



American Fortune Business Valuation Estimate of:  
Restaurant Inc.  
August 18, 2015

Prepared for:  
Mr. Joe Smith, President - CEO

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# Report Summary

## Introduction

This evaluation report contains a suggested sales price (current market value) and supporting documentation and data used to evaluate Restaurant Inc. The suggested price evaluation has taken into consideration both the tangible assets and the business value or goodwill. Generally accepted methods were used to determine value.

Although this is a valuation estimate, the suggested price is a result of rigorous analysis consisting of:

- **Multiple Evaluation Methods**

Eight separate and distinct evaluation methods were used to address the numerous components of a business's value and these methodologies are defined numerically. Software has been used to calculate these valuation methodologies which were used to determine the suggested price. Not every method was necessarily used in the evaluation report depending on its applicability.

- **Direct Market Comparables**

The company was evaluated using the direct market comparables from IBA (Institute of Business Appraisers). The IBA market data is a database of over 30,000 closely held business sales and provides market based reference on the value of the business.

- **Reasonability Analysis**

Numerous ratios were calculated to create a reasonability analysis of the suggested company value.

## Estimated Current Market Value

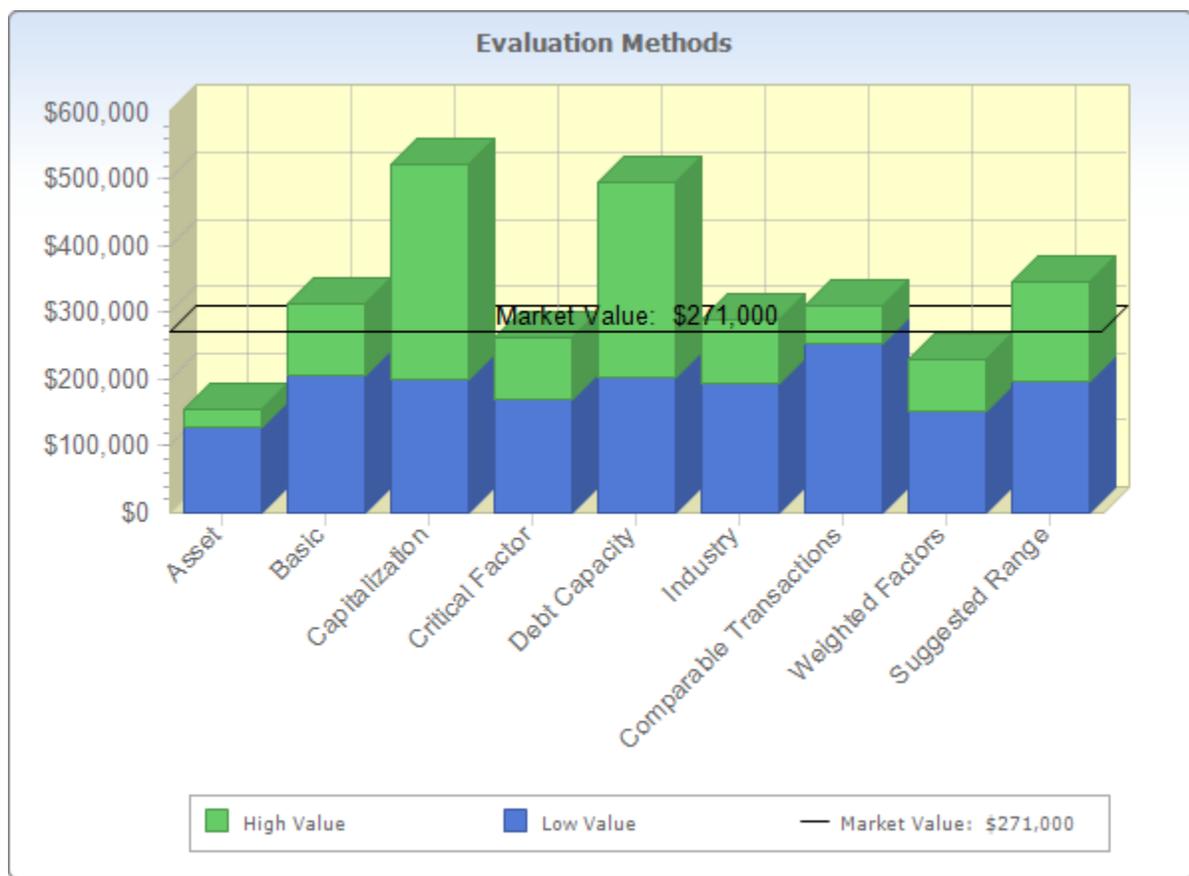
This report provides a range of suggested prices, based on various evaluation methods. Our single price conclusion is the average of the high and low prices from this suggested range.

The estimated current market value of the company is: \$271,000.

## Suggested Pricing

The analysis explained in this report generates a price range representing the highest price a seller could expect and the lowest price a seller should accept. The estimated market value is based on the results generated by the various formulas, but will account for special situations and inconsistencies. Each of the evaluation methods listed in the table and chart below are explained in the body of the report.

Restaurant Inc.		
Suggested Pricing		
Method	Upper Range Value	Lower Range Value
Asset Method	\$156,100	\$126,900
Basic Method	\$312,900	\$205,300
Capitalization	\$522,667	\$201,026
Critical Factor	\$261,479	\$171,561
Debt Capacity	\$494,385	\$202,476
Industry Method	\$290,500	\$194,894
Comparable Transactions	\$309,848	\$253,512
Weighted Factors	\$228,526	\$152,351
Suggested Range	\$345,758	\$197,303



## Special Conditions

If a particular range of value is extremely high or extremely low, do not be alarmed. Extreme deviations are the product of formulas, which consider only one or two business factors, and are not representative of the total business. This report reflects the adjustments and allowances for these extremes in the suggested range values.

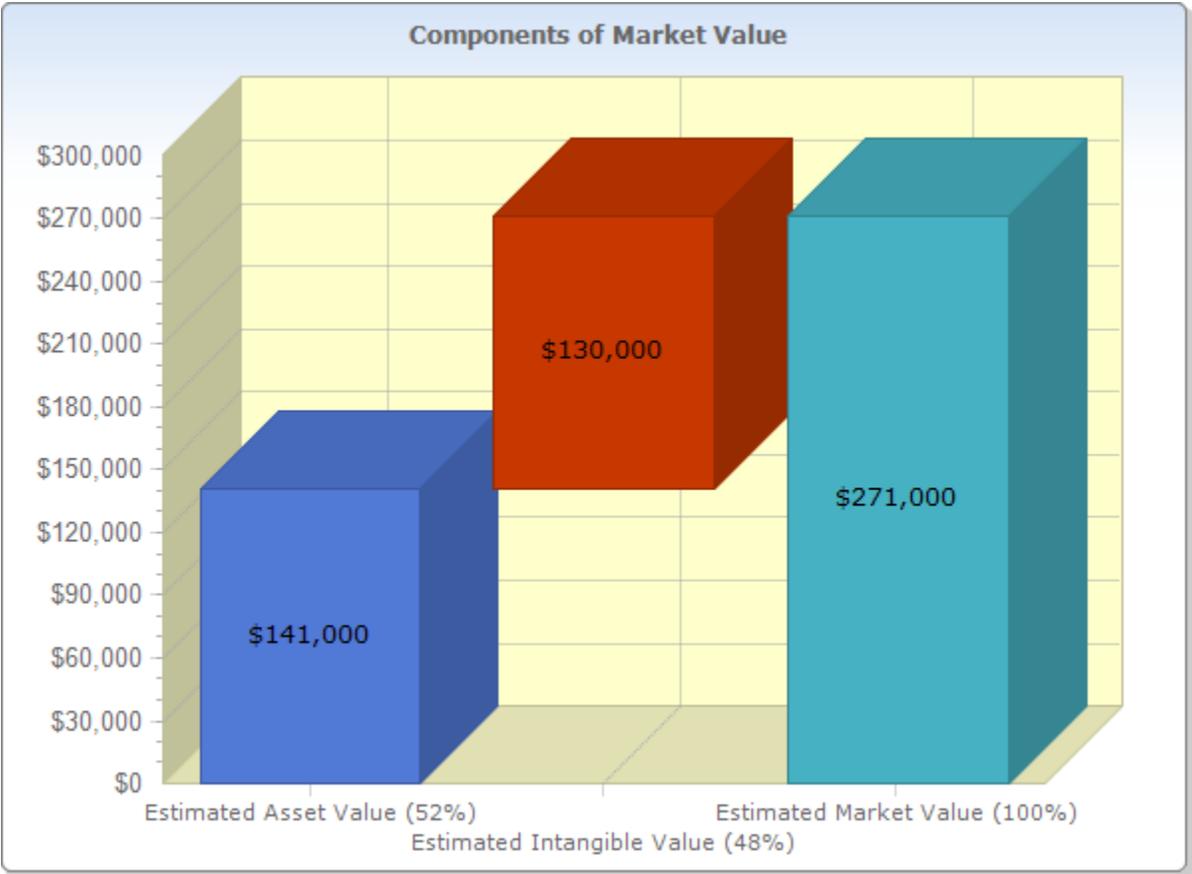
If potential buyers used only one method for evaluation and that formula produced one extreme value there would be reason for concern. However, very few buyers consider only one formula;

most buyers base their decision on the debt capacity and assets of a business and become generous or conservative based on their assessment of other factors.

### Components of Market Value

We have calculated an *asset value* and an *intangible value*. Taken together these two components of value form the *estimated market value*. This is the best estimate of current market value for the company, a target price point where reasonable buyers and sellers can agree on the potential value of Restaurant Inc..

- The asset value of this company is \$141,000.
- The intangible value of this company is \$130,000.
- The estimated market value of this company is \$271,000.



### Asset Value

The tangible asset price or *asset value* represents the current estimated value of the following:

1. Inventories for resale or consumption.
2. Equipment and vehicles.
3. Leasehold improvements.
4. Transferable rights and privileges uncontrolled by scarcity.

The estimated current asset value of the company is: \$141,000.

## Business Value

The intangible asset price or *business value* represents the current estimated value of the following:

1. Establishing a customer base which will continue to trade with this company after being sold.
2. Securing a location, designing and constructing a floor plan and securing and installing equipment.
3. Management systems in place and producing cash flow.
4. Proprietary rights or limited issue permits.
5. Free training and available consulting time.

The estimated current intangible value of the company is: \$130,000.

## Clarification of Value

The value of the company stated in this report does not include real estate or real estate improvements, which are considered to be investment assets. The following should clarify how the final business value was calculated:

Restaurant Inc.		
Total Value Calculation		
Fixtures and Equipment		\$85,000
Leasehold Improvements		\$4,500
Vehicles		\$45,000
Furniture		\$5,500
License, Patents, and Copyrights		\$0
Stock, Supplies, and Inventory		\$1,500
Other 1		\$0
Other 2		\$0
Total Asset Value - High Value	\$156,100	
Total Asset Value - Low Value	\$126,900	
Total Asset Value - Average Value		\$141,000
Intangible Value		\$130,000
Total Value		\$271,000

# Report Overview

## Business Name and Location

Restaurant Inc.  
1234 Anywhere  
United, CO 80915

## Authorization

American Fortune assumes that the addressee of this report, Mr. Joe Smith, President - CEO of Restaurant Inc., has authorized the use of both the general and financial information that form the basis of this evaluation.

## Nature of Assignment

The nature of this evaluation is to calculate the estimated market value, based on an asset transaction (as opposed to an equity transaction), of Restaurant Inc., hereinafter sometimes referred to as the “company”. This calculation of market value will be in the form of a written report based on information collected regarding the company and the algorithmic analysis of that information. Assumptions and limiting conditions are stated in the evaluation report. All information contained in this report is confidential.

## Definition of Market Value

The following definition of *market value* comes from the International Valuation Standards 2007, published by the International Valuation Standards Council (IVSC):

Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

## Ownership

Ownership or title to the business and equipment appraised was not a consideration of this report. This report assumes that the business appraised, and its related equipment and other assets can be transferred to another party, and that such a transfer would not be impeded by any legal issues such as liens, encumbrances, copyrights or lawsuits.

