



SAMPLE REPORT

Robert A. Johnson
Wealth Management Advisory

Financial Advisor Comparative Market Analysis
("Starter" Market Valuation)

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



Prepared by

Succession Resource Group, Inc.

12570 SW 69th Avenue Portland, Oregon 97223



SRG
|Succession Resource Group|

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Executive Summary

SRG Service	Financial Advisor Comparative Market Analysis ("Starter" 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
Business Name:	The Broker-Dealer Association Practice of Robert A. Johnson doing business as Wealth Management Advisory
Entity Name:	Success Driven, LLC
Primary Office	Portland, Oregon
Type of Entity:	Limited Liability Company (LLC)
NAICS Code:	523930; Financial Planning & Advice
Interest Valued:	100% of the book of business
Valuation Date (as of):	January 1, 2021
Report Date Issued:	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

1

Owners

2.00 FTE

Staffing Summary

268

Total # of Households

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.

August 27, 2021



Succession Resource Group
12570 SW 69th Avenue
Portland, Oregon 97223

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"). This valuation is being conducted on behalf of our client and will be used for purposes 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.

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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 client of this engagement has requested a "Starter" valuation service. This valuation service is most appropriate for businesses with less than \$1,000,000 of annual Gross Revenue, as indicated on SRG's website. The Starter valuation service relies on substantially fewer client-provided data points versus SRG's next tier of service (i.e. "Premium"). Other factors which were not collected during this engagement such as detailed expenses, client communication frequency, technology usage, etc. could have a material affect on value if they had been considered.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.

8. 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.
9. 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.
10. 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.
11. 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.
12. 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.
13. 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.
14. 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.
15. The appraiser has not made a personal inspection of the subject business/property.
16. 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.

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Information Sources

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

1. SRG's data gathering questionnaire (included as Exhibit 1) is the primary source of data used in this analysis, completed and submitted to SRG by or on behalf of the Company.
2. 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.
3. National economic data and industry data were compiled and reviewed.
4. 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.

