

Galligan Holdings, LLC

# VALUATION & RISK INSIGHTS \* REPORT

Discovering the fair market value of Controlling, Non-Marketable  
Ownership of All Assets of **Galligan Holdings, LLC**

Report date: May 21, 2025

Valuation date: February 28, 2025

PREPARED BY **Value Buddy**

# EXECUTIVE SUMMARY

Prepared for  
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Underwriter  
First Internet Bank of Indiana  
8701 E 116th Street  
Fishers, IN 46038

U.S. Small Business Administration  
409 3rd St, SW  
Washington, DC 20416

## Subject interest: Valuation of All Assets of Galligan Holdings, LLC

Dear First Internet Bank of Indiana and U.S. Small Business Administration,

Upon your request, we have conducted a valuation engagement, as defined by the Professional Standards of the National Association of Certified Valuers and Analysts (NACVA), for a purchase of all assets of Galligan Holdings, LLC (herein referred to as "Galligan Holdings" or the "Company") as of February 28, 2025. This valuation is based on a controlling, non-marketable basis.

The purpose of this report is to determine the fair market value of all assets of the Company for SBA 7a lending analysis and determination of fair market value. The use of this report is restricted to First Internet Bank of Indiana and the U.S. SBA. Value Buddy has no duty or obligations to any other party. Therefore, unauthorized possession, use, or modification of this report by any other parties is strictly prohibited.

We conducted our analysis with restrictions and limitations on the scope of our work based on available data. Based on our assessment detailed in this summary report, the estimated rounded fair market value of all assets of Galligan Holdings as of February 28, 2025, on a controlling, non-marketable basis, is **\$945,000**.

# EXECUTIVE SUMMARY

## Fair Market Value Allocation (100% subject interest)

<b>Fair Market Value</b>	<b>\$ 945,000</b>
<i>Adj. Book Value of Liabilities Assumed</i>	<i>\$ -</i>
<b>Enterprise Value</b>	<b>\$ 945,000</b>
<i>Fixed Tangible Assets</i>	<i>\$ -</i>
<i>Other Tangible Assets</i>	<i>\$ -</i>
<b>Tangible Assets Assumed</b>	<b>\$ -</b>
<b>Goodwill</b>	<b>\$ 945,000</b>

## Key Metrics (all assets of Galligan Holdings)



\$945,000

**Concluded value**



Asset purchase

**Purchase type**



\$0

**Fixed assets**



\$0

**Other tangible assets**



\$945,000

**Goodwill**



\$161,594

**Free cash flow**

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# INTRODUCTION

## Standard of Value

For income tax purposes, the appropriate standard of value is fair market value ("FMV"), which is defined by IRS Ruling 59-60 as: *"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."*

## Premise of Value

The premise of value, such as going concern, determines the transaction circumstances. The Company is valued as an ongoing business.

## Engagement Scope

In the course of conducting the valuation for the Company, if applicable, we took into account distinctions between the Company's preferred and common shares. This analysis encompassed factors such as liquidation preferences and conversion rights. Additionally, we carefully considered necessary adjustments to account for the lack of marketability associated with the Subject Interest. No site visits were conducted to inform the analysis of this appraisal.

## Sources of information

- ☐ Prior 3 Years of Federal Tax Returns
- ☐ Interim income statement and balance sheet as of February 28, 2025
- ☐ Questionnaire completed by the borrower
- ☐ Letter of intent
- ☐ BVR DealStats and Economic Outlook Update
- ☐ 2024 IFA Franchising Economic Outlook



# APPRAISER OVERVIEW



Prepared by

**TIM  
GBUR, CVA**

As the Director of Valuations at Value Buddy, Inc., Tim Gbur leverages a wealth of experience in the field of financial analysis and business valuations. Tim has specialized in SBA business valuations for nearly a decade and is recognized for his in-depth knowledge and insights in the small business valuation field.



## Professional Overview:

- Value Buddy - Director of Valuations, leads Value Buddy's practice dedicated to preparing detailed business valuations for SBA lending
- Withum - Senior Associate, trusted expert in matters of SBA, gift tax, and estate planning business valuations
- Reliant Business Valuation - Senior Analyst, prepared hundreds of business valuations for the largest SBA lenders

Report prepared by

Tim Gbur

On behalf of

**Value Buddy**

Qualification

Certified Valuation Analyst (CVA)

# GALLIGAN HOLDINGS

## Company Background

Galligan Holdings is registered as a S-corp. Galligan Holdings, LLC, known as Galligan Holdings, was incorporated in 2016, making it a 9-year-old company. Located in Columbus, OH, it operates as an S-corp. Galligan Holdings offers three main packages: Cover My Basics, I Need More Help, and Help Me GROW, catering to a diverse clientele across the United States, with a focus on Ohio. Its customer base includes healthcare, service, retail, e-commerce, construction, real estate, non-profit organizations, and private individuals, primarily targeting small to medium-sized enterprises in various industries. The company specializes in bookkeeping, financial management, and advisory services.

## Services / Product Offerings:

Galligan Holdings, LLC offers three comprehensive packages tailored to meet varying financial needs. The "Cover My Basics" package, starting at \$500/month, includes onboarding strategy sessions, Quickbooks Online, monthly financial reporting, and tax planning services. The "I Need More Help" package, starting at \$1,000/month, builds on the basics with sales tax, business tax filings, payroll management, and dedicated support. The most advanced offering, "Help Me GROW," starting at \$1,500/month, encompasses everything in the Intermediate package along with business driver tracking, budgeting, and cash flow optimization services. Clients benefit from a range of financial management solutions designed to support their growth and success.

# GALLIGAN HOLDINGS

## Clientele

Galligan Holdings, LLC provides bookkeeping, financial management, and advisory services to clients located primarily in the United States, with a concentration in Ohio. The company's client base includes businesses operating in sectors such as healthcare, professional services, retail, e-commerce, construction, real estate, and non-profit organizations, as well as individual clients.

Most business clients fall within the small to medium-sized enterprise (SME) category, generally reporting annual revenues between \$500,000 and \$15 million and employing between 1 and 100 people.

The customer base is distributed across various industries and revenue bands, with no single client accounting for more than 10% of total revenue. The top five clients collectively contribute under 30% of total revenues. This indicates a relatively low level of client concentration. The company's revenue is generated through recurring service packages tailored to different levels of client needs.



# GALLIGAN HOLDINGS

## Current Ownership and Acquisition Stake

The acquisition involves purchasing 100% of the assets of Galligan Holdings, LLC. The Company is currently owned 100% by Michelle Galligan. This transaction represents a full buyout of the business, with the acquirer gaining complete ownership and control over all assets and operations of the company.

## Geographic Analysis

The company is based in Columbus, Ohio, a vibrant city known for its diverse economy and growing population. As the state capital and the largest city in Ohio, Columbus boasts a population of approximately 900,000 residents, with a metropolitan area that exceeds 2 million people. The city is characterized by a young, educated workforce, thanks in part to the presence of The Ohio State University, which contributes to a steady influx of talent and innovation. Columbus is a hub for various industries, including finance, healthcare, education, and technology, making it an attractive location for business operations. The city's strategic location within the Midwest provides easy access to major markets, enhancing its appeal for logistics and distribution. Additionally, Columbus is recognized for its cultural diversity and vibrant arts scene, which contribute to a high quality of life and a dynamic consumer base. These factors make Columbus a compelling location for business growth and investment.