## Evaluation Effective Date

Values stated are effective as of August 18, 2015. Any difference between the date this report is presented and the effective date could have a bearing on the value opinion stated.

## What is Valued in this Report

The report values the company, including all assets of the business, both tangible and intangible.

1. Restaurant Inc. is the valued entity and owned by Mr. Joe Smith, President - CEO. Please refer to the section entitled “Clarification of Value” for a detailed analysis of assets included in this evaluation report.
2. Automobiles have *not* been valued but are included in this evaluation report.
3. Liabilities have *not* been valued and are *not* included in this evaluation report.
4. Intangible assets are valued and included even though they may not be shown on the company’s balance sheet.
5. Accounts receivable are *not* included in this evaluation report.
6. Real estate has *not* been valued by the evaluator and is *not* included in this evaluation report.

# Limitations, Contingencies, and Disclaimer

**Please read the following very carefully!**

## **Tax and Legal Advice for Sale or Transfer of Stock**

This report represents the opinions of business professionals relating to the sale and transfer of business assets and values. The evaluation of business assets for a suggested value is extremely subjective but can be accomplished with some degree of rationality because asset value information can be gleaned from the marketplace. However, the sale or transfer of stock (also known as equity) as a method for disposing of a business is considerably more complex because the buyer is assuming liabilities and is subject to a complex set of tax laws.

If you are planning a sale or transfer of stock or an ownership interest in a business, consult with your tax attorney and accountant first. Tax and legal advice must be given by qualified professionals and based on individual cases for the specific fact pattern at issue.

## **What is Valued in this Report**

This business evaluation report and calculation of value assumes an asset sale and does *not* reflect the stock value of the company. American Fortune has not valued the hard assets or the real estate of the company and has relied on third party information sources deemed reliable to determine the value of all assets listed in this report.

## **Excluded Assets and Liabilities**

This report excludes current assets such as cash, accounts receivable, prepaid expenses, and other liquid assets that would normally show up on the company's balance sheet. It also excludes the company's liabilities. This report assumes that the seller would keep the company's current assets and pay off any debts at the time of sale.

## **Treatment of Real Estate**

This report does *not* take into consideration any real estate that the company owns. However, comparative market rent is deducted from the cash flow to reflect the true earning power of the company, since the ownership of real property is discretionary to a business. If the company being valued owns the real estate, it should be considered an investment asset that would be added to the value opinion in this report.

## **Disclaimer**

This is a business evaluation report and *not* a formal appraisal. There are a number of significant differences between evaluations and appraisals. An evaluation is not nearly as rigorous as a formal appraisal, and is designed to give a general guideline or benchmark value rather than a formal determination of value. The formulas used in the various valuation methodologies in this evaluation are based on thousands of evaluations performed over many years by business brokers, business buyers, and business sellers in real world buy/sell situations. The businesses values that result from these methods, although not considered a formal appraisal, have been shown over time to provide a useful guide for determining business value.

## Contingencies and Limiting Conditions

1. American Fortune, by reason of performing this business evaluation and preparing this report, is not required to give testimony nor be in attendance in court or any other governmental hearing with reference to matters herein, unless prior arrangements have been made with American Fortune relative to such additional employment.
2. American Fortune assumes no responsibility for matters of a legal nature affecting the property valued or the title thereto, nor does American Fortune render any opinion as to the title, which is assumed to be good and marketable. The property is valued as though under responsible legal ownership. By viewing and utilizing this report, you assume any and all risks relating to its contents and agree to indemnify, defend, and hold evaluator harmless for and against any third party claims made against American Fortune relating directly or indirectly to this report.
3. American Fortune assumes no responsibility for any environmental problems and has not inspected the property.
4. This evaluation was based on a specific period of time. Data for this period of time has been collected from several sources. The particular business environment and market may or may not continue in the future, therefore, American Fortune is not making any claims regarding future performance or value of this business. American Fortune assumes no responsibility for errors in data available from external sources.
5. The selection of the use of fair market value was agreed to by the client. American Fortune assumes no responsibility for the type of value agreed to as opposed to other types of value.
6. American Fortune was retained by its client, who is thoroughly familiar with the business, and all past and future performance information used in this report has been based on information provided by the client and other source deemed to be reliable. American Fortune disclaims any ability of any potential purchaser to generate any future income, cost and expense potential, or expectations as may be stated in this report.
7. All information in this report has been provided by our client, most of which is contained in the questionnaire section of this report, and is assumed to be reliable. No verification of the information has been done by American Fortune, nor has American Fortune made an inspection or on- site visits of the business premises or facilities.
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10. It is assumed that the reader of this report has at least a basic understanding of accounting and the subject business's industry, terminology and operations.
11. Other assumptions and limiting conditions are as may be stated in various other sections of this report.
12. **Warning:** No matter how rigorous, business and asset valuations contain an unavoidable degree of subjectivity and can be subject to unpredictable market forces. Markets can and often do behave erratically. Accordingly American Fortune disclaims any and all

warranties

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13. This is not a professional business appraisal. If you desire to obtain a full appraisal, please obtain the services of a certified professional appraiser.
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15. The use of American Fortune's services and reading or using this report involve legal, financial, and emotional risks. By reading or using this report, the reader/user agrees that it is cognizant of the risks and dangers, including without limit those inherent in purchases and sales of assets and businesses, speculative investing, providing and relying upon third party valuations, borrowing money, entering into third party contracts, and putting capital and funds at risk, and the reader/user willingly and fully assumes all the legal, emotional and financial risks as its responsibility. The reader/user agrees that this exculpatory clause is valid, that it does not violate any duty to the public; that the nature of the services, the report, and the risks have each been clearly and sufficiently expressed; that this agreement was fairly entered into; and that the exculpatory intentions of American Fortune and the reader/user are expressed in clear and unambiguous language.
16. **Limitation of Damages.** Notwithstanding anything to the contrary in this agreement, if the reader/user brings any action concerning this agreement at law or equity against American Fortune or its owners, officers, employees, organizations, affiliates, attorneys, agents or assigns, no such cause of action shall include a claim, nor may recovery be had, for any punitive, indirect, special, incidental or consequential damages, including but not limited to, damages for loss of use, loss of time, loss of profits or income, by reader/user or its owners, agents, affiliates, successors or assigns, or any third party, even if American Fortune or its owners, officers, employees, organizations, affiliates, attorneys, agents or assigns are advised of the possibility of such damages. Notwithstanding anything to the contrary in this agreement, American Fortune's total liability for damages arising directly or indirectly in connection with this report shall in no event exceed one hundred dollars (\$100). Nothing in this section shall operate to limit the amount or theory of damages which are available to American Fortune in connection with this report or any claim arising therefrom, including American Fortune's possible counterclaims in suits concerning this report.
17. **Changes to the model.** American Fortune is working continuously to refine and improve both the model and the data used in preparing this evaluation report. As the model and data change going forward, the results documented in an evaluation report, even using the exact same inputs, could change as a result of modifications to the model and the data. This specific report, generated by the underlying inputs at this particular point in time,

must be considered singular and unique. No report generated by this model and data can be expected to be replicable in the future.



# Evaluation Methods

## Overview

A business's value can be divided into five components:

1. Market value of assets.
2. Historical trends of revenues, expense and cash flow.
3. The value of rights, privileges and knowledge.
4. Estimated stability in the future.
5. Esthetic appeal.

This evaluation report addresses all five components of a business's value through a series of questions, which defines each of these aspects numerically. Software has been used to calculate the valuation methodologies, which was used to determine the suggested price. Not every method will necessarily be used in the evaluation report. The methods used in this report are described below.

## Asset Value Method

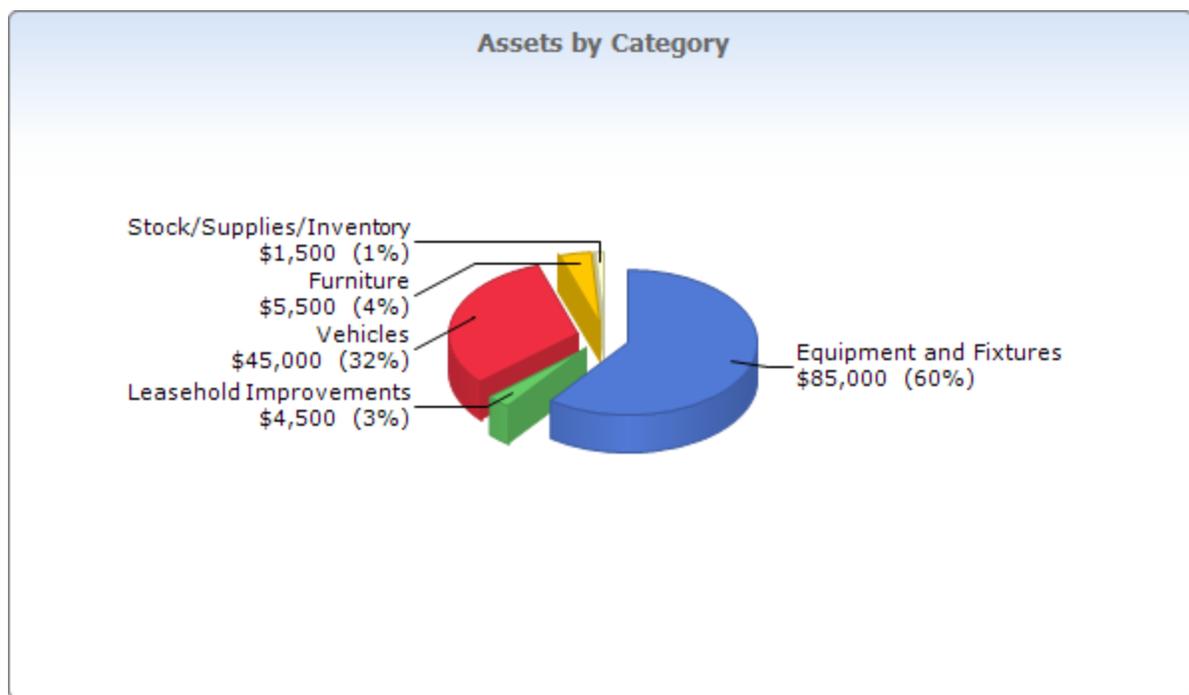
The asset value method is used to determine a minimum value range for a business. At a minimum, the time and effort needed to aggregate the appropriate assets together to generate cash flows in the future is valuable. This amount represents the estimated worth of all tangible and intangible assets.

While an asset's book value, the initial cost less the subsequent depreciation, must be considered, book value does not typically equal market value. The market value must consider the costs of replacing the asset. Instead of purchasing the assets included in a business that is for sale, the buyer could gather similar assets and combine them, including all installation, training, and testing costs, into an equivalent business entity.

The upper and lower asset values are determined based on the accuracy and confidence of the asset data that was provided for the evaluation. Based on assets, the upper value is \$156,100 and lower value is \$126,900.

Furthermore, the asset schedule is as follows:

Restaurant Inc.	
Asset Value Method	
Fixtures and Equipment	\$85,000
Leasehold Improvements	\$4,500
Vehicles	\$45,000
Furniture	\$5,500
License, Patents, and Copyrights	\$0
Stock, Supplies, and Inventory	\$1,500
Other 1	\$0
Other 2	\$0
Asset Value High	\$156,100
Asset Value Low	\$126,900



## Basic Method

This method is based on two basic pricing formulas:

1. The first formula is a *rule of thumb* multiplier that is calculated by adding one year's net cash flow to the business's assets, valued at current market value.
2. The second formula begins with the current market value of the assets and adds a multiple of the monthly discretionary income based on the number of months required to start a similar business and bring it to a break even cash flow position.

Based on the basic method, the upper value is \$312,900 and lower value is \$205,300.

Furthermore, the basic method schedule is as follows:

<b>Restaurant Inc.</b>		
<b>Basic Method</b>		
<b>Basic Value Factors</b>	<b>High</b>	<b>Low</b>
Net Discretionary Cash	\$156,800	\$78,400
Asset Value	\$156,100	\$126,900
Basic Method Value	\$312,900	\$205,300

This method is based on a simple mathematical model, which calculates a total investment based on discretionary or free cash flow divided by a rate of return associated with the cost of money and the level of risk associated with the valued business. Another way of looking at this is to ask what price would a buyer pay to receive the cash flow of this company next year, the year after and the year after that into perpetuity. Based on the basic method, the upper value is \$522,667 and lower value is \$201,026.