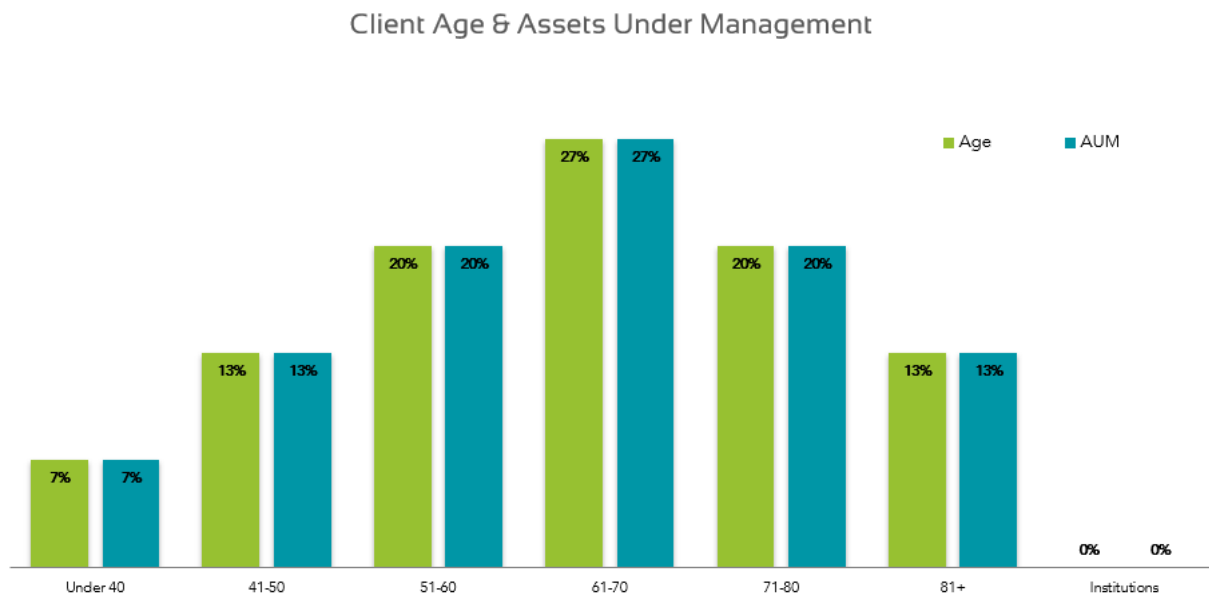
Owner

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

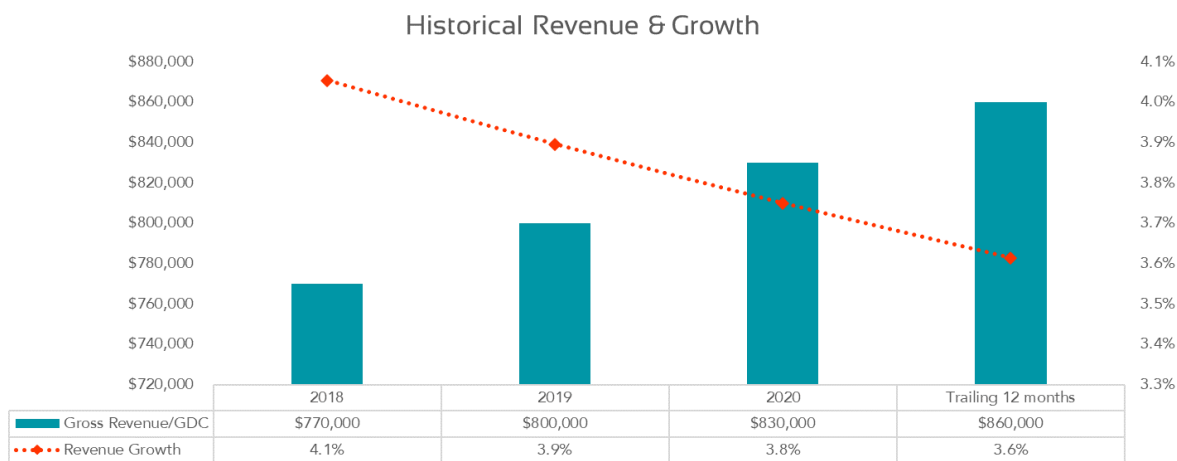
The Company provides investment services to approximately 268 households.



The subject practice has had its clients for approximately ten years, and the average client age for the subject practice is 55 years old. The Company currently engages its clients in the multi-generational planning process.

Historical Revenue

Historical revenue and revenue growth are indicated below.



Personnel and 1099 Contractors

The Company's personnel are summarized below.

2	2	1	1	0
Total Employees	Licensed Employees	Producing Advisors	Administrative	1099 Contractors

Technology

The following is a summary of the Company's primary software used in the day-to-day operations, as well as the Company's reported ratio between a paper-based office and digital office.

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

Customer Resource Management (CRM) System
Financial Planning
Portfolio Rebalancing

System
Salesforce
NaviPlan Select
Black Diamond

Expenses

Total annual overhead of \$252,000 is approximately 30.0% of total annual revenue.