# INCOME STATEMENT

## Galligan Holdings Interim Income Statement

	Interim Financials	2025F
Net Sales	\$182,453	\$1,020,000
Gross Profit	\$83,759	\$1,020,000
Net Income	-\$13,460	\$8,093
EBIT	-\$10,090	\$23,336
EBITDA	-\$6,269	\$41,092

**Interim period:** January 1, 2025 - February 28, 2025

**Annualized interim:** interim financials are created by dividing each interim financial metric by the portion of the year represented by the interim period (*e.g., if interim financials are as of 7/1/2024, this would represent 50% of the year, so interim financials would be annualized by dividing each financial metric by 0.5*). Calculations are based on number of days in the year and number of days in the interim period.

The interim period of January 1, 2025 - February 28, 2025 represents 16% of 2025, so the interim financials must be divided by 16% to arrive at the annualized interim financials.

# INCOME STATEMENT

## Galligan Holdings Income Statements

	2022	2023	2024	2025F
<b>Gross Sales</b>	<b>\$ 945,693</b>	<b>\$ 1,312,623</b>	<b>\$ 1,316,988</b>	<b>\$ 1,020,000</b>
Returns and Allowances	\$ -	\$ -	\$ -	\$ -
<b>Net Sales</b>	<b>\$ 945,693</b>	<b>\$ 1,312,623</b>	<b>\$ 1,316,988</b>	<b>\$ 1,020,000</b>
Cost of Goods Sold	\$ -	\$ -	\$ -	\$ -
<b>Gross Profit</b>	<b>\$ 945,693</b>	<b>\$ 1,312,623</b>	<b>\$ 1,316,988</b>	<b>\$ 1,020,000</b>
Other Income	\$ 24	\$ 3	\$ -	\$ -
<b>Total Income</b>	<b>\$ 945,717</b>	<b>\$ 1,312,626</b>	<b>\$ 1,316,988</b>	<b>\$ 1,020,000</b>
Officer Comp.	\$ 91,553	\$ 60,000	\$ 90,461	\$ 70,062
Salary and Wage	\$ 544,836	\$ 638,228	\$ 412,601	\$ 319,557
Repairs and Maintenance	\$ -	\$ -	\$ -	\$ -
Bad Debt	\$ -	\$ -	\$ -	\$ -
Rent*	\$ 1,780	\$ 828	\$ 840	\$ 651
Taxes and Licenses	\$ 29,020	\$ 50,991	\$ 46,159	\$ 35,750
Interest	\$ 28,728	\$ 25,443	\$ 19,681	\$ 15,243
D&A	\$ 22,926	\$ 22,926	\$ 22,927	\$ 17,757
Advertising	\$ 73,239	\$ 60,401	\$ 150	\$ 116
Pension, Profit-Sharing, etc.	\$ 11,117	\$ 26,572	\$ 20,604	\$ 15,958
Employee Benefits	\$ 37,769	\$ 24,836	\$ 20,850	\$ 16,148
Other Premises and Property	\$ -	\$ -	\$ -	\$ -
Other Operating	\$ 370,204	\$ 411,756	\$ 672,266	\$ 520,666
<b>Total Expenses</b>	<b>\$ 1,211,172</b>	<b>\$ 1,321,981</b>	<b>\$ 1,306,539</b>	<b>\$ 1,011,907</b>
<b>Net Income</b>	<b><u>\$ (265,455)</u></b>	<b><u>\$ (9,355)</u></b>	<b><u>\$ 10,449</u></b>	<b><u>\$ 8,093</u></b>
Interest Add-Back	\$ 28,728	\$ 25,443	\$ 19,681	\$ 15,243
Income Tax Add-Back	\$ -	\$ -	\$ -	\$ -
<b>EBIT</b>	<b>\$ (236,727)</b>	<b>\$ 16,088</b>	<b>\$ 30,130</b>	<b>\$ 23,336</b>
D&A Add-Back*	\$ 22,926	\$ 22,926	\$ 22,927	\$ 17,757
<b>EBITDA</b>	<b><u>\$ (213,801)</u></b>	<b><u>\$ 39,014</u></b>	<b><u>\$ 53,057</u></b>	<b><u>\$ 41,092</u></b>

# ADJUSTED INCOME STMT.

## Galligan Holdings Adjusted Income Statements

	2022	2023	2024	2025F
<b>Net Sales</b>	<b>\$ 945,693</b>	<b>\$ 1,312,623</b>	<b>\$ 1,316,988</b>	<b>\$ 1,020,000</b>
Gross Profit	\$ 945,693	\$ 1,312,623	\$ 1,316,988	\$ 1,020,000
One-time Revenue Adj.	\$ -	\$ -	\$ -	\$ -
<b><u>Adjusted Net Sales</u></b>	<b><u>\$ 945,693</u></b>	<b><u>\$ 1,312,623</u></b>	<b><u>\$ 1,316,988</u></b>	<b><u>\$ 1,020,000</u></b>
<b><u>Adjusted Gross Profit</u></b>	<b><u>\$ 945,693</u></b>	<b><u>\$ 1,312,623</u></b>	<b><u>\$ 1,316,988</u></b>	<b><u>\$ 1,020,000</u></b>
<b>Net Income</b>	<b>\$ (265,455)</b>	<b>\$ (9,355)</b>	<b>\$ 10,449</b>	<b>\$ 8,093</b>
<b>EBIT</b>	<b>\$ (236,727)</b>	<b>\$ 16,088</b>	<b>\$ 30,130</b>	<b>\$ 23,336</b>
<b>EBITDA</b>	<b>\$ (213,801)</b>	<b>\$ 39,014</b>	<b>\$ 53,057</b>	<b>\$ 41,092</b>
One-time Expense Adj.	\$ -	\$ -	\$ -	\$ -
Rent Adj.	\$ -	\$ -	\$ -	\$ -
Owner's Comp. Add-Back	\$ 98,557	\$ 64,590	\$ 97,381	\$ 75,421
Discretionary Expenses Add-Back	\$ 36,631	\$ 237,028	\$ 145,029	\$ 112,324
<b><u>SDE</u></b>	<b><u>\$ (78,613)</u></b>	<b><u>\$ 340,632</u></b>	<b><u>\$ 295,467</u></b>	<b><u>\$ 228,838</u></b>
Replacement Owner's Comp.	\$ (92,579)	\$ (92,579)	\$ (92,579)	\$ (92,579)
Discretionary Expenses Deduction	\$ -	\$ -	\$ -	\$ -
<b><u>Adjusted Net Income</u></b>	<b><u>\$ (222,846)</u></b>	<b><u>\$ 199,684</u></b>	<b><u>\$ 160,280</u></b>	<b><u>\$ 103,259</u></b>
<b><u>Adjusted EBIT</u></b>	<b><u>\$ (194,118)</u></b>	<b><u>\$ 225,127</u></b>	<b><u>\$ 179,961</u></b>	<b><u>\$ 118,502</u></b>
<b><u>Adjusted EBITDA</u></b>	<b><u>\$ (171,192)</u></b>	<b><u>\$ 248,053</u></b>	<b><u>\$ 202,888</u></b>	<b><u>\$ 136,259</u></b>
<b>Weighting</b>	<b>0%</b>	<b>40%</b>	<b>40%</b>	<b>20%</b>