<b>Restaurant Inc.</b>	
<b>Capitalization Method</b>	
High Return (Cap Rate) %	32%
Low Return (Cap Rate) %	15%
Capital Rate High	\$522,667
Capital Rate Low	\$201,026

## Critical Factors Method

This method takes into account the critical factors, which will encourage or discourage a potential buyer in investigating and/or purchasing this business. Each factor is explained below:

- **Percent of Down Payment**

This factor is based on the common belief that lending institutions generally require 20% of the total purchase price as a down payment. This factor also considers how large the down payment is in relationship to the business's post-sale cash flows.

- **Loan Desirability**

This factor quantifies the buyer's motivation to buy based on status, visual appeal, profitability, risk and skills required.

- **Lease**

This factor determines if sufficient time is available to repay loans and earn a reasonable return. A rate comparable to similar available spaces is used.

- **Accounts**

This factor places value on the number, type and sustainability of the demand for the product or service.

Based on the critical factors method, the upper value is \$261,479 and lower value is \$171,561.

Furthermore, the critical factors schedule is as follows:

<b>Restaurant Inc.</b>	
<b>Critical Factors Method</b>	
Cash Down	20%
Loan Desirability	90%
Lease	90%
Accounts	97%
Critical High	\$261,479
Critical Low	\$171,561

## Debt Capacity Method

This method of evaluation is purely a financial model. Direct cash expenses are deducted from direct cash revenues to determine discretionary cash flow. Deductions are then made for an operator's salary and the real depreciation cost of assets. The result is discretionary cash for debt service.

The maximum debt service this business could handle, given the current level of discretionary cash, is calculated based on the number of years financed and an interest rate.

Most evaluators agree that any future increases in revenues, while under the management of a new owner, belong to the new owner. If the previous owner had generated more revenue, the suggested price would reflect this.

Based on the critical factors method, the upper value is \$494,385 and lower value is \$202,476.

Furthermore, the debt capacity schedule is as follows:

<b>Restaurant Inc.</b>	
<b>Debt Capacity Method</b>	
Discretionary Cash	\$149,000
Less Salary	\$65,000
Less Depreciation	\$5,600
Net Discretionary Cash	\$78,400
Interest Rate	10.00%
Fast Pay Out Years	3
Slow Pay Out Years	10
Debt High	\$494,385
Debt Low	\$202,476

## Industry Method

This method is based on pricing formulas that have been developed for a specific industry. Most of these industry rules of thumb are based on a capacity or production volume times a dollar value. Other industries simply use a constant times gross or net revenue.

The formula for this industry is: Assets + Net [or] 40% of Gross.

Based on the industry method, the upper value is \$290,500 and lower value is \$194,894.

## Comparable Transactions Method

This method uses the principle of substitution to calculate a value for the subject business. Ratios of price-to-revenues and price-to-earnings are calculated from transactions involving businesses that are similar to the one being appraised, then those ratios are applied to the subject business to calculate a range of values. Each business is unique and has its own strengths and weaknesses. By adjusting the ratios applied to reflect the overall strength of the subject business, the range of values can account for the company's proven ability to compete in the marketplace.

The first step in this process is to obtain data for businesses that have been sold. This evaluation service uses data collected by the Institute of Business Appraisers (IBA). The next step is to select from this pool of data a meaningful population of comparable transactions. In other words, the data must be filtered to focus on businesses that resemble the company being valued. The data used in this report has been filtered twice: first by industry, then by revenue. All of the selected transactions are in the same industry as Restaurant Inc. They are also of comparable size as measured by revenue, which is considered the most reliable indicator of business volume. See page 38 for a discussion of the IBA data used in this report.

Once the data has been filtered to a population of relevant transactions, the ratios mentioned above (price-to-revenues and price-to-earnings) are calculated from the selected data. Typically the median ratios calculated from the IBA market data are applied to the subject business. But if a business is considered to be performing better than average, a higher multiple is selected from within the range of calculated multiples. Similarly, if a business is determined to be performing less than average, then a lower multiple is selected.

The following table provides statistics on the IBA market data used in this report.

<b>Restaurant Inc.</b>					
<b>Descriptive Statistics for Selected IBA Market Data (\$000)</b>					
	<b>Sales</b>	<b>DE*</b>	<b>Price</b>	<b>Price/Sales</b>	<b>Price/DE</b>
Low	\$478	\$15	\$15	0.03	0.45
High	\$500	\$202	\$520	1.06	5.78
Mean	\$489	\$88	\$163	0.33	2.14
Median	\$488	\$87	\$150	0.31	1.92
Standard Deviation	\$8	\$37	\$86	0.18	1.14
Coefficient of Variation				0.55	0.53
Count	100	77	100	100	77
* Discretionary Earnings (DE) is defined as annual earnings before owners' compensation expense, interest, and income taxes.					

The following table provides more detail on the two ratios used to calculate value. As was discussed above, a business performing above average warrants application of a higher multiple, and a business performing below average warrants a lower one. The table below lists the percentiles for the two ratios. The lower the percentile, the lower the ratio. The correct ratio to apply to a business will fall somewhere along this spectrum.

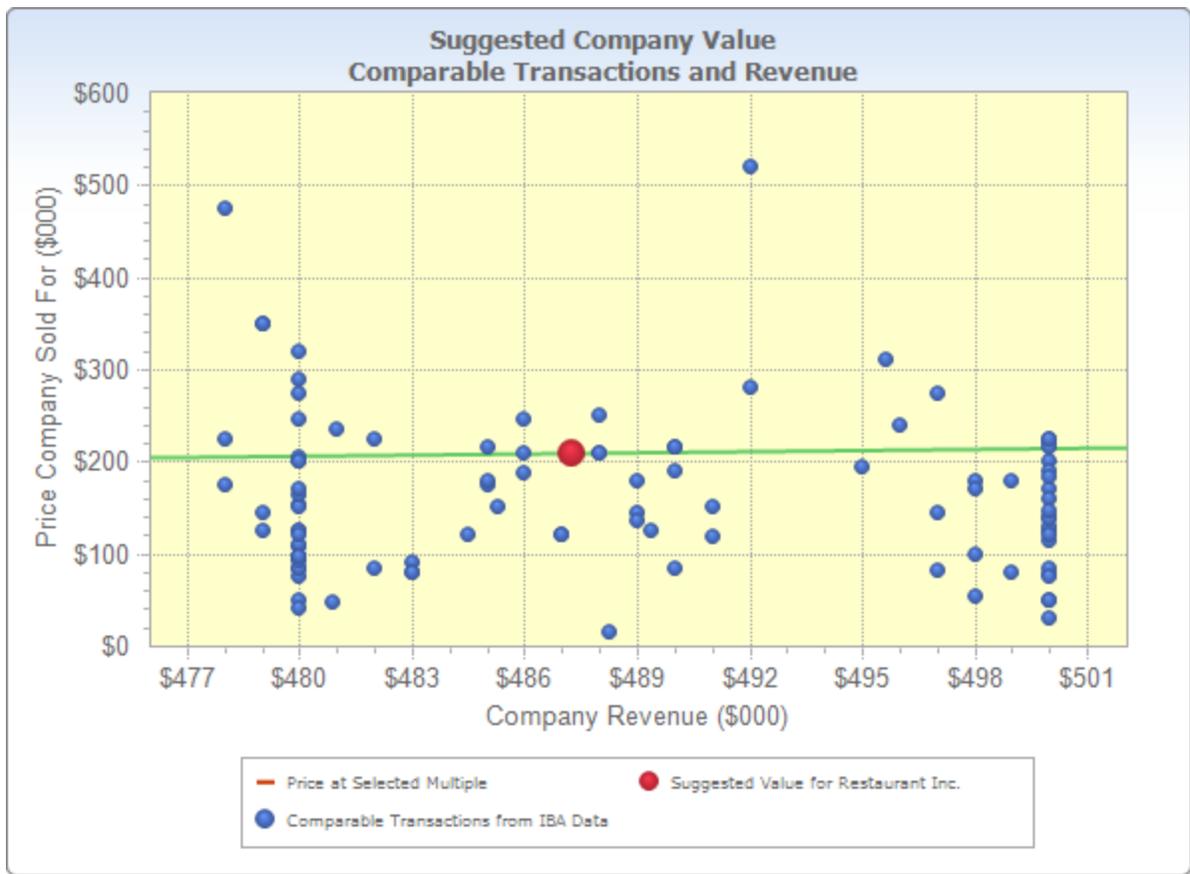
Restaurant Inc.		
Ratios Percentiles for Selected IBA Market Data		
	Price to Sales	Price to DE
10 <sup>th</sup> Percentile	0.16	0.83
20 <sup>th</sup> Percentile	0.18	1.04
30 <sup>th</sup> Percentile	0.23	1.33
40 <sup>th</sup> Percentile	0.26	1.72
50 <sup>th</sup> Percentile	0.31	1.91
60 <sup>th</sup> Percentile	0.36	2.21
70 <sup>th</sup> Percentile	0.40	2.64
80 <sup>th</sup> Percentile	0.44	2.91
90 <sup>th</sup> Percentile	0.51	3.56

This business was analyzed and a higher multiple was selected to represent the company's operations.

Restaurant Inc.		
Specific Ratio Percentiles		
	Price to Sales	Price to DE
25 <sup>th</sup> Low	0.20	1.20
50 <sup>th</sup> Average	0.31	1.91
75 <sup>th</sup> High	0.43	2.79

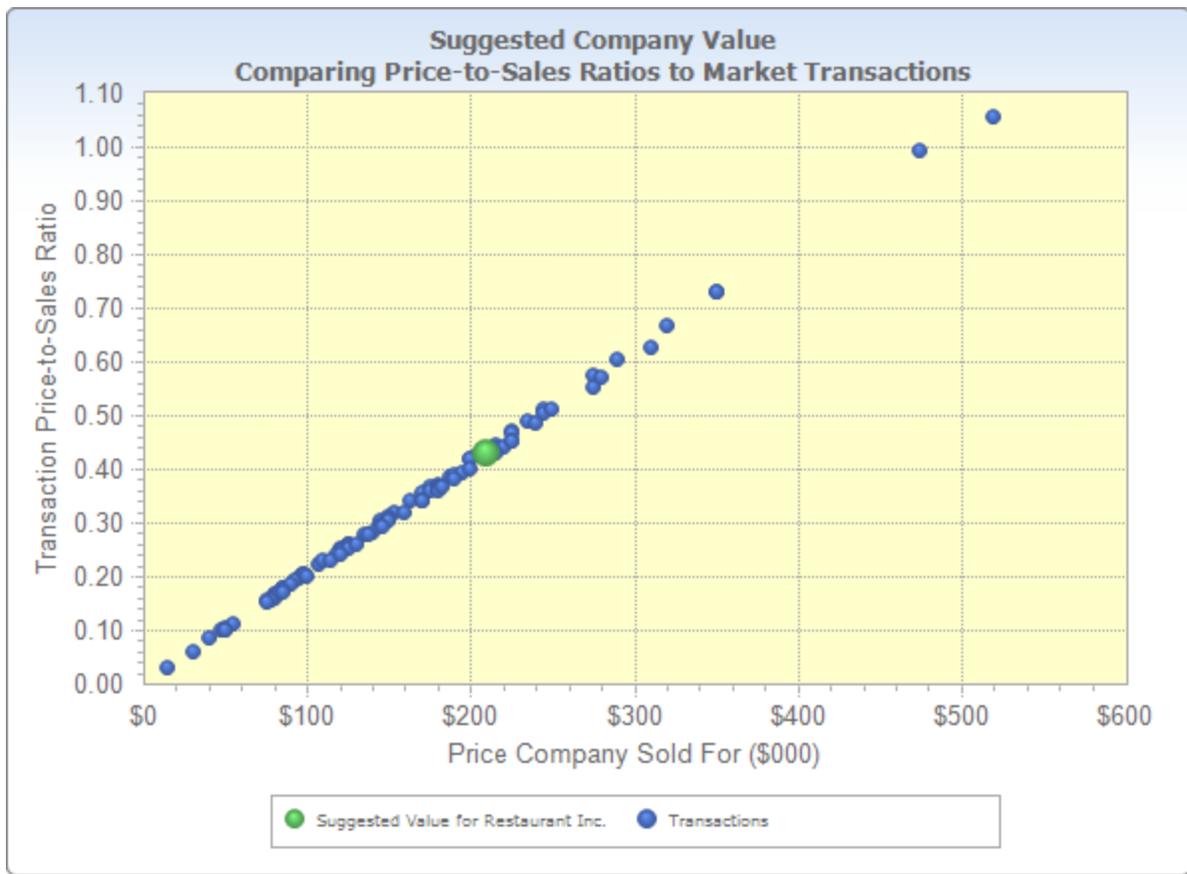
The following chart illustrates the comparable transactions value calculation using the Price to Sales ratio.