Debt

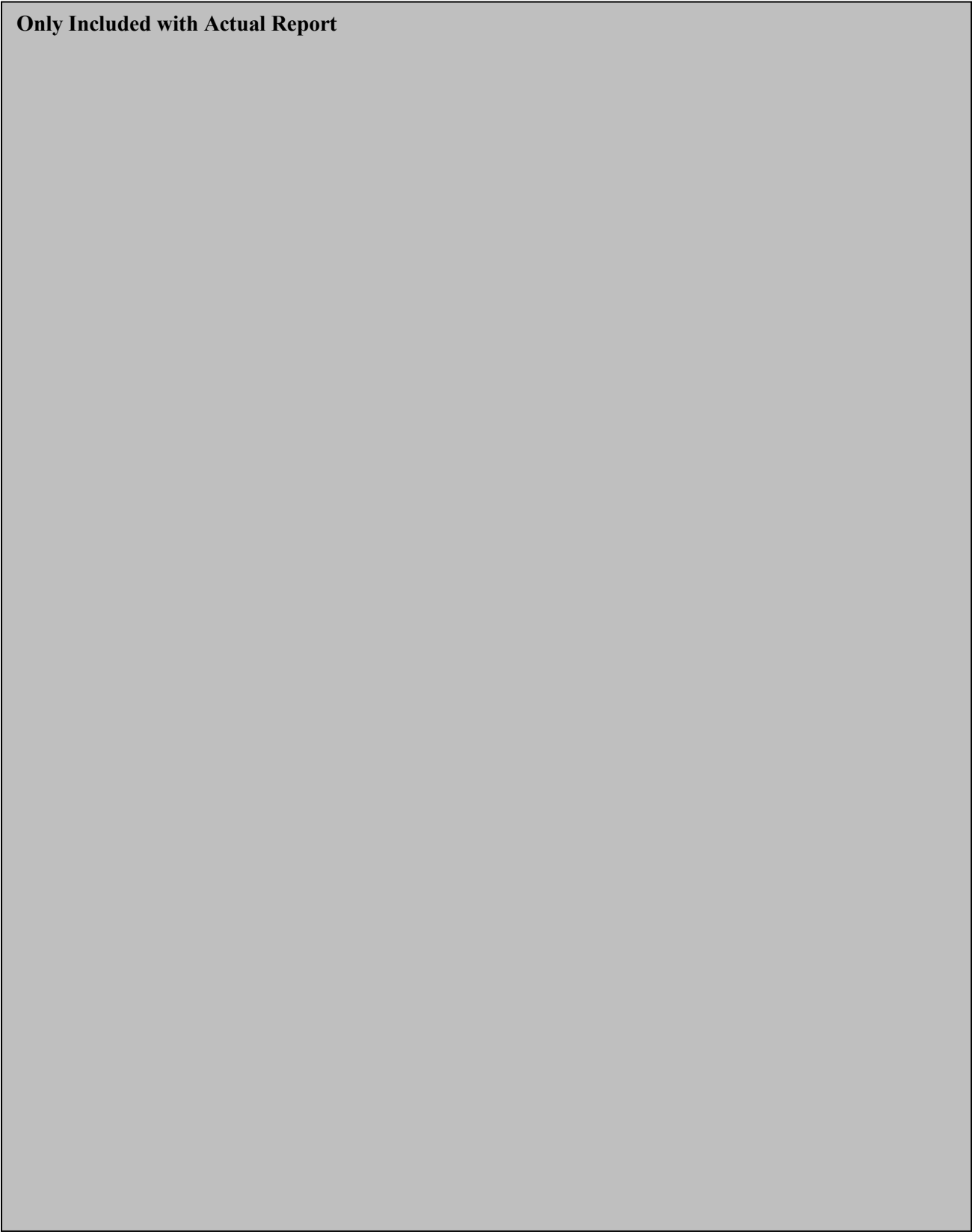
Under the current scope, debt is not determined, and has not been considered for purposes of this valuation.

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 Transitions⁴

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.⁵

Key Management Group (KMG)⁶

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.

⁴ 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>)

⁵ Succession Lending & FP Transitions Advisory Practice M&A and Financing Power Lunch Webinar. October 23, 2018.

⁶ 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>)

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 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.



Fig. 1 Average Multiples of Revenue - Financial Services



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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	

Valuation Math

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

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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	\$	2,016,057

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	\$	2,022,907
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Revenue Source Values

Advisory Value	\$	2,022,907
Insurance Value		N/A
OSJ/Overrides Value		N/A
Tax Preparation Value		N/A
Total Overall Value	\$	2,022,907
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 Ms. 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.

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