See pg. 43 for a detailed description of adjustments made to financials

# WEIGHTED INCOME STMT.

## Galligan Holdings Weighted, Adjusted Income Statement (Base Year)

	<u>Weighted Financials</u>
Weighted, Adjusted Net Sales	\$1,255,844
Weighted, Adjusted Gross Profit	\$1,255,844
Weighted, Adjusted Net Income	\$164,638
Weighted, Adjusted EBIT	\$185,736
Weighted, Adjusted EBITDA	\$207,628
Weighted, Adjusted SDE	\$300,207

# BALANCE SHEET

## Galligan Holdings Historical and Interim Balance Sheets

	2022	2023	2024	Interim
<i>Cash and Cash Equivalents</i>	\$ 204,091	\$ 115,048	\$ 84,021	\$ 32,776
<i>Accounts Receivable, net</i>	\$ -	\$ -	\$ 56,418	\$ 102,836
<i>Inventories</i>	\$ -	\$ -	\$ -	\$ -
<i>Other Current Assets</i>	\$ 9,160	\$ 5,334	\$ 10,850	\$ 13,106
<b>Total Current Assets</b>	<b>\$ 213,251</b>	<b>\$ 120,382</b>	<b>\$ 151,289</b>	<b>\$ 148,718</b>
<i>Buildings and Other Depreciable Assets, net</i>	\$ -	\$ -	\$ -	\$ -
<i>Land, net</i>	\$ -	\$ -	\$ -	\$ -
<i>Intangible Assets, net</i>	\$ 320,969	\$ 298,043	\$ 275,116	\$ 271,296
<i>Non-Operating Receivables</i>	\$ -	\$ -	\$ -	\$ -
<i>Other Non-Current Assets</i>	\$ -	\$ -	\$ -	\$ -
<b><u>Total Assets</u></b>	<b><u>\$ 534,220</u></b>	<b><u>\$ 418,425</u></b>	<b><u>\$ 426,405</u></b>	<b><u>\$ 420,014</u></b>
<i>Accounts Payable</i>	\$ -	\$ -	\$ 50,047	\$ 53,516
<i>Current Portion of Long-Term Debt</i>	\$ 100,489	\$ 92,847	\$ 95,831	\$ -
<i>Other Current Liabilities</i>	\$ 53,347	\$ 24,725	\$ 45,346	\$ 31,481
<b>Total Current Liabilities</b>	<b>\$ 153,836</b>	<b>\$ 117,572</b>	<b>\$ 191,224</b>	<b>\$ 84,997</b>
<i>Long-Term Debt</i>	\$ 557,796	\$ 513,040	\$ 456,164	\$ 389,967
<i>Other Non-Current Liabilities</i>	\$ -	\$ -	\$ -	\$ 5,755
<b><u>Total Liabilities (L)</u></b>	<b><u>\$ 711,632</u></b>	<b><u>\$ 630,612</u></b>	<b><u>\$ 647,388</u></b>	<b><u>\$ 480,719</u></b>
<b>Total Shareholders' Equity (SE)</b>	<b>\$ (177,412)</b>	<b>\$ (212,187)</b>	<b>\$ (220,983)</b>	<b>\$ (60,705)</b>
<b><u>Total Liabilities and Shareholders' Equity (L &amp; SE)</u></b>	<b><u>\$ 534,220</u></b>	<b><u>\$ 418,425</u></b>	<b><u>\$ 426,405</u></b>	<b><u>\$ 420,014</u></b>



# ADJUSTED BALANCE SHEET

## Galligan Holdings Adjusted Balance Sheet

	Interim Book Value	Included in Value	Adjustment Factor	Adjustments	Adjusted Book Value
<i>Cash and Cash Equivalents</i>	\$ 32,776	No	100%	\$ (32,776)	\$ -
<i>Accounts Receivable, net</i>	\$ 102,836	No	100%	\$ (102,836)	\$ -
<i>Inventories</i>	\$ -	No	100%	\$ -	\$ -
<i>Other Current Assets</i>	\$ 13,106	No	100%	\$ (13,106)	\$ -
<b>Total Current Assets</b>	<b>\$ 148,718</b>	-	-	<b>\$ (148,718)</b>	<b>\$ -</b>
<i>Build. and Other Deprec. Assets, net</i>	\$ -	No	0%	\$ -	\$ -
<i>Land, net</i>	\$ -	No	0%	\$ -	\$ -
<i>Intangible Assets, net</i>	\$ 271,296	No	0%	\$ (271,296)	\$ -
<i>Non-Operating Receivables</i>	\$ -	No	0%	\$ -	\$ -
<i>Other Non-Current Assets</i>	\$ -	No	0%	\$ -	\$ -
<b><u>Total Assets</u></b>	<b><u>\$ 420,014</u></b>	=	=	<b><u>\$ (420,014)</u></b>	<b><u>\$ -</u></b>
<i>Accounts Payable</i>	\$ 53,516	No	0%	\$ (53,516)	\$ -
<i>Current Portion of Long-Term Debt</i>	\$ -	No	0%	\$ -	\$ -
<i>Other Current Liabilities</i>	\$ 31,481	No	100%	\$ (31,481)	\$ -
<b>Total Current Liabilities</b>	<b>\$ 84,997</b>	-	-	<b>\$ (84,997)</b>	<b>\$ -</b>
<i>Long-Term Debt</i>	\$ 389,967	No	0%	\$ (389,967)	\$ -
<i>Other Non-Current Liabilities</i>	\$ 5,755	No	0%	\$ (5,755)	\$ -
<b><u>Total Liabilities (L)</u></b>	<b><u>\$ 480,719</u></b>	=	=	<b><u>\$ (480,719)</u></b>	<b><u>\$ -</u></b>
<b>Total Shareholders' Equity (SE)</b>	<b>\$ (60,705)</b>	-	-	<b>\$ 60,705</b>	<b>\$ -</b>
<b><u>Total L &amp; SE</u></b>	<b><u>\$ 420,014</u></b>	=	=	<b><u>\$ (420,014)</u></b>	<b><u>\$ -</u></b>