**Key Business Message:** Comparing your company's revenue with that of other companies that have been sold provides a market-based reference for the value of your company.



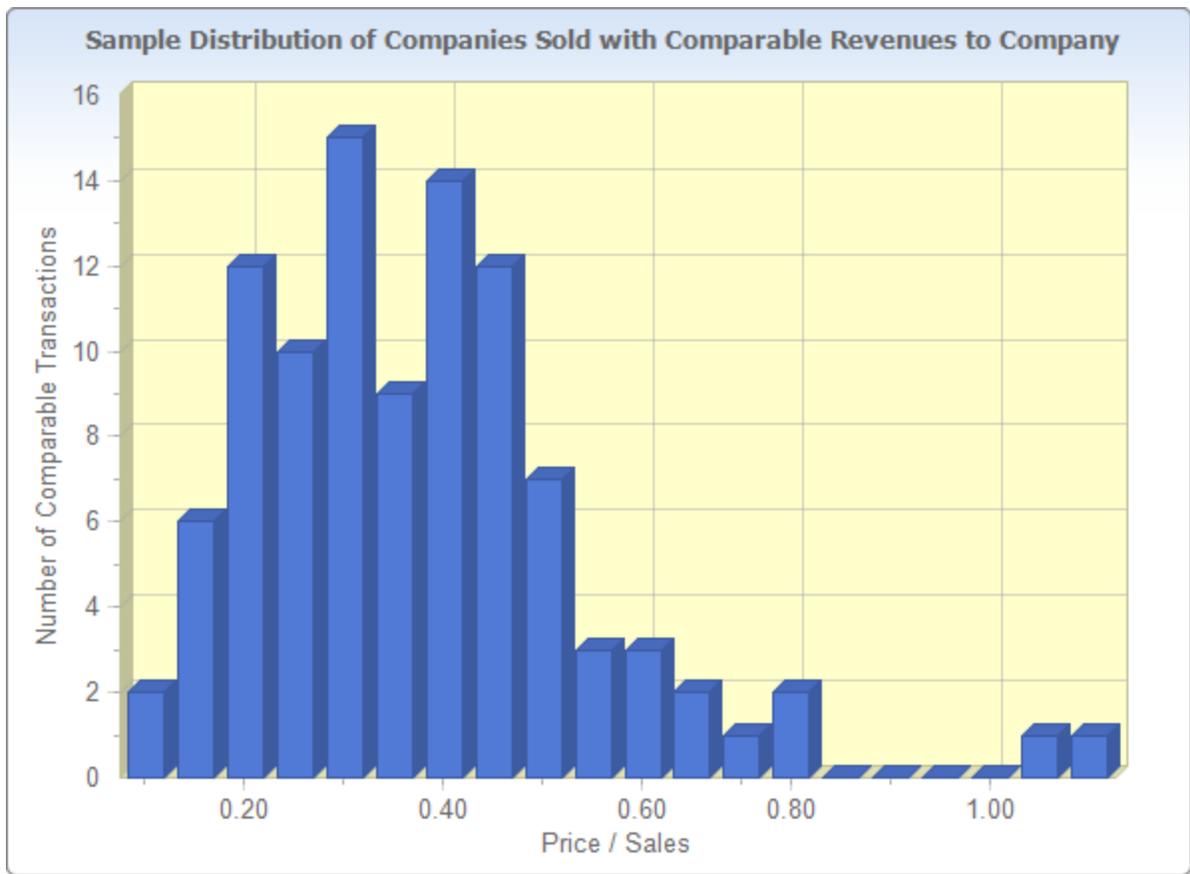
The following chart shows how the Price to Sales ratio correlates to price in the comparable transactions data.

**Key Business Message:** Comparing your company's ratios with those of other similar companies that have been sold provides another Market-based reference for the value of your company. This ratio analysis is useful as it helps accentuate the multiples of revenue that various companies sell for.



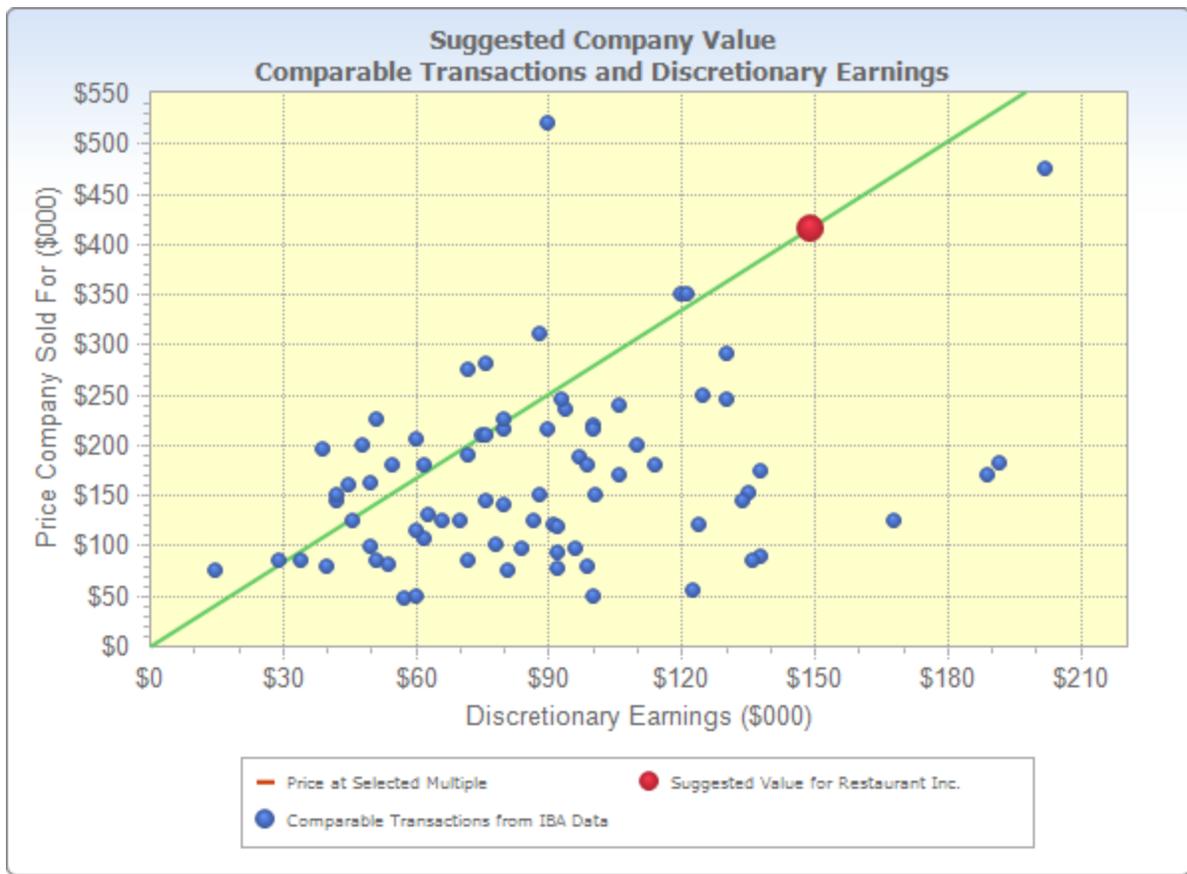
The following chart shows the distribution of transactions by the Price to Sales ratio.

**Key Business Message:** This chart provides a visual price reference for the number of similar companies in the database which have been priced in the market with comparable ratios. If the suggested price for your company is grouped near the majority of companies, business managers should evaluate how best to move the company into a higher valuation multiple.



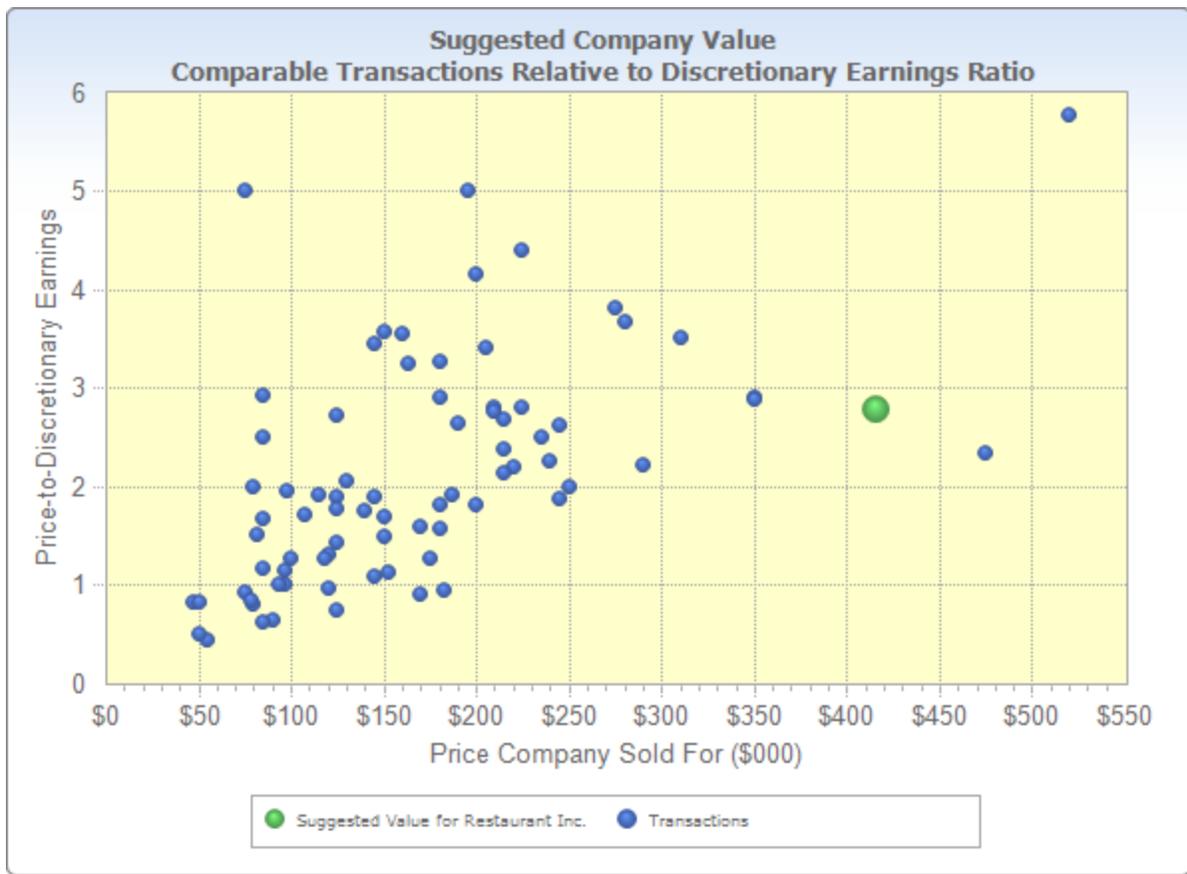
The following chart illustrates the comparable transactions value calculation using the Price to Discretionary Earnings ratio.

**Key Business Message:** Comparing your company's Discretionary Earnings with that of other companies that have been sold provides an additional Market-based reference for the value of your company. The greater the earnings power of your company, the more favorable the potential pricing of your company.



The following chart shows how the Price to Discretionary Earnings ratio correlates to price in the comparable transactions data.

**Key Business Message:** Comparing your company's Discretionary Earnings with those of other companies that have been sold in a ratio format provides an additional Market-based reference for the value of your company. The greater the earnings power of your company, the more favorable the comparison becomes.



