	27%
71-80	60	20%
81 and Greater	40	13%
Institutions	0	0%
Total	**300**	**100%**
Total Number of Clients (as indicated in Row 354)	**300**	

Top Five Households or Institutions *(Excludes Personal and Family Accounts)*	Total AUM/AUA	Trailing-12 Revenue	Age of Oldest Decision-Maker (N/A if Institution)	Time as Client (Years)	Multi-Generational (N/A if Institution)
#1	$2,000,000	$20,000	55	10	Yes
#2	$2,000,000	$20,000	55	10	Yes
#3	$2,000,000	$20,000	55	10	Yes
#4	$2,000,000	$20,000	55	10	Yes
#5	$2,000,000	$20,000	55	10	Yes
	(12.5% of total assets)	(11.6% of total revenue)			

Significant Household Pricing Variances

If any of the Top 5 Households' or Institutions' average Basis Point (BPS) pricing is substantially lower or higher than the other households' pricing then describe the reason for the variance, and indicate what pricing is expected to be for the outliers.

Top Five Households	Average Basis Points	If the average pricing is lower than normal, pleas select a reason below:
#1	1.00%	Not Applicable
#2	1.00%	Not Applicable
#3	1.00%	Not Applicable
#4	1.00%	Not Applicable
#5	1.00%	Not Applicable

Section 9 - Client Communication

Methods of Communication	
Face-to-Face Meetings	Yes
Telephone Calls	No
Video Conferencing	Yes
Emails	No
Blog Posts	No
Client Appreciation Events	No
Client Gifts	No
Educational Client Events	No
Newsletters	No
Occasion Cards	No
Social Media	No
Other - Please Describe	None

Client Touches	All forms of communication including emails, newsletters, cards
Top Quartile	Weekly
Second Quartile	Monthly
Third Quartile	Quarterly
Bottom Quartile	Quarterly

Formal Face-to-Face Meeting Frequency	**Percentage of clients met with face-to-face** (in person and/or video conferencing). "Monthly" for example, would indicate for this group of clients, you have 12 face-to-face meetings per year.	# of Households Met	# of Times Met Per Year (physically)	# of Face-to-Face Meetings Per Year
Monthly	1%	3	12	32
Quarterly	20%	54	4	214
Tri-Annually	30%	80	3	241
Semi-Annually	30%	80	2	161
Annually	5%	13	1	13
Less than Annually	14%	38	-	-
Total	**100%**	268	Per Year	662
			Per Week	13
			Per Week, Per Advisor	6

Face-to-Face Meetings Held By Mr. Robert A. Johnson

Formal Meeting Location	
Your Office	100%
Secondary Office	0%
Client's Homes	0%
Client's Office	0%
Other	0%
Total	**100%**

Total Formal Meetings (Typical Year)		Meetings Per Year	Meetings Per Week
Face to Face	50%	662	13
Phone	25%	N/A	N/A
Video Conferencing	25%	N/A	N/A
Total	**100%**		

% of client meetings after-hours and weekends? 4%

Number of Prospecting Meetings Per Week? 5.00