# VALUE ALLOCATION

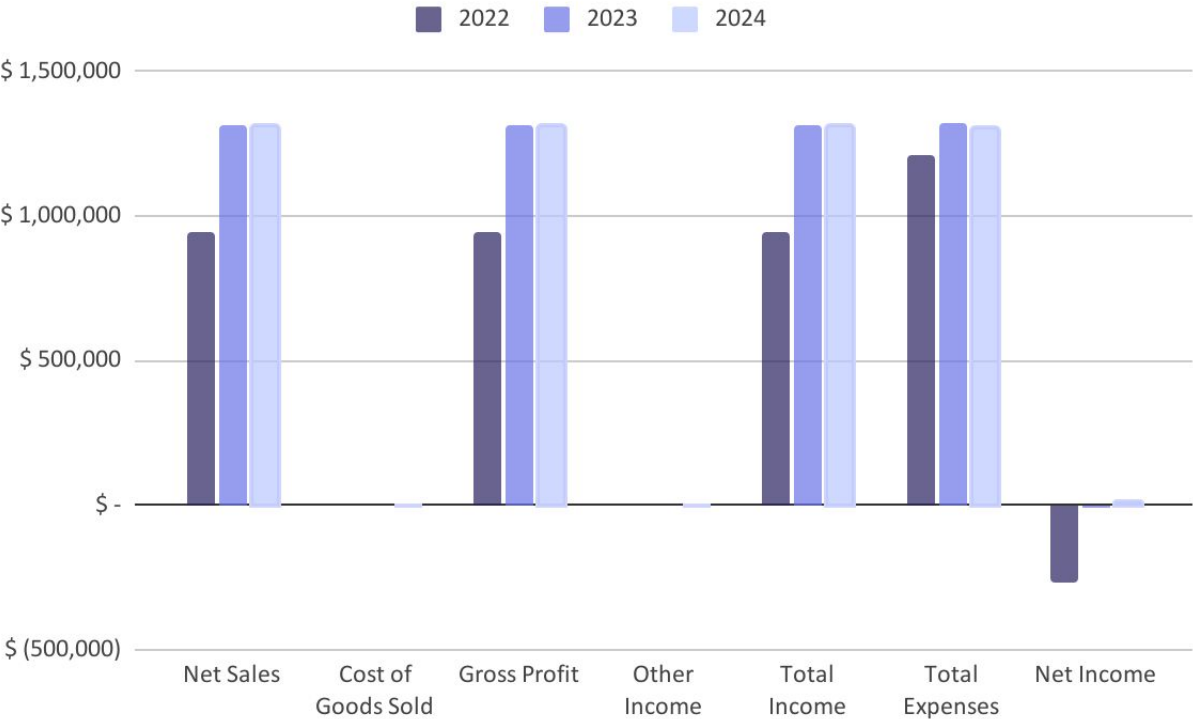
Fair Market Value Allocation (100% interest)

Fair Market Value	\$ 945,000
Adj. Book Value of Liabilities Assumed	\$ -
Enterprise Value	\$ 945,000
Fixed Tangible Assets	\$ -
Other Tangible Assets	\$ -
Tangible Assets Assumed	\$ -
Goodwill	\$ 945,000

# HISTORICAL TRENDS

## Galligan Holdings Past 3 Years' Percent Changes

	2022	2023	2024
<b>Net Sales</b>	<b>\$ 945,693</b>	<b>\$ 1,312,623</b>	<b>\$ 1,316,988</b>
<i>Percent Change</i>	N/A	38.8%	0.3%
<b>Cost of Goods Sold</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<i>Percent Change</i>	N/A	N/A	N/A
<b>Gross Profit</b>	<b>\$ 945,693</b>	<b>\$ 1,312,623</b>	<b>\$ 1,316,988</b>
<i>Percent Change</i>	N/A	38.8%	0.3%
<b>Other Income</b>	<b>\$ 24</b>	<b>\$ 3</b>	<b>\$ -</b>
<i>Percent Change</i>	N/A	-87.5%	-100.0%
<b>Total Income (Gross Profit + Other Income)</b>	<b>\$ 945,717</b>	<b>\$ 1,312,626</b>	<b>\$ 1,316,988</b>
<i>Percent Change</i>	N/A	38.8%	0.3%
<b>Total Expenses</b>	<b>\$ 1,211,172</b>	<b>\$ 1,321,981</b>	<b>\$ 1,306,539</b>
<i>Percent Change</i>	N/A	9.1%	-1.2%
<b>Net Income</b>	<b>\$ (265,455)</b>	<b>\$ (9,355)</b>	<b>\$ 10,449</b>
<i>Percent Change</i>	N/A	96.5%	N/A



# FINANCIAL RATIOS

## Liquidity and Leverage Ratio Analysis

### Liquidity Ratios

<b>Current Ratio</b>	1.75	Current assets divided by current liabilities: indicates the Company's ability to pay current liabilities. A current ratio less than 1 is a cause for concern.
<b>Quick Ratio</b>	1.60	Liquid assets divided by current liabilities: indicates the Company's ability to meet immediate needs. Liquid assets include cash, cash equivalents, and accounts receivable. Inventory and other assets that are not easily liquidated are excluded.

### Leverage Ratios

<b>Debt/Assets</b>	0.93	Total debt divided by total assets: indicates the Company's ability to pay its debts, otherwise known as long-run solvency.
<b>Debt/Equity</b>	-6.42	Total debt divided by total equity: indicates the Company's relative capital provided by creditors and shareholders. A high debt/equity ratio suggests high financial leverage, which in turn means high financial risk.
<b>Interest Coverage Ratio</b>	8.80	EBIT divided by interest expense: indicates the Company's ability to cover interest payments. A high coverage ratio suggests that the Company is better prepared to pay its interest. Also called "Times Interest Earned".

# FINANCIAL RATIOS

## Activity and Profitability Ratio Analysis

### Activity Ratios

<b>Accounts Receivable Turnover</b>	12.21	Net sales divided by accounts receivable: indicates the quality of the Company's receivables and its ability to collect outstanding receivables. A high accounts receivable turnover suggests quicker collection.
<b>Inventory Turnover</b>	-	COGS divided by inventory: measures how quickly the Company's inventory is sold. A high inventory turnover suggest better firm performance.
<b>Asset Turnover</b>	2.99	Net sales divided by total assets: indicates the efficiency at which the Company is utilizing its assets. A high asset turnover suggests the Company is using its assets effectively to generate revenue.
<b>Working Capital Turnover</b>	19.71	Net sales divided by working capital: indicates the efficiency at which the Company is utilizing its working capital. A working capital turnover suggests the Company is using its working capital effectively to generate revenue. however, a working capital turnover that is too high suggests creditor risk. Working capital is the difference between current assets and current liabilities.

### Profitability Ratios

<b>Profit Margin</b>	13.11%	Net income divided by net sales: indicates the degree to which the Company's sales contribute to its profitability. In other words, profit margin indicates how much net income is generated per dollar of sales.
<b>Return on Equity</b>	-271.21%	Net income divided by total equity: measures earnings on owners' equity in the Company. A higher ROE suggests increased shareholder wealth resulting from the Company.
<b>Return on Assets</b>	39.20%	Net income divided by total assets: indicates how efficiently the Company is utilizing its assets to generate profits. A high ROA suggests the Company is more efficient and profitable as a result of using its assets.