The following chart shows the distribution of transactions by the Price to Discretionary Earnings ratio.

**Key Business Message:** This chart provides a visual price reference for the number of similar companies in the database which have been priced in the market with comparable ratios. If the suggested price for your company is grouped near the majority of companies, business managers should evaluate how best to move the company into a higher valuation multiple.



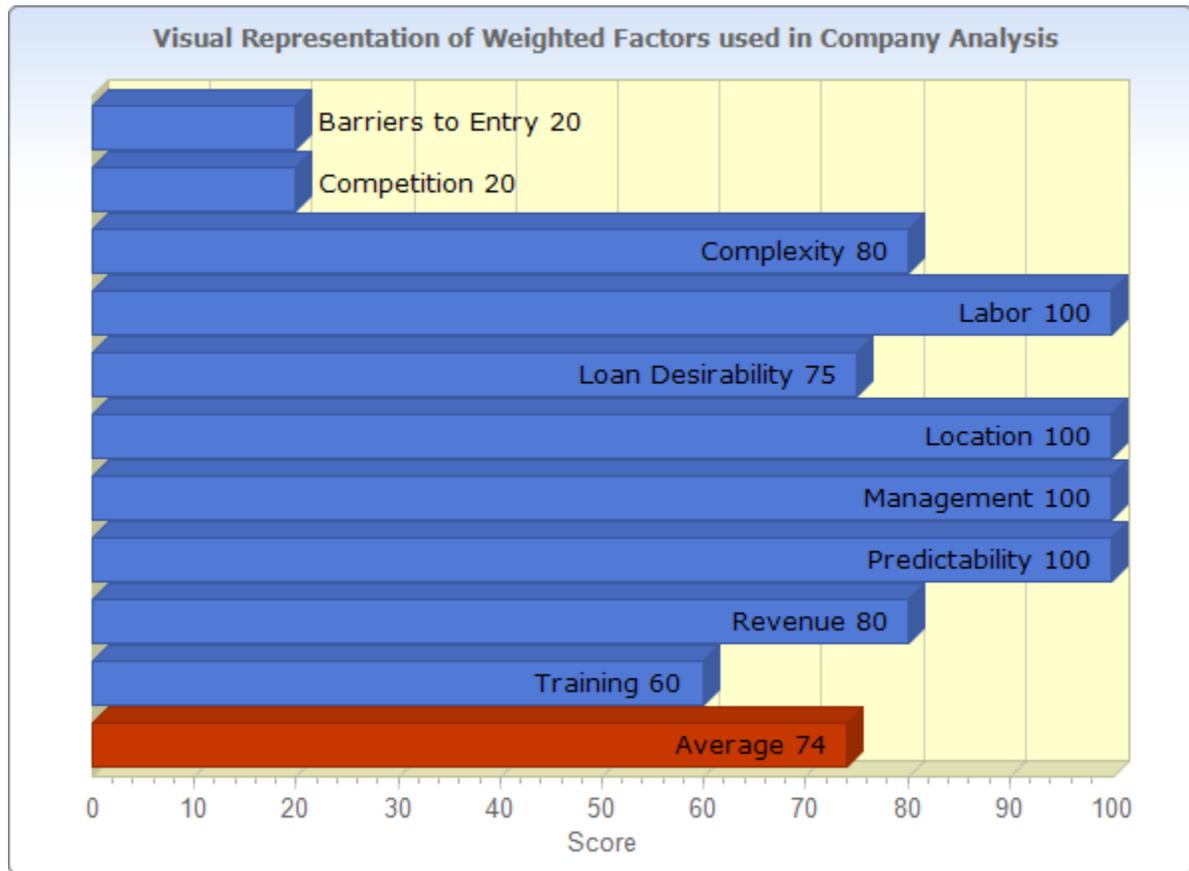
Since revenue numbers are generally more accurate and less volatile than earnings numbers and since discretionary earnings is highly dependent on how management chooses to spend money, the method takes a weighted average of the two ratios. The value calculated using the Price to Sales ratio is weighted at 65%, and value calculated using the Price to Discretionary Earnings ratio is weighted at 35%. Based on the comparable transactions method, the upper value is \$309,848 and lower value is \$253,512.

Furthermore, the comparable transactions schedule is as follows:

<b>Restaurant Inc.</b>			
<b>Comparable Transactions Method</b>			
	<b>Revenue</b>	<b>Discretionary Earnings (DE)</b>	<b>Weighted Value</b>
Base	\$487,234	\$149,000	
Multiple	0.43	2.79	
Indicated Value	\$209,511	\$415,710	
Weight	65%	35%	
Weighted Value	\$136,182	\$145,499	
Total Weighted Value			\$281,680
Comparable Transactions High			\$309,848
Comparable Transactions Low			\$253,512

## Weighted Factors Method

This method assumes that the business value is based on the highest potential value of assets plus the discretionary cash flow multiplied by a factor, which is based on the learning curve for this type of business. The current demand for this industry and business is also taken into account. The business value represents the maximum possible price a buyer would pay given a business at this scale of operation and profit level. Each factor adds or deducts from the target value to arrive at a suggested price. Each of the following factors has an effect on the final suggested price.



- **Barriers to Entry**  
Considers the barriers to entry for this kind of business. The harder it is to start from scratch, so to speak, the more desirable the company is.
- **Competition**  
Weights the possibility of a new owner going out of business because of a saturated market.
- **Complexity**  
Some businesses are complex and some are simple, even if they operate in the same industry. A company is more valuable to a buyer if the positioning of the company is simple. This is somewhat counterintuitive because it decreases the barrier to entry, but it is a distinctly different factor.

- **Labor**  
Weighs the stability of a company’s labor force and the changes which may reduce profits under a new owner.
- **Loan Desirability**  
Weighs this company’s ability, based on its own assets, to acquire funding from lenders.
- **Location**  
The location of a business is critical for success. Customers have to be able to get to the business relatively easy. For brick and mortar, is the location good? For other types of business, is this business easily accessible, for instance on the internet? This factor encompasses that assessment.
- **Management**  
Estimates the integrity of the current management system and how changes of ownership will impact the business.
- **Predictability**  
Reviews the company’s historical and current trends compared to the local and national economic trends.
- **Revenue**  
The past and present problems of collecting revenue will probably remain unchanged under new ownership.
- **Training**  
Weighs the difficulty in running the business. It answers the question how easy is it to transfer the knowledge to run the business to a new management team.

These elements are combined in a factor that is applied to cash flows and then added to assets. Based on the weighted factors method, the upper value is \$228,526 and lower value is \$152,351.

Furthermore, the weighted factors schedule is as follows:

<b>Restaurant Inc.</b>	
<b>Weighted Factors Method</b>	
Cash Flow Target	\$259,100
Barriers to Entry	20
Competition	20
Complexity	80
Labor	100
Loan Desirability	75
Location	100
Management	100
Predictability	100
Revenue	80
Training	60
Average	74
Weighted High	\$228,526
Weighted Low	\$152,351

## Conclusions

All of the formulas described above are calculated and reported in price ranges with a maximum and minimum level because the data used to calculate these values are based on estimates.

### Upper Range Pricing

The *upper range pricing* represents the seller's optimistic view of his business given current market constraints.

Upper: \$345,758

### Lower Range Pricing

The *lower range pricing* represents the buyer who is primarily concerned with financial rewards including return on investment and return on equity, and will buy a business based on conservative financial estimates.

Lower: \$197,303

### Suggested Price Range

The *suggested price range* is based on all of the evaluation methods. It is strongly based on the averages of the high and low values calculated by the various methods but occasionally differs for a variety of reasons. It suggests the price range at which, based on this analysis, the company could be valued.

### Suggested Price

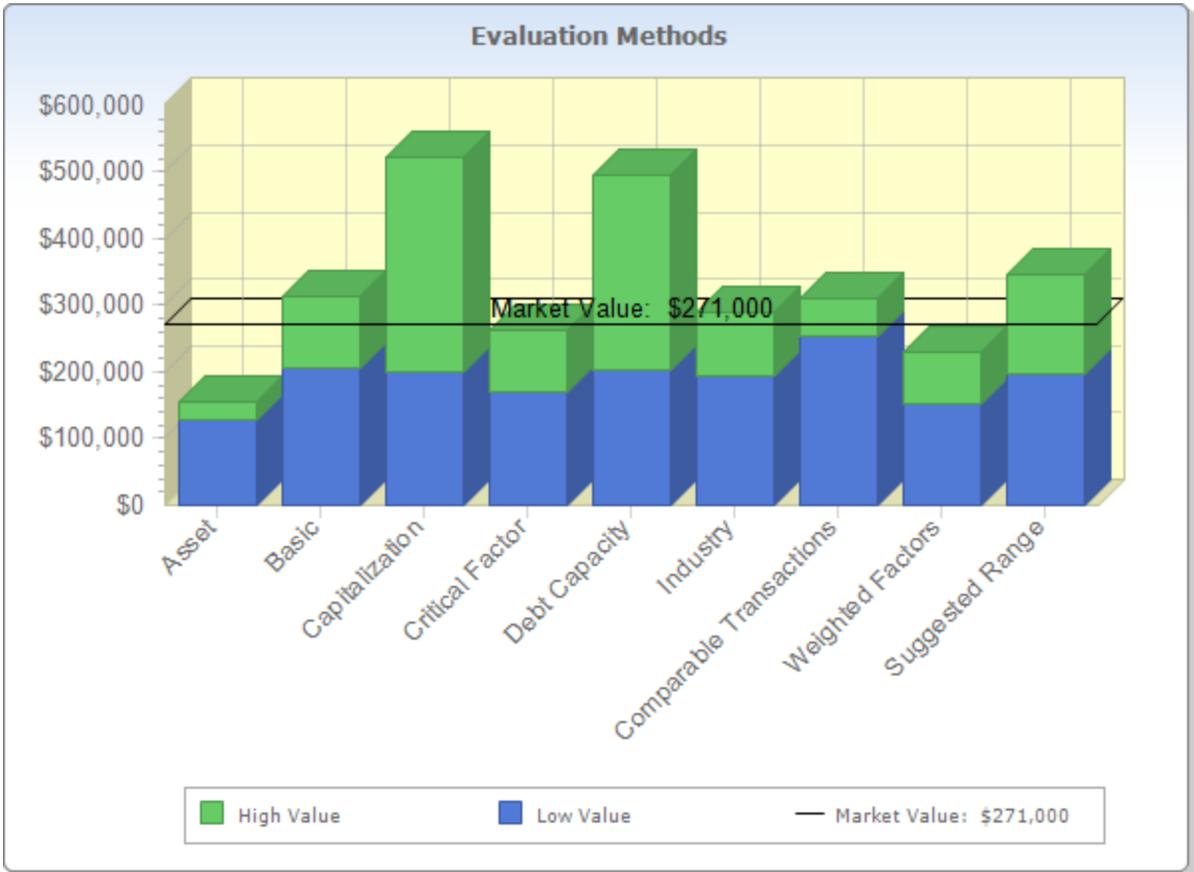
The methods used to value the business can affect the *suggested price*. The accuracy of data used in this report will also have a substantial affect on the suggested price. If the data is not accurate, the methodologies this report relies upon will generate a suggested total price range that is wide and often unrepresentative.

Suggested Price: \$271,530

## Summary of Evaluation Methods

The following table and chart summarize the results of the evaluation methods used in this report.

