



## Creating and Updating the ARMOR ESS Value Percentage Document

For: FP, Paraplanner

### Creating an ARMOR ESS Value Percentage Document

- Once the client's Val Report is saved, go to the Paraplanner folder in EFA Technical Delivery, and copy the "ARMOR ESS Value Percentage" document over to the client's folder. Copy it to one of the three folders below:
  - For a new client, copy to the "Business Data" subfolder located in the "Road Map Data Gathering Info".
  - For an existing client with a standalone Max Value Plan, copy to the "Practice MVP" folder.
  - For an updated appraisal, copy to the "Updated Valuation" subfolder in the current year ARMOR folder.
- Rename the document to *Client Last Name ARMOR ESS Value Percentage Month Year*.
- Where it says *Client*, change it to the client's last name.
- For the SDE number and this year's original number open the Val Report, and go to the second to last page. Use the number in bold on the bottom page as shown below:

| Fair Market Valuation after Adjustments<br>Industry Accepted Values |             | Premium<br>Discounts |      | Adjusted<br>Value |
|---------------------------------------------------------------------|-------------|----------------------|------|-------------------|
| Target Company: Annual Sales                                        | \$1,095,000 | x                    | 0    | Equal \$1,095,000 |
| Last Year's SDE                                                     | \$665,088   | x                    | 1.08 | Equal \$718,295   |
| Avg. Last Three Year's SDE                                          | \$411,857   | x                    | 1.08 | Equal \$450,000   |
| Last Year's EBITDA                                                  | \$314,625   | x                    | 1.08 | Equal \$339,795   |
| Avg. Last Three Year's EBITDA                                       | \$67,000    | x                    | 1.08 | Equal \$67,000    |

**Three Year's Average SDE Calculation with the Value of \$450,000** ←

**Will be used to complete the ESS Summary report.**

- For the revenue, go to the "Adjusted P&L Statements" section on the Val Report and go to the most recent year. Use the Revenue number listed as shown below:

John Doe Animal Hospital  
 ADJUSTED P&L STATEMENTS

|                    |   |         |  |
|--------------------|---|---------|--|
| REVENUE            | → | 1200000 |  |
| COST OF GOODS SOLD |   | 0       |  |
| GROSS INCOME       |   | 1200000 |  |

6. For the valuation percentage, take the SDE and divide it by the Revenue. Round to the third decimal.
7. Save the document. When you are finished the document should look like the picture below:

Doe ARMOR ESS Summary

ESS Summary current valuation percentage **0.375** formula: *SDE/Revenue* \$450,000/\$1,200,000 (2021)

2022 original: **\$450,000**

2023 = 2022 rev of \$\_\_\_\_\_ \* 0.000 =

2024 = 2023 rev of \$\_\_\_\_\_ \* 0.000 =

2025 = Get updated report from D. Bandars

## Updating an ARMOR ESS Value Percentage Document

1. Go to the client’s folder. In the search bar on the top right type “ARMOR ESS Value Percentage”. Open the document that shows up. If there is more than one document, open the most recently modified document.
2. Ensure the document is formatted correctly. It should have the same format as the picture above. If not, format the document so it looks identical to the photo above.
3. Once the document is formatted correctly, update the report for this year. Based on the year do one of the two options below:
  - If you are on the year where it says “Get updated report from D. Bandars” you need to wait until we get an updated appraisal. This will happen after the AR1 and the FPA gives the business information to Dave Bandars. Once we get a new appraisal you will need to make a brand new ARMOR ESS Value Percentage document. Follow the steps on the first page to make a new document.
  - If you are on a year before an updated appraisal is needed. Open their most recent business return (1040 Schedule C / 1120S) or their most recent P&L and multiply their gross income by their ESS value percentage. The sentence should be written out like the picture below:
4. Save the document. When you are finished the document should look like the picture below:

Doe ARMOR ESS Summary

ESS Summary current valuation percentage **0.375** formula: *SDE/Revenue* \$450,000/\$1,200,000 (2021)

2022 original: **\$450,000**

2023 = 2022 rev of \$1,350,000 \* 0.375 = \$506,250

2024 = 2023 rev of \$\_\_\_\_\_ \* 0.000 =

2025 = Get updated report from D. Bandars

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