# INDUSTRY OUTLOOK

## Bookkeeping financial management advisory (Services) industry outlook

*Source: BVR EOU Q1 2025*

Industry State & Outlook Report for Galligan Holdings, LLC:

**Economic Expansion:** In March, the Services PMI index experienced a slight decrease, although it still points towards overall expansion. This trend bodes well for Galligan Holdings, particularly due to its strong focus on financial services, which are likely to benefit from the expanding market.

**Employment Trends:** While the New Orders Index indicates growth in certain sectors, the decline in the Employment Index raises concerns about overall employment levels. However, the finance and insurance industries are showing promising signs of increased employment rates, presenting potential opportunities for Galligan Holdings to capitalize on.

**Acquisition Implications:** Despite the positive business activity and growth in new orders, the decline in employment levels could pose challenges for talent acquisition post-acquisition. Strategic planning will be essential for Galligan Holdings to navigate this potential hurdle and ensure continued operational efficiency and service quality.

**Source:** Based on data from the Institute for Supply Management's Services PMI Report for March 2024.



# INDUSTRY OUTLOOK

## Bookkeeping financial management advisory (Services) industry outlook

Industry Overview for Galligan Holdings, LLC:

Supply Chain and Pricing Dynamics: The Supplier Deliveries Index declining to 50.6% indicates potential supply chain efficiencies for Galligan Holdings to leverage. Rising Prices Index at 60.9% may impact cost structure, but the ability to pass price increases to customers could mitigate this.

Revenue and Investment Outlook: Optimism among services supply management executives with 59% expecting higher revenues in 2025 and a projected 3.9% net increase in overall revenue. Capital investment is predicted to rise by 5.1% in 2025, offering growth opportunities for Galligan Holdings. With services companies operating at 87.4% of normal capacity, there is room for expansion. Employment forecasted to increase by 0.8% by the end of 2025, with a 3.5% rise in labor and benefit costs to consider in strategic planning.

Implications for Acquisition: The positive industry outlook with revenue growth and increased investment presents an attractive opportunity for potential acquirers looking to capitalize on the expanding services sector. Galligan Holdings' expertise in bookkeeping, financial management, and advisory services align well with the industry trends, making it a valuable acquisition target for companies seeking to enhance their service offerings and capitalize on the projected growth in the sector.

Sources: Institute for Supply Management, Supply Chain Planning Forecast

# MACRO IMPLICATIONS

## Macroeconomic Analysis and Implications for the Company

*Source: BVR EOU Q1 2025*

The macroeconomic environment presents a mixed outlook for Galligan Holdings, LLC. The projected real GDP growth rates from sources like Consensus Economics Inc., the Congressional Budget Office (CBO), and the Federal Reserve indicate a stable but moderate economic landscape. With real GDP expected to increase by around 2.0% in 2025 and 2026, Galligan's financial management and advisory services may continue to operate in a relatively stable economic environment.

However, the CBO's forecast of a slowdown in economic growth to 1.9% in 2025, coupled with an average unemployment rate of 4.3%, could impact the disposable income and financial planning needs of Galligan's small to medium-sized enterprise (SME) clients. This may lead to a shift in demand for the company's services as businesses navigate through a potentially slower economic growth phase.

Moreover, the Federal Reserve's projection of 1.7% real GDP growth in 2025 suggests a cautious economic climate, which could influence the decision-making processes of businesses in terms of financial optimization. In the face of this slower growth pace, Galligan Holdings may need to adapt its service offerings to cater to clients looking to enhance their financial operations in a less dynamic economic environment.

Considering the broader impact of inflation, the tariff war, and the general economic outlook, potential acquirers of Galligan Holdings should be mindful of the evolving economic conditions that could affect the demand for the company's financial management and advisory services. The company's ability to navigate through these macroeconomic challenges will be crucial for its growth and sustainability in the coming years.

# MACRO IMPLICATIONS

## Macroeconomic Analysis and Implications for the Company

Galligan Holdings, LLC operates in the financial management and advisory industry, offering packages tailored to small to medium-sized enterprises (SMEs) in various sectors. Inflation and interest rates play a crucial role in the company's operations. The Federal Open Market Committee (FOMC) has maintained the federal funds rate at 4.25% to 4.50%, with inflation slightly elevated. The PCE price index rose by 3.6% in Q1 2025, indicating potential cost pressures for Galligan's clients. Core CPI increased by 2.8% over the last year, impacting financial planning needs.

The FOMC's goal of achieving a 2.0% inflation rate could stabilize prices, benefiting Galligan's clients by providing a more predictable economic environment. The projected decrease in the three-month Treasury bill rate to 4.0% by Q3 2025 may affect borrowing costs for clients, influencing their financial strategies.

Considering the tariff war, potential disruptions in global trade could impact clients in sectors like retail and e-commerce, affecting their financial performance and necessitating strategic adjustments. The general economic outlook, with inflation management and interest rate changes, will shape the financial landscape for Galligan's clients, requiring proactive financial planning and budgeting to navigate potential cost increases and borrowing challenges. Any acquisition of Galligan Holdings should consider these macroeconomic factors to assess the company's resilience and growth potential in a changing economic environment.

Sources: Federal Reserve Economic Data, Bureau of Labor Statistics, Federal Reserve Bank of St. Louis.

# MACRO IMPLICATIONS

## Macroeconomic Analysis and Implications for the Company

Galligan Holdings, LLC operates in the bookkeeping, financial management, and advisory industry, catering to small to medium-sized enterprises in various sectors, including healthcare, service, retail, e-commerce, construction, real estate, and non-profit organizations. The company's service packages are designed to support clients in managing their financial operations efficiently and strategically.

In the current macroeconomic landscape, the U.S. trade deficit has widened significantly, with a notable increase in imports, indicating robust demand for foreign products. This trend could impact Galligan's clients, particularly those in e-commerce and retail, as they face heightened competition from imported goods. The surge in imports, coupled with the negative contribution of net exports to GDP growth, underscores the challenges domestic businesses may encounter in the face of global trade dynamics.

Moreover, recent tariffs imposed by the U.S. government could further disrupt the cost structures and decision-making processes of Galligan's clients, necessitating expert financial guidance to navigate the evolving trade environment effectively. As the trade deficit continues to expand and trade tensions persist, businesses across industries may need to reassess their financial strategies and operational models to mitigate potential risks and capitalize on emerging opportunities.

For lenders considering an acquisition of Galligan Holdings, LLC, it is crucial to evaluate the company's ability to adapt to changing macroeconomic conditions and provide tailored financial solutions to clients facing trade-related challenges. The company's expertise in financial management and advisory services could prove instrumental in helping businesses navigate the complexities of the current trade environment and achieve sustainable growth amidst evolving market dynamics.

# VALUATION

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# VALUATION OVERVIEW

## Conclusion of value (summary)

Based on our comprehensive assessment of the available information and detailed analysis, and with due regard to the enclosed Statement of Assumptions and Limiting Conditions, our professional judgment is that the fair value and fair market value of all assets of Galligan Holdings, considering it as a non-marketable interest, as of February 28, 2025, is:

Fair market value (rounded): \$945,000

It is essential to emphasize that Value Buddy, Inc. charges a fee for this valuation service, which is entirely independent of the outcomes presented in this valuation report. Furthermore, we would like to underline that this valuation is governed by the terms and conditions outlined in Value Buddy's terms and conditions listed on its [website](#).

