

DISCOVERY: FIRM FINANCIALS PROFILE

As we work on building knowledge of your firm we need to obtain certain law firm financial information and reports for review and to work towards building our analysis for valuation, pricing strategy, payment structures, transition elements and maintaining overall firm health and success through a sale to a new owner.

Financial Reports. Please upload or provide us with the following Financial Reports:

- Past 3 years of Tax Returns for your law firm (5 years if volatile revenues or profits)
- Past 3 years of completed Profit & Loss Statements for your law firm (5 years if volatile revenues or profits)
- Current year-to-date Profit & Loss Statement
- Current year-to-date Balance Sheet
If you track or can estimate Accounts Receivable please upload report or current value: _____
- Prior year and current year-to-date Payroll Summary Report by Employee

Earnings Adjustments. As part of our analysis we will need to examine what expenses paid by the law firm are specific to you the owner(s). These expenses will be added back to net income to provide new ownership a clearer picture of the true cash flow available to them if they purchase the firm.

- Please complete the **Analysis of Add-Backs** and upload or return to us for current and prior two years

Clients. Please upload reports or provide us with the following information regarding new prospect leads, clients and cases:

- Do you track or know how many new prospects your firm receives per month? Yes No
If Yes, please provide: _____
- Do you track or know the conversion rate of prospects to clients? Yes No
If Yes, please provide: _____
- Do you track or know how many active clients/cases the firm has at any given time? Yes No
If Yes, please provide active clients/cases currently: _____

If Yes, please provide average active clients/cases per year: _____
- Do you track or know how many clients are repeat clients or re-occurring legal work? Yes No
If Yes, please provide percentage of repeat clients out of total clients per year: _____
If Yes, please provide percentage of repeat clients revenue per year: _____

Revenues. Please upload reports or provide us with the following information regarding revenues for the firm:

- Do you track or know Revenues by practice area type for the firm? Yes No
If Yes, please provide for current year and prior two years: _____



- Do you track or know Revenues by referral source? Yes No
If Yes, please provide for current year and prior two years: _____
- Do you track or know Revenues originated by other attorneys in the firm? Yes No
If Yes, please provide for current year and prior two years: _____
- Do you track or know Revenues produced by others in the firm? Yes No
If Yes, please provide revenues/billables by employee for current and prior two years: _____

Your Role(s): Please provide us with the following information about you, your role and responsibilities with the firm:

- How many hours do you as owner(s) work per week? _____
- Where do you spend your time?
- Is there any legal or related work that is not transferable to a new owner (expert witness, executor/trustee, etc)? Yes No
If Yes, please describe: _____
- Is there any work you do that another member of your staff cannot currently do? Yes No
If Yes, please describe: _____

The Firm: Please provide the following information about the firm and the physical office(s):

- Does the firm pay for malpractice, health insurance, dues, CLE for other attorneys? Yes No
- Do you own or rent the office(s)? Own Rent
If rent, please provide the following:
Rental Rate: _____
 - Is this market rate? Yes No
 Lease Expiration Date: _____
 If own, do you pay rent? Yes No
 If yes, what is market rate? _____
- Is your office space suitable? Yes No
If No, please describe: _____
If Yes, is there room for expansion? Yes No
- Does the firm own or lease its equipment (phones, copier, etc)? Own Lease
If own, please provide details: _____
If lease, please provide terms of lease(s): _____

For Litigation Firms or Practice Areas: Please upload or provide us with the following:

- Last year total number of active cases: _____
- Current number of ongoing or active cases: _____
- Estimate of legal fees from current active cases: _____



- Breakdown on average case type: : _____
- Billing Rates/Pay Schedules by case type: : _____
- Average fee collection by case type: : _____

For Transactional Firms or Practice Areas: Please provide the following:

- Do you experience any seasonality or cyclicity? Yes No
If yes, please explain: _____
- If new matters stopped coming in how long would it take for work to be completed? _____
- Are there any clients that represent a larger than normal percentage of revenue year to year?

Revenues by Larger Client (> 10% of Total Revenues)	
\$	Client Name: _____
\$	Client Name: _____
\$	Client Name: _____

- What are the firm's billing rates, fixed fees or pay schedules? _____

Sale Terms: Please let us know if any of the following apply:

- Do you require a certain amount or % of purchase price as down payment? Yes No
If Yes, what amount? _____
- Are you willing to consider seller financing a portion of the purchase price? Yes No
If Yes, what amount? _____
- Are you willing to consider a performance based payment structure ("earnout") for a portion of the purchase price? Yes No
If Yes, what amount? _____
- Do you have any financial or other sale needs (ex. must also purchase the building, must continue insurance, etc.?) Yes No
If Yes, please describe: _____