Restaurant Inc.		
Suggested Pricing		
Method	Upper Range Value	Lower Range Value
Asset Method	\$156,100	\$126,900
Basic Method	\$312,900	\$205,300
Capitalization	\$522,667	\$201,026
Critical Factor	\$261,479	\$171,561
Debt Capacity	\$494,385	\$202,476
Industry Method	\$290,500	\$194,894
Comparable Transactions	\$309,848	\$253,512
Weighted Factors	\$228,526	\$152,351
Suggested Range	\$345,758	\$197,303



# Justification for Purchase

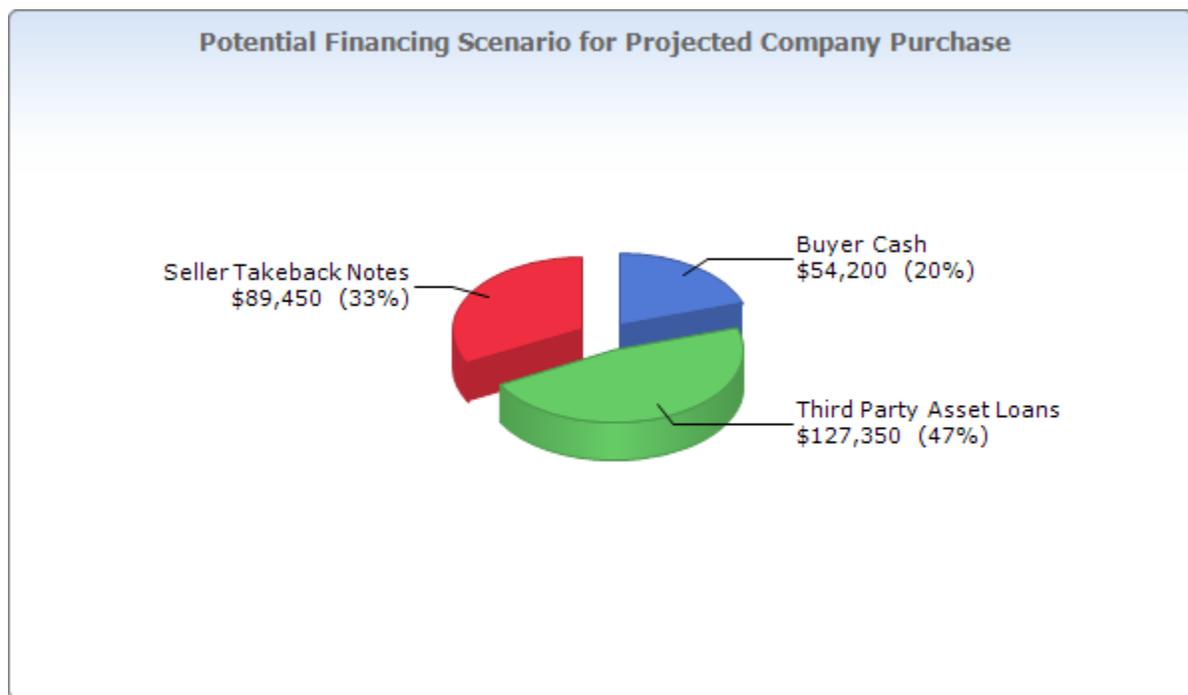
## Overview

The justification for purchase tests the reasonableness of the suggested price. A hypothetical purchase is modeled to see if the cash flow from the business will support the debt required to finance the purchase and provide a reasonable return on investment.

The estimated purchase price is \$271,000 and the down payment is 20.00%. The balance is paid through an asset loan and a seller take back loan. The asset loan is paid in equal monthly installments over a period of 10 years with a 9.00% annual interest rate. The seller take back loan is paid in equal monthly installments over a period of 5 years with a 10.00% annual interest rate. The derived cash flow will be available for capital additions and buyer's compensation.

The following two tables describe the assumptions used for a hypothetical purchase of this business:

Restaurant Inc.				
Potential Financing Scenario for Projected Company Purchase				
	Amount	Percent	Term in Years	Interest
Buyer Cash	\$54,200	20.00%		
3 <sup>rd</sup> Party Asset Loans	\$127,350	0.00%	10	9.00%
Seller Take back Notes	\$89,450	33.01%	5	10.00%
Total Financing	\$271,000	100.00%		
Total Purchase Price	\$271,000	100.00%		



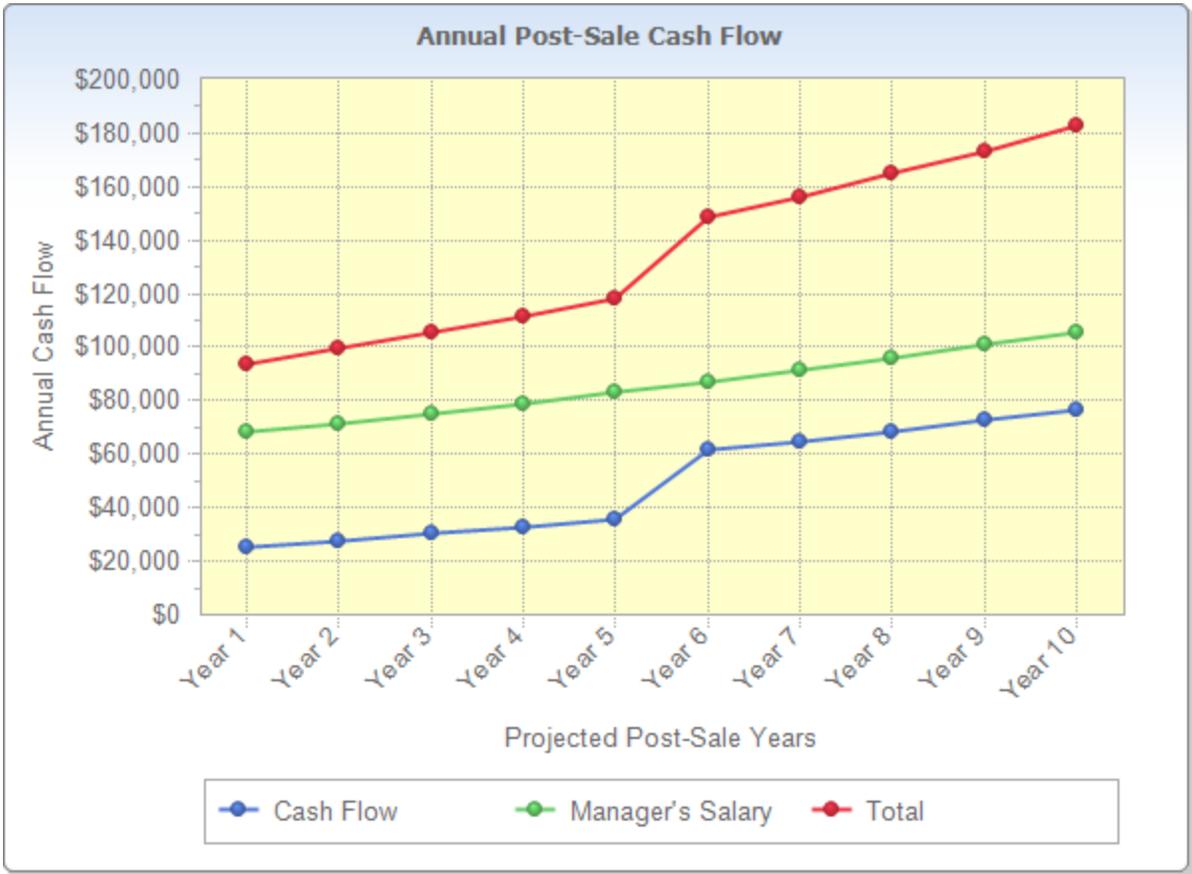
## Post-Sale Cash Flow

In the post-sale cash flow detailed in the table and charts below, the derived cash flow was developed from last year's actual cash flow less the principal and interest payments from the debt incurred to purchase the business. This cash flow will be the new buyer's discretionary cash flow before drawing any compensation. The table and charts break out manager's salary. If the buyer chooses not to hire managers, and manages the business himself, he can draw that cash flow as compensation.

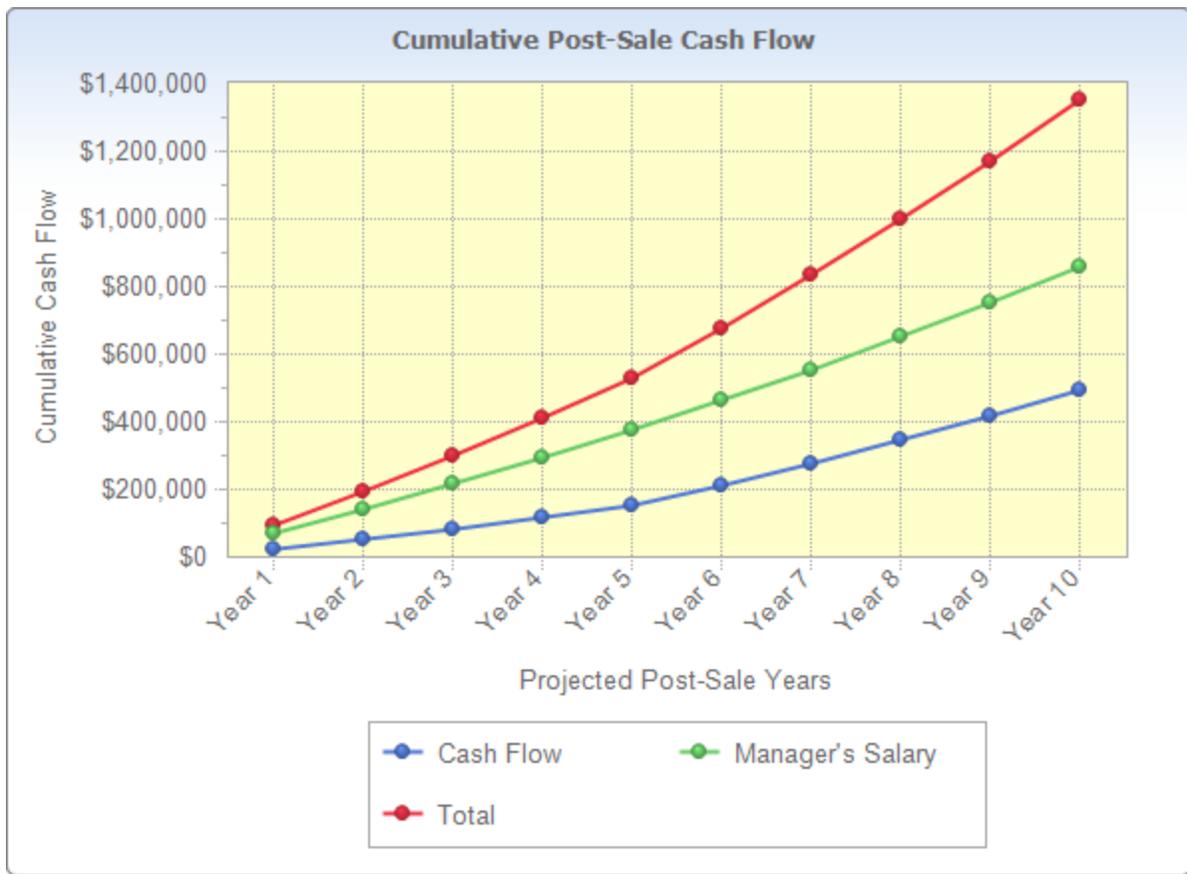
**Key Business Message:** The ability to sustain cash flow and repay debt is an important indication of the viability of a potential purchase scenario. The following charts and graphs indicate if such a prospective deal is feasible.

Restaurant Inc.	
Post-Sale Cash Flow Assumptions	
Pre-Tax Owner Discretionary Income	\$149,000
First Year Income Growth	5.00%
Annual Growth Thereafter	5.00%
Income Tax Rate	30.00%
Investment Hurdle Rate	22.00%

Restaurant Inc.						
Projected Annual Post-Sale Cash Flow						
Post-Sale Year #	Discretionary Earnings	Total Interest	Taxes	Total Principal	Manager's Salary	Cash Flow
1	\$156,450	\$19,419	\$20,634	\$22,746	\$68,250	\$25,401
2	\$164,273	\$17,127	\$22,645	\$25,038	\$71,663	\$27,800
3	\$172,486	\$14,604	\$24,791	\$27,562	\$75,246	\$30,284
4	\$181,110	\$11,825	\$27,083	\$30,340	\$79,008	\$32,854
5	\$190,166	\$8,765	\$29,533	\$33,400	\$82,958	\$35,509
6	\$199,674	\$6,471	\$31,829	\$12,887	\$87,106	\$61,380
7	\$209,658	\$5,262	\$33,880	\$14,096	\$91,462	\$64,958
8	\$220,141	\$3,940	\$36,050	\$15,419	\$96,035	\$68,698
9	\$231,148	\$2,494	\$38,345	\$16,865	\$100,836	\$72,608
10	\$242,705	\$912	\$40,775	\$18,447	\$105,878	\$76,694



<b>Restaurant Inc.</b>			
<b>Projected Cumulative Post-Sale Cash Flow</b>			
<b>Post-Sale Year #</b>	<b>Cash Flow</b>	<b>Manager's Salary</b>	<b>Total</b>
1	\$25,401	\$68,250	\$93,651
2	\$53,201	\$139,913	\$193,113
3	\$83,485	\$215,158	\$298,643
4	\$116,339	\$294,166	\$410,505
5	\$151,849	\$377,124	\$528,973
6	\$213,229	\$464,231	\$677,460
7	\$278,187	\$555,692	\$833,879
8	\$346,885	\$651,727	\$998,611
9	\$419,493	\$752,563	\$1,172,056
10	\$496,186	\$858,441	\$1,354,627



## Reasonability Analysis

The following analysis is based on the purchase terms described above. All of the calculations are based on after debt cash flows. If the purchase and growth assumptions are correct, the following analysis will provide a guideline to determine the reasonableness of the purchase price and terms.