## Valuation methodology summary

Methodology	Rounded value	Weighting
Income (DCF) approach	\$959,000	50%
Market (multiples) approach	\$931,000	50%
<b>Concluded value of all assets of Galligan Holdings</b>	<b>\$945,000</b>	<b>100%</b>



# ASSET APPROACH

## Asset Approach - Adjusted Book Value Method

The determination of a business's book value involves adjusting the recorded value of its assets and liabilities to their estimated fair market value at the time of assessment. See Exhibit 1 for more information regarding the Adjusted Balance Sheet. Adjustments made to the Company's assets include:

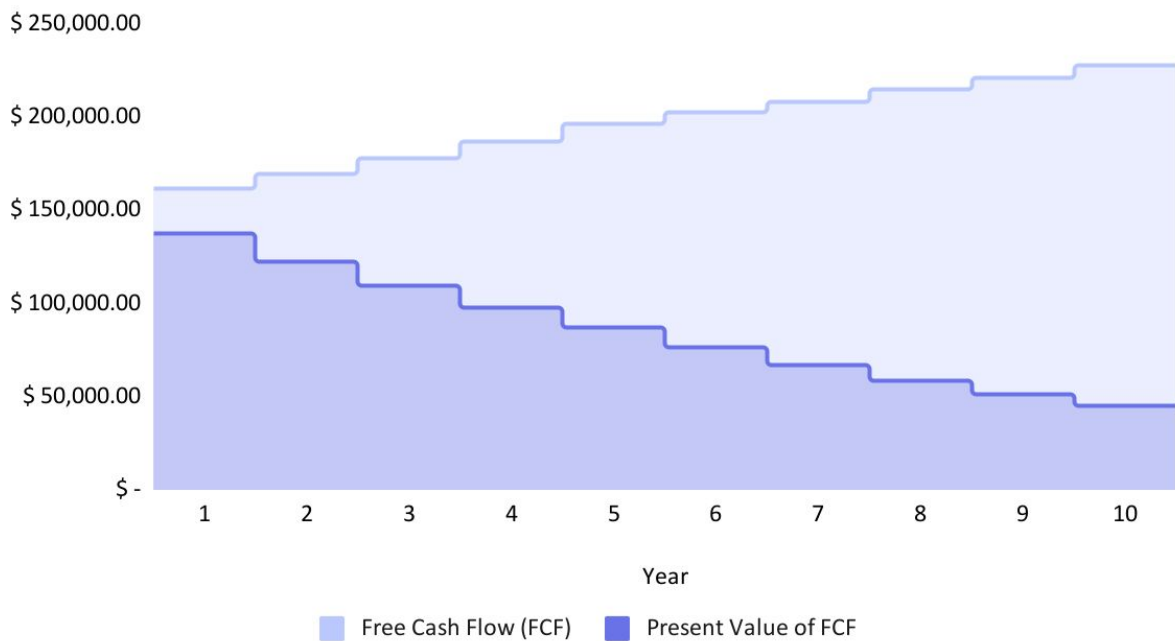
- Removing non-operating receivables from related entities/parties
- Removing intangible value and accumulated amortization as aggregate intangible value or goodwill will be determined in the overall course of this valuation
- Removed any other miscellaneous assets excluded from the Purchase Agreement

<b>Unadjusted assets</b>	<b>\$ 420,014</b>
<i>Non-operating receivables</i>	\$ -
<i>Intangible assets and accumulated amortization</i>	\$ (271,296)
<i>Miscellaneous excluded / adjusted assets</i>	\$ (148,718)
<b>Included liabilities</b>	<b>\$ -</b>
<b>Subtotal</b>	<b>\$ -</b>
<i>Less illiquidity discount</i>	0.00%
<b>Indicated total enterprise value</b>	<b>\$ -</b>
<b>Selected value (rounded)</b>	<b>\$ -</b>

In our view, the adjusted book value method would only serve to establish a minimum value for the business, most likely in a scenario of liquidation. Given that the business was a going concern at the valuation date, is projected to generate cash flows, and was unlikely to be liquidated in the foreseeable future, **we opted not to utilize the adjusted book value method and the asset approach.**

# INCOME APPROACH

Free Cash Flow Projections



<b>Present Value of FCFs</b> \$852,860	+	<b>Terminal Value</b> \$271,850	-	<b>Illiquidity Discount</b> \$112,471	-	<b>Asset Adjustments</b> \$53,301	=	<b>DCF Valuation</b> \$959,000
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INCOME APPROACH

\$959,000

## SUMMARY

The income approach values the business based on its ability to generate future cash flows. Future cash flows are discounted back to the present value. This reflects all assets of Galligan Holdings.

# INCOME APPROACH

## Base year free cash flow calculation

A Discounted Cash Flow (DCF) model is used to calculate the intrinsic value of the company. The DCF models projects 10 years of cash flows and an exit value assuming the business is sold after year 10 and discounts each year's cash flows to the present value using a discount rate.

<b>EBIT</b>	<b>\$ 195,022</b>
<i>Income Tax Rate</i>	27%
<i>Less: Income Taxes</i>	\$ (52,656)
<b>Net Operating Profit After Tax</b>	<b>\$ 142,366</b>
<i>Plus: Depreciation and Amortization</i>	\$ 21,893
<i>NWC as a % of Sales</i>	4.24%
<i>YoY Net Sales Growth (Base Year vs. 2025F)</i>	\$62,792
<i>Less: Estimated Change in NWC</i>	\$ (2,665)
<i>Less: Capital Expenditures</i>	\$ -
<b>Free Cash Flow to the Firm</b>	<b>\$ 161,594</b>

## Assumptions

- Income tax rate (27%) is based on the national average in the KPMG Corporate Tax Rate Survey which includes federal, state, and local income taxes
- Estimated annual capital expenditures estimated based on avg. D&A over the past 3 yrs. and industry benchmarks which assume fixed assets must be maintained / replaced at the rate they are depreciated
- Base year EBIT starts with the weighted EBIT and is grown for 1 year at the short-term growth rate

See pg. 54 for a detailed breakdown of the the projected cash flows and present value of cash flows

# DISCOUNT RATE

## Introduction to discount rates

The discount rate applied to convert future cash flows into their present value represents the rate of return an investor expects for assuming the perceived risks associated with the investment. The cash flows in this analysis exclude interest expenses and changes in debt principal, reflecting the amount available to both equity and debt holders. Therefore, the discount rate used to calculate the present value of these cash flows is the weighted average cost of capital (WACC), which takes into account the required returns on both equity and debt.

## Weighted average cost of capital (WACC) formula

$$\text{WACC} = \text{Weight of Equity} \times \text{Cost of Equity} + \text{Weight of Debt} \times \text{Cost of Debt}$$

## Cost of equity

Value Buddy employs a build-up method to determine the business' cost of equity which is the specific risk associated with this enterprise based on the following formula:

$$K_e = \text{CSRP} + \text{SP} + R_f + \text{ERP}$$

Where:

$K_e$  = Cost of equity

CSRP = Company-specific risk premium

SP = Size premium

$R_f$  = Risk-free rate

ERP = Equity risk premium

# DISCOUNT RATE

## Company-specific risk premium (CSRP)

Given Galligan Holdings's risk classification of Controlled, the CSRP used in the cost of equity build-up methodology is **+2.0%**.

## Size premium (SP)

The size premium calculated by the Kroll Cost of Capital Navigator is **+7.8%** for decile 10b (small businesses).

## Risk-free rate (Rf)

The Rf is based on the 10-year U.S. Treasury Bill (T-bill) which has an interest rate of **+4.2%** at the time of this valuation.

## Equity risk premium (ERP)

The current U.S. ERP is calculated by Kroll as **+6.4%**.

## Cost of equity (Ke) calculation

Factor	Contribution	Source
Plus: CSRP	2.0%	Lending Risk Summary
Plus: SP	7.8%	Kroll Cost of Capital Navigator (10b decile)
Plus: Rf	4.2%	CBOE Global Markets
Plus: ERP	6.4%	Kroll Cost of Capital Navigator (10b decile)
Cost of Equity (Ke)	20.4%	

# DISCOUNT RATE

## Cost of debt (Kd)

Cost of Debt (Kd) = Pre-Tax Cost of Debt (Kdpt) × (1 – Tax Rate(T))

## Cost of debt (Kd) calculation

Factor	Contribution	Source
Plus: WSJ Prime Rate	7.5%	WSJ
Plus: SBA Spread	3.0%	SBA
<b>Pre-Tax Cost of Debt</b>	<b>10.5%</b>	<b>Calculation</b>
x 1 - Tax Rate	73.0%	KPMG Tax Survey
<b>Cost of Debt (Kd)</b>	<b>7.7%</b>	

## Weighted average cost of capital (WACC) calculation

Factor	Value	Source
Weight of Equity	78.0%	Kroll Cost of Capital Navigator (10b decile)
x Cost of Equity	20.4%	See prior calculations
<b>Equity Contribution</b>	<b>15.9%</b>	<b>Calculation</b>
Weight of Debt	22.0%	Kroll Cost of Capital Navigator (10b decile)
x Cost of Debt	7.7%	See prior calculations
<u>Debt Contribution</u>	1.7%	Calculation
<b><u>WACC (Kc)</u></b>	<b><u>17.6%</u></b>	



# ASSUMPTIONS

Short-term Cash Flow Growth (Years 1-5) - Computed based on the lender's SDE projections, the company's historical EBITDA growth rates, the net sales growth rates of comparable private companies, and the EPS growth rates of public companies in the same industry

- Galligan Holdings 3-year EBITDA CAGR: 0.0%
- Comparable private company net sales growth rate: 10.9%
- Comparable publicly traded company EPS growth rate: 2.4%

Short-term cash flow growth rate used in DCF model: 5.0%

Long-term Cash Flow Growth (Years 6-10) - Computed based on the lender's SDE projections, the company's historical EBITDA growth rates, the net sales growth rates of comparable private companies, and the EPS growth rates of public companies in the same industry

- Galligan Holdings 3-year EBITDA CAGR: 0.0%
- Comparable private company net sales growth rate: 10.9%
- Comparable publicly traded company EPS growth rate: 2.4%

Long-term cash flow growth rate used in model: 3.0%

Discount Rate - Computed using the WACC methodology

Discount rate used in model: 17.6%

# ASSUMPTIONS

## Terminal Value

The terminal value is the value of a business beyond the forecasted period (i.e., more than 10 years from today). To calculate terminal value, an SDE exit multiple is applied to the final year's SDE to determine a theoretical selling price of the business after Year 10. This value is then discounted by the cost of capital to represent its present value. The SDE exit multiple used is based on the SDE multiples of comparable companies. This method is preferred to the perpetual growth method as it removes uncertainty related to cash flows in the distant future which can be hard to estimate for a small private business.

SDE exit multiple used in model: 3.1x

## Illiquidity Discount

A proxy for the cost of "buyer's remorse". If an investor or owner wanted to immediately sell their ownership in the company, there would be a loss due to illiquidity since the valuation target is not actively and publicly traded. Value Buddy uses the guidelines set by Professor Damodaran and the NACVA to determine an appropriate illiquidity discount.

Illiquidity discount used in model: 10.00%

## DCF Structure

The DCF model analyzes financial inputs to calculate FCF. The model is segmented into short-term (Years 1-5), long-term (Years 6-10), and a terminal exit value

## Multiples

Estimated using purchase prices of comparable private companies.

# MARKET APPROACH

## Criteria

The market approach, also known as relative or comparative valuation, is a fundamental approach used in the valuation of companies and assets. It involves assessing the value of a subject company or asset by comparing it to similar entities or assets in the same industry or market. This method relies on the premise that the market values comparable assets or companies similarly based on their financial performance, characteristics, and market conditions.

### Comparable Company Selection Methodology

In the valuation report, Value Buddy uses the BVR DealStats database to identify comparable companies by applying the following criteria:

- 1 Industry:** Companies with similar business descriptions or NAICS codes to the target company are selected.
- 2 Timeliness:** Preference is given to companies acquired within the past three years to reflect current market conditions post-COVID.
- 3 Geography:** Only U.S.-based companies are considered, with preference given to those from the same state / region as the target company.
- 4 Size/Profitability:** The selection favors companies with similar revenue and SDE ranges.

# COMPARABLE SET

## Comparable Company Statistics Valuation Multiples Summary

Company	Description	Valuation
Company 1	Tax and Accounting Practice	\$1,500,000
Company 2	Tax Preparation Franchise (17 Locations)	\$1,450,000
Company 3	Certified Public Accountant (CPA) Firm	\$1,440,000
Company 4	Accounting Practice	\$1,400,000
Company 5	Medical Billing and Credentialing Company	\$1,400,000
Company 6	CPA Practice	\$1,372,000
Company 7	Tax Practice	\$1,200,000
Company 8	Medical Billing Service	\$1,200,000
Company 9	Certified Public Accountant (CPA) Practice	\$1,150,000
Company 10	Certified Public Accountant (CPA) Firm	\$1,100,000
Company 11	Certified Public Accounting Firm	\$1,100,000
Company 12	Accounting and Tax Services	\$1,000,000
Company 13	Medical Billing Company	\$950,000
Company 14	Medical Billing Company	\$850,000
Company 15	Certified Public Accountant (CPA) Practice	\$750,000

COMPARABLE SET

Comparable Company Statistics Valuation Multiples Summary (cont.)