Restaurant Inc.	
Projected Post Purchase Details	
First Year Return on Down Payment	46.87%
Months to Repay Down Payment	3 Years
Annual Return on Purchase Price	10.19%
Years to Pay Total Purchase	7 Years

Restaurant Inc.	
Projected Ratios	
Price to Earnings	1.82
Price to Earnings (After Management Comp.)	3.23
Price to Revenue	0.56
Price to Assets	1.92

<b>Restaurant Inc.</b>	
<b>Projected Investment Return Analysis</b>	
Internal Rate of Return (IRR)	57.91%
Investment Hurdle Rate Met?	Yes
Net Present Value	\$101,332
3 Year Return on Investment	154.03%

Based on commonly applied constructs for the financing of companies, the value for Restaurant Inc. as estimated in this report makes sense from a reasonability analysis perspective.

# Appendix A: Principles of Evaluation

## Overview

For the results produced by an evaluation method or technique to be considered significant, that method or technique must comply with, and be limited to, the following principles:

### Principle 1

**What a reasonable buyer will pay a reasonable seller.**

The term “reasonable” in this context is used in the economic sense. The buyer and seller are each assumed to be comparing alternative investments and when the economic incentive to purchase is equal to the economic incentive to sell, a deal is made.

### Principle 2

**For evaluation purposes, a business is defined as an organized method of producing revenues routinely over a period of time.**

The value of a business is divided into two (2) components:

- The asset value represents the value of machinery, equipment, buildings and land, usable stock and other legal rights.
- The business value or *goodwill value* of a business represents the premium value a buyer will pay the seller for organization and historically recorded cash flows.

Additionally, when comparing alternative investments, there is no economic incentive to invest capital in a business which has not or is realistically not capable of producing a net income in excess of the operator’s salary plus a reasonable return on investment.

### Principle 3

**Accuracy depends upon the standard use of terms, methods, and disclosure of information.**

This report is only as good as the data it is based upon. All information provided by the customer is taken at face value.

### Principle 4

**All estimated values are limited by time.**

Any sales price is subject to change as the market conditions change. Therefore, the suggested price is valid only for a short time relative to the size and scale of a given business, in a given industry, and in a given market. Documentation of the data used in this report will provide the basis for analyzing how this data will change over time.

# Appendix B: Market Value

## Overview

The single most important market factor to impact the value of a business is the supply and demand of an equally desirable substitute that is available in the marketplace. According to the principle of substitution, the value of a thing (business) tends to be determined by the cost of acquiring an equally desirable substitute. A buyer will pay no more for a business than the cost of purchasing a similar business. This concept is the basis of market value and is the overriding methodology in this evaluation report.

There are three approaches to determining the value of any asset:

1. The *cost approach*, which considers the cost of purchasing assets and resources that would mimic or reproduce the business.
2. The *market data approach*, which values the business based on current sales in the marketplace for the same or similar business. The principle of substitution is used in that the actual sale of a different business should approximate the value of this business if they are similar.
3. The *income approach*, which is a financial analysis consisting of capitalizing an income stream based on the cost of money and a risk rate that reflects current market conditions. This considers the time value of money and answers the question, how much should I pay today for receiving the cash this business generates in the future?

## Cost Approach

In considering the cost approach, it must be remembered that the cost of something does not necessarily determine its selling price. This is true in a rapidly changing market, which is highly affected by technological changes or variances in supply and demand. This is especially true if a company is very young and has not yet established enough of a track record to make a confident analysis of the future performance.

Also, in the case of a business, all serious practitioners of business valuation agree that book value is not necessarily an adequate proxy for representing the underlying net asset value of a business for valuation purposes, much less for representing the value of the business itself. However, book value is a figure that is available for almost all businesses. Furthermore, it is a value that different businesses have arrived at by some more or less common set of rules, usually some variation within the scope of generally accepted accounting principles (GAAP). Also, each asset or liability number that is a component of book value as shown in the financial statements represents a specific set of obligations that can be identified in detail by referring to the company's records, assuming that the bookkeeping is complete and accurate. Therefore, book value usually provides the most convenient starting point for an asset value approach to the valuation of a business interest.

The nature and extent of adjustments that should be made to book value for the business valuation depend on many factors. One, of course, is the purpose for the evaluation. Another, which is frequently a limiting factor, is the availability of reliable data on which to base the

adjustments both for the subject company and for other companies which might be compared in the course of the valuation.

One concept for fixed assets is *value in use*, the value of the operating assets to the owner/user, or buyer who will use it in a similar manner. Value in use is the value that includes consideration for the unique relationship of the item to a particular business such as the subject. There is a value for an item, which is already in place and is ready to use. The value might be the item's retail price, plus applicable taxes, freight, and installation charges. The summation of these costs, after proper deductions for depreciation and obsolescence, is the *value in use* of that item. This value may be different from its *market value* to a buyer who will not use the equipment at its present location. A definition for *value in use* is as follows:

The value of an economic good to its owner/user is based on the production (privacies in income; utility or amenity form) of the economic good to a specific individual. This is a subjective value, however, and may not necessarily represent the market value.

Therefore, a subjective estimate of the *value in use* of the subject's assets is based on past experience with assets of a similar nature.

## Market Data Approach

In other types of valuations, mainly real estate, the market data approach indisputably will always yield the most accurate results. It is a true representation of the current marketplace because it is what the market is paying for the same or similar asset. However, in the case of a business, using public or private comparable transactions price-to-earnings or income-to-sales ratios may be the least reliable for several reasons, among which are:

1. No two businesses are alike.
2. Business sales are not recorded and, therefore, information gathered is usually sketchy.
3. Accounting records are not necessarily standardized between the comparable companies. There is no standard definition of net profit or income, revenue, cost of sales, and many other financial statement items.
4. Some comparable transactions include assets that the subject business does not have and these assets are not valued separately, so proper adjustments cannot be made.

The market data approach can be very useful when analyzing data drawn from the market as to what types of return on investment (ROI) ratios are customary, or data based on Price-to-Earning ratios that buyers are willing to pay in order to purchase a certain type of business.

### Stock Price Data from Publicly Traded Companies

It can be argued that the use of stock prices of publicly-owned companies to estimate the market value of privately held companies is a source of comparable data. However, many business evaluators realize that to estimate the market value of a privately held business by using this data is seriously flawed in several respects:

- Publicly held companies, whose stock is listed on the major exchanges, are usually much larger than the closely-held businesses that are being appraised. This difference in size raises serious questions as to whether the two are, in fact, comparable.

- Prices of publicly traded stock reflect the sale of very fractional ownership interests. On the other hand, the evaluator's objective is usually to estimate the market value of a major ownership interest, frequently, one hundred percent ownership of the closely held business.
- Selecting appropriate publicly traded companies is tantamount to guess work, and, thus, cannot be relied upon.
- The price to earnings ratio represents the ratio of a current stock to an earnings-per-share figure that can be from a few weeks to several months old.

Probably the greatest fallacy of attempting to use publicly traded stock prices to estimate the value of a closely held business lies in the psychology of the investor. The potential buyer for a closely held business is almost always concerned with the anticipated performance of the business itself. Of course, it is sometimes argued that the trend of stock prices of a publicly held company is strongly influenced by the company's performance. However, it is demonstrable that, whereas this does tend to be true in the long run, there are many influences on stock that tend to be of short-term nature, and that strongly influence stock prices while bearing relatively little long-term relationship to the company's performance. Therefore, using the prices of publicly traded stocks is not recommended as a means of estimating the value of closely held businesses.

### **Comparable Transactions**

Still another source of market data is, of course, information on actual sales of companies, such as the subject, in the local community. It is unlikely, however, that there will be enough information available on sales similar to the subject to provide a statistically sound basis for estimating the business's market value. However, as mentioned above, when analysis based on research on potential buyers for this kind of investment is made, important insight into what a buyer is willing to pay for a particular business can assist the evaluator in determining an accurate opinion of value. This analysis must include such factors as industry risk, the local and national economy, competition, barriers to entry, and the future potential of Restaurant Inc.

This report may include information on similar business sales that might have a bearing on the calculation of value. However, it is very important to remember that it is a difficult task to quantify how similar or dissimilar are two businesses, and, therefore, using price to earnings ratios and price to revenue ratios from comparable transactions has a built in uncertainty.

### **Income Approach**

The income approach is especially meaningful if assets are used to produce income, such as in the valuation of a business. However, it still takes root from the market data approach because it is an analysis of what the current market is paying by determining a comparable return that can be capitalized into a comparable purchase price.

# Appendix C: Converting to an Equity Basis

## Purpose

The primary purpose of doing an asset evaluation is that, in most transfers of ownership, only the assets required to carry on the business are transferred. Basically, a sale of a small or closely held business is an asset transaction negotiated between the two parties, buyer and seller. However, there are cases in which the equity of a business must be valued rather than the assets themselves. A common example is when a non-controlling partner is being bought out of a business, or when a spouse must be compensated in a divorce.

## Principle

The business evaluation performed for this report is based on an asset valuation, which values only the assets needed to run the business, and ignores debt, real estate, and current assets. It is relatively simple to convert the results of an asset valuation to an equity basis. The results of this conversion would be the value of the “stock” of the company. A tax liability or asset may come with the transfer of stock. No guidance is offered here on how to value these items, other than the current market value should be used and not book value

## Example

Using the balance sheet and the asset value of the company, add the market value of any asset not included in the asset price and subtract the market value of any liability not included in the asset value. The resulting figure should be the equity value or the stock value. This explanation is simplistic in approach but it can get very complicated if there are many layers of debt and equity ownership.

As an example:

- The valuation comes to \$100.
- There is real estate valued at \$250 (an asset).
- There is a note with that real estate valued at \$125 (a liability).

Here's the math:

- Start with the valuation number of \$100.
- Add the real estate valued at \$250.
- Subtract the note of \$125.

The equity value should be \$225 ( $100+250-125$ ).

# Conversion Form

To convert the value calculated by this report, use the form below:

Asset to Equity Evaluation Conversion Form		
Description	Example	Your Numbers
Valuation Conclusion (A)	\$100	\$271,000
Add Assets		
Receivables	\$0	<input type="text"/>
Inventory	\$0	<input type="text"/>
Real Estate	\$250	<input type="text"/>
Other Assets	\$0	<input type="text"/>
Subtotal of Assets (B)	\$300	<input type="text"/>
Subtract Liabilities		
Accounts Payable	\$0	<input type="text"/>
Accrued Expenses	\$0	<input type="text"/>
Other Liabilities	\$0	<input type="text"/>
Notes Payable	\$125	<input type="text"/>
Subtotal of Liabilities (C)	\$125	<input type="text"/>
Total Equity Value (A+B-C)	\$225	<input type="text"/>

# Appendix D: IBA Market Data

## Overview

This evaluation report uses direct market comparables from the Institute of Business Appraisers (IBA), which contains over thirty thousand closely-held business sales. IBA market data contains both Price to Revenue (P/R) and Price to Discretionary Earnings (P/DE) ratios, one or both of which were used in the Comparable Transactions Method (see page 15) when determining the market value of Restaurant Inc..

## Appraisal Methodology and Value

To calculate a company's value using an IBA market data ratio, the appropriate base (revenues or discretionary earnings) is multiplied by the relevant ratio (P/R or P/DE). For example, an estimated value can be calculated by multiplying the company's sales by the P/R ratio.