Company	Net Sales	Gross Profit	EBITDA	EBIT	SDE
Company 1	\$1,526,885	\$1,526,885	\$246,650	\$317,317	\$408,750
Company 2	\$1,465,508	\$1,465,508	\$480,000	\$179,811	\$550,000
Company 3	\$1,501,923		\$449,595		\$544,595
Company 4	\$1,311,911	\$1,311,911	\$509,710	\$493,818	\$775,710
Company 5	\$1,450,521	\$1,450,521	\$427,216	\$427,216	\$447,216
Company 6	\$1,461,888	\$1,461,888	\$335,527	\$279,766	\$729,866
Company 7	\$1,094,363	\$1,094,363	\$243,464	\$236,741	\$517,247
Company 8	\$974,013			\$89,077	\$321,763
Company 9	\$988,775	\$988,775	\$254,031	\$250,577	\$372,783
Company 10	\$1,132,506	\$1,132,506	\$246,675	\$221,243	\$447,181
Company 11	\$1,290,582	\$1,290,582	\$179,416	\$177,018	\$268,272
Company 12	\$939,463	\$410,186	\$167,186	\$273,155	\$273,155
Company 13	\$1,673,533	\$1,673,533	\$277,288	\$171,030	\$305,460
Company 14	\$960,013	\$960,013	\$9,749	\$9,749	\$127,468
Company 15	\$1,502,910	\$1,502,910	\$309,493	\$305,964	\$346,649

# COMPARABLE SET

Comparable Company Statistics Valuation Multiples Summary (cont.)

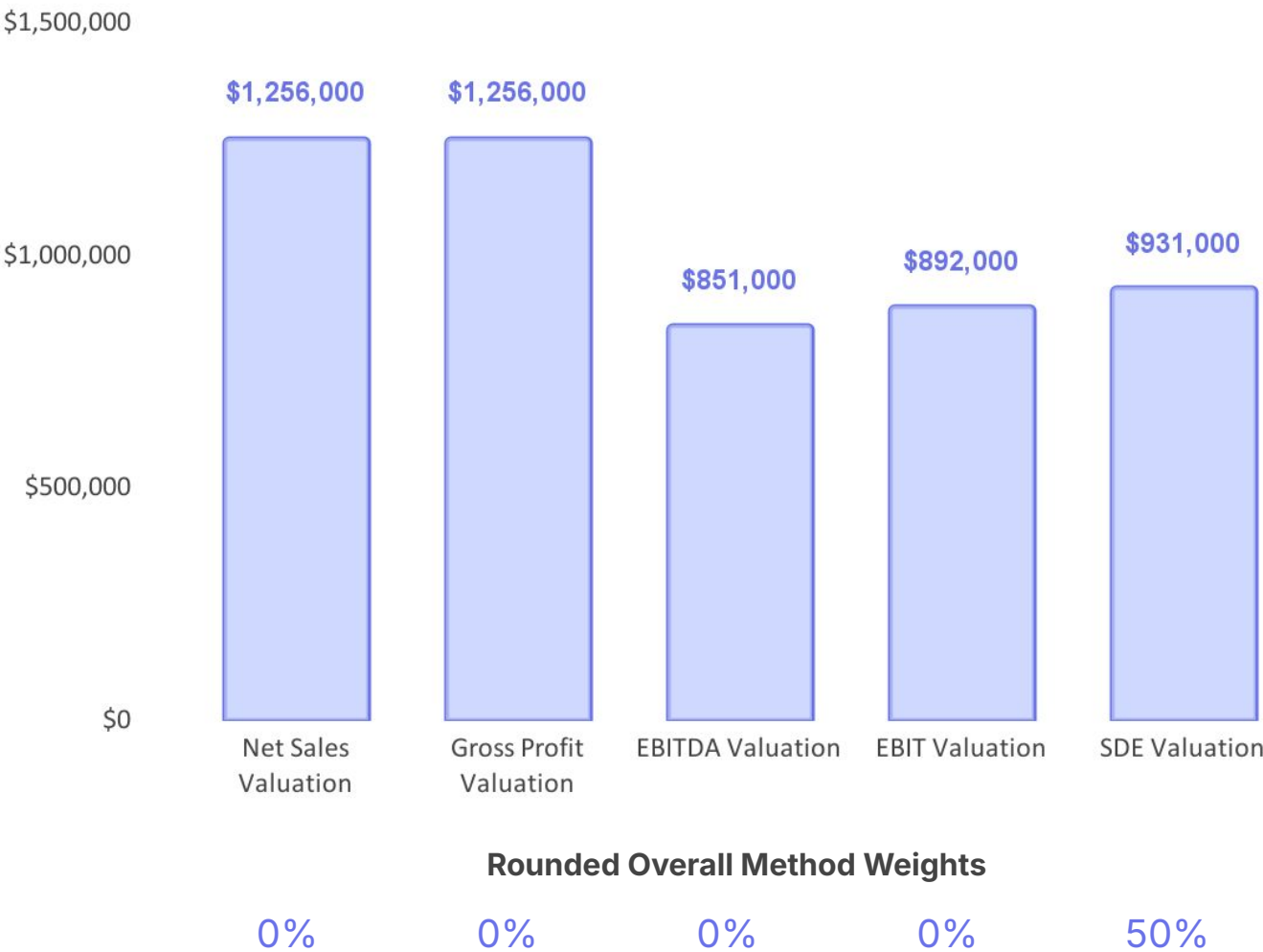
Company	Net Sales Multiple	Gross Profit Multiple	EBITDA Multiple	EBIT Multiple	SDE Multiple
Company 1	1.00	1.00	6.10	4.70	3.70
Company 2	1.00	1.00	3.00	8.10	2.60
Company 3	1.00		3.20		2.60
Company 4	1.10	1.10	2.80	2.80	1.80
Company 5	1.00	1.00	3.30	3.30	3.10
Company 6	0.90	0.90	4.10	4.90	1.90
Company 7	1.10	1.10	4.90	5.10	2.30
Company 8	1.20				3.70
Company 9	1.20	1.20	4.50	4.60	3.10
Company 10	1.00	1.00	4.50	5.00	2.50
Company 11	0.90	0.90	6.10	6.20	4.10
Company 12	1.10	2.40	6.00	3.70	3.70
Company 13	0.60	0.60	3.40	5.60	3.10
Company 14	0.90	0.90			6.70
Company 15	0.50	0.50	2.40	2.50	2.20
Median	1.00	1.00	4.10	4.80	3.10

# MARKET APPROACH

## Financial Metrics & Multiples

<b>Net Sales Multiple</b> 1	X	<b>Net Sales</b> \$1,255,844	-	<b>Asset Adjustments</b> \$0	=	<b>Net Sales Valuation</b> \$1,256,000
<b>Gross Profit Multiple</b> 1	X	<b>Gross Profit</b> \$1,255,844	-	<b>Asset Adjustments</b> \$0	=	<b>Gross Profit Valuation</b> \$1,256,000
<b>EBITDA Multiple</b> 4.1	X	<b>EBITDA</b> \$207,628	-	<b>Asset Adjustments</b> \$0	=	<b>EBITDA Valuation</b> \$851,000
<b>EBIT Multiple</b> 4.8	X	<b>EBIT</b> \$185,736	-	<b>Asset Adjustments</b> \$0	=	<b>EBIT Valuation</b> \$892,000
<b>SDE Multiple</