For the results to be accurate, the base number from the subject company must be on the same basis as the data included in the IBA market data. The revenue figures included in the IBA market data are net gross revenues. The earnings numbers are re-cast net income before taxes, interest, and owners' compensation, called discretionary earnings (DE). The price is defined as total reported consideration excluding real estate.

The transaction information collected by the IBA is obtained from intermediaries, such as business brokers and accountants, who are involved with business sales. The IBA market data is widely used by business appraisers. Comparing the prices of businesses that are similar or comparable to the company being appraised makes intuitive sense. Relying on the principle of substitution, businesses that are similar to each other should be priced roughly the same.

## IBA Market Data Overview

### What Is IBA Market Data?

The IBA market data studies of small business sales were initiated in the late 1970s to investigate and report financial information about small business transactions in the marketplace. Historically, market data on small business transfers had been virtually nonexistent, leaving the investor or advisor to speculate about the market value of the enterprise. The IBA market data studies removes the marketplace uncertainty and provides the user with detailed, meaningful financial information about these "real world" transactions. Since its inception, IBA market data has accumulated and reported data on over thirty thousand transactions in the United States.

### About the Study

The objective of IBA market data is to accumulate reliable, comparable business sale information for entrepreneurs, investors and advisors trying to estimate the market value of small and medium sized businesses. Within this study, these businesses are generally defined as less than \$5 million in actual company value, and more realistically, as probably less than \$1 million in value.

## About the Study

The objective of IBA market data is to accumulate reliable, comparable business sale information for entrepreneurs, investors and advisors trying to estimate the market value of small and medium sized businesses. Within this study, these businesses are generally defined as less than \$5 million in actual company value, and more realistically, as probably less than \$1 million in value. Note that all included business were actually were sold. This fact may establish some financial parameters for “sale ability” by a business broker.

## Data Sources

The study collects and reports the most relevant financial information available on small business transactions in the United States. Because the information is not required to be publicly reported, IBA market data obtains its financial information from business brokers, accountants, and other transaction intermediaries. These financial consultants are considered to be reliable and disinterested and their valuable input provides the basis of the IBA market data study.

## Sales Basis

The IBA market data philosophy is to present as much information as possible so that the user can selectively analyze the data based on individual need.

**Please Note:** All sales are shown as asset transactions and do not include cash, accounts receivable, or accounts payable.

## Comparable Transactions Used in this Study

The transactions listed below were used in the IBA market data study for this evaluation report.

**Please Note:** All dollar amounts are in thousands. If an item is blank, it was not reported.

- **SIC**  
The Standard Industrial Classification (SIC) code indicates the business’s industry. For industry descriptions see:  
<http://www.osha.gov/pls/imis/sicsearch.html>
- **Business Description**  
A short description of the business.
- **Sales**  
Net gross revenues. Reported in thousands.
- **DE**  
Discretionary Earnings (DE) is defined as annual earnings before owners’ compensation expense, interest, and income taxes. Reported in thousands.
- **Price**  
Total consideration reported excluding real estate. Reported in thousands.
- **Price/Sales**  
Price divided by Sales. The resulting ratio can be used to value the subject business.
- **Price/DE**  
Price divided by Discretionary Earnings. The resulting ratio can be used to value the subject business.

▪ **State(s)**

Postal codes for the state or states where the business operates.

SIC	Business Description	Sales	DE	Price	Price/Sales	Price/DE	State(s)
5812	BBq caterer	\$478	\$202	\$475	0.99	2.35	AZ
5812	Franchise Sandwich Shop	\$478		\$175	0.37		FL
5812	Restaurants Office Bldg Restaurant	\$478		\$225	0.47		VA
5812	Dairy Queen	\$479	\$120	\$350	0.73	2.92	AZ
5812	Fast food	\$479	\$121	\$350	0.73	2.89	AZ
5812	Restr-Family	\$479	\$46	\$125	0.26	2.72	NM
5812	Restaurant-Thai	\$479	\$42	\$145	0.30	3.45	MA
5812	Restaurant-Italian	\$480	\$130	\$245	0.51	1.88	NY
5812	Restaurant, Chinese	\$480	\$60	\$205	0.43	3.42	CA, AZ, NV
5812	Sea food restaurant	\$480		\$320	0.67		CA
5812	Restaurant-Italian	\$480	\$130	\$290	0.60	2.23	NY
5812	Barbecue	\$480	\$135	\$153	0.32	1.13	TX
5812	PIZZA	\$480	\$62	\$107	0.22	1.73	CA
5812	Café	\$480	\$72	\$275	0.57	3.82	
5812	Pizza Parlor	\$480	\$72	\$85	0.18	1.18	
5812	Lunch	\$480	\$168	\$125	0.26	0.74	TX
5812	Restaurant	\$480	\$48	\$200	0.42	4.17	CA, AZ, NV
5812	Restaurant/lounge	\$480	\$42	\$150	0.31	3.57	
5812	Restaurant	\$480	\$66	\$125	0.26	1.89	CA
5812	Restaurant	\$480		\$110	0.23		CA, AZ, NV
5812	Restaurant, family	\$480	\$50	\$163	0.34	3.26	CA
5812	Restaurant Lounge	\$480		\$170	0.35		OR
5812	Restaurant	\$480	\$84	\$97	0.20	1.15	TN
5812	Restaurant	\$480	\$96	\$97	0.20	1.01	CA
5812	Restaurant w lounge	\$480		\$50	0.10		CA
5812	DQ Franchise	\$480	\$81	\$75	0.16	0.93	OH
5812	Restr-Italian	\$480		\$95	0.20		CA
5812	Food Business Retail Italian Deli/Grocery	\$480	\$34	\$85	0.18	2.50	FL
5812	Restaurants Italian Restaurant	\$480	\$92	\$93	0.19	1.01	FL
5812	food & drivethru	\$480		\$40	0.08		AZ
5812	Restaurants Sub Shop	\$480	\$50	\$98	0.20	1.96	FL
5812	Restaurants Pizza Shop	\$480		\$200	0.42		WV
5812	Restaurants Pizza Shop	\$480		\$120	0.25		GA
5812	Restaurants Fast Food Mall	\$481	\$57	\$48	0.10	0.83	FL
5812	Restaurants American Restaurant	\$481	\$94	\$235	0.49	2.50	FL
5812	Bagel Franchise	\$482	\$51	\$225	0.47	4.41	MO
5812	Restr-Dinnerhouse	\$482	\$29	\$85	0.18	2.93	CA
5812	Restaurant	\$483	\$138	\$90	0.19	0.65	FL
5812	Restaurant	\$483		\$80	0.17		
5812	Restr Family	\$483	\$40	\$80	0.17	2.00	TN
5812	Restaurants Family Style	\$484	\$124	\$120	0.25	0.97	FL
5812	Italian	\$485	\$138	\$175	0.36	1.27	AZ
5812	Restaurants Bagel Restaurant	\$485	\$80	\$215	0.44	2.69	FL

<b>SIC</b>	<b>Business Description</b>	<b>Sales</b>	<b>DE</b>	<b>Price</b>	<b>Price/Sales</b>	<b>Price/DE</b>	<b>State(s)</b>
5812	Deli	\$485	\$55	\$180	0.37	3.27	CA
5812	Restaurants Mexican Restaurant	\$485	\$100	\$150	0.31	1.49	FL
5812	Restaurants Breakfast Lunch	\$486	\$75	\$210	0.43	2.80	MI
5812	Restaurants Fast Food Franchise	\$486	\$93	\$245	0.50	2.63	FL
5812	Restaurants American Restaurant	\$486	\$97	\$187	0.38	1.93	FL
5812	Fast Food Franchise	\$487	\$91	\$120	0.25	1.32	GA
5812	Restaurants Fast Food Franchise	\$487		\$120	0.25		GA
5812	Café	\$488	\$125	\$250	0.51	2.00	AZ
5812	Restaurants Fast Food Franchise	\$488		\$210	0.43		VA
5812	Restaurants Fast Food Franchise	\$488	\$76	\$210	0.43	2.76	FL
5812	Restaurants Pizza Shop	\$488		\$15	0.03		FL
5812	Fast Food Franchise	\$489	\$76	\$145	0.30	1.91	AZ
5812	Food Business Retail Deli/Catering	\$489	\$114	\$180	0.37	1.58	FL
5812	Carry out	\$489		\$135	0.28		
5812	Restaurants Fast Food Franchise	\$489	\$87	\$125	0.26	1.44	FL
5812	Restaurants Pizza Shop	\$490		\$215	0.44		OH
5812	Pizza Shop	\$490	\$90	\$215	0.44	2.39	FL
5812	Restaurants American Restaurant	\$490	\$51	\$85	0.17	1.67	FL
5812	Restaurant	\$490		\$190	0.39		
5812	Deli-Sandwiches & Coffee	\$491	\$92	\$118	0.24	1.28	CO
5812	Restaurant/banquet	\$491	\$88	\$150	0.31	1.70	
5812	Pizza	\$492	\$76	\$280	0.57	3.68	CA, AZ, NV
5812	Restaurants Seafood Restaurant	\$492	\$90	\$520	1.06	5.78	FL
5812	Restaurant	\$495	\$39	\$195	0.39	5.00	MD
5812	Restaurants Sub Shop	\$496	\$88	\$310	0.63	3.52	FL
5812	Restaurants Deli Restaurant	\$496	\$106	\$240	0.48	2.27	FL
5812	Restaurants Take Out Only	\$497		\$275	0.55		GA
5812	Restaurants Deli Restaurant	\$497	\$134	\$145	0.29	1.08	FL
5812	Restr Gourmet	\$497	\$54	\$82	0.16	1.52	MA
5812	Breakfast Lunch	\$498	\$99	\$180	0.36	1.82	
5812	Restaurant	\$498	\$78	\$100	0.20	1.28	TX
5812	Restaurants Italian Restaurant	\$498	\$106	\$170	0.34	1.60	FL
5812	Restaurants Bagel Restaurant	\$498	\$123	\$55	0.11	0.45	FL
5812	Barbecue Restaurant	\$499	\$99	\$80	0.16	0.81	
5812	Restaurant	\$499	\$62	\$180	0.36	2.90	
5812	Chinese Restaurant	\$500	\$80	\$140	0.28	1.75	
5812	Sandwich	\$500	\$70	\$125	0.25	1.79	
5812	Italian Restaurant	\$500	\$92	\$78	0.16	0.85	
5812	Italian Restaurant	\$500	\$100	\$50	0.10	0.50	
5812	Italian Restaurant	\$500	\$136	\$85	0.17	0.63	
5812	Seafood Restaurant	\$500	\$189	\$170	0.34	0.90	
5812	Fast Food-Hamburgers	\$500	\$100	\$220	0.44	2.20	TX
5812	Restr-Family	\$500	\$15	\$75	0.15	5.00	FL
5812	Pizza	\$500	\$45	\$160	0.32	3.56	NY
5812	Fast food, Japanese	\$500	\$110	\$200	0.40	1.82	WA
5812	Restr-Mexican	\$500	\$72	\$190	0.38	2.64	CA

<b>SIC</b>	<b>Business Description</b>	<b>Sales</b>	<b>DE</b>	<b>Price</b>	<b>Price/Sales</b>	<b>Price/DE</b>	<b>State(s)</b>
5812	Fast food	\$500	\$80	\$225	0.45	2.81	TX
5812	Restaurant	\$500		\$30	0.06		
5812	Restaur/office bldg	\$500	\$100	\$215	0.43	2.15	FL
5812	Deli	\$500	\$60	\$50	0.10	0.83	FL
5812	Restr-Family	\$500	\$60	\$115	0.23	1.92	LA
5812	C21 Restaurant	\$500	\$63	\$130	0.26	2.06	TX
5812	Restaurant, family	\$500		\$138	0.28		IL
5812	Restaurants American Restaurant	\$500	\$192	\$183	0.37	0.95	FL
5812	Restaurants Brew/Pub	\$500		\$225	0.45		GA
5812	Restaurants Specialty Restaurant	\$500		\$146	0.29		GA
5812	Restaurants Bagel Restaurant	\$500		\$120	0.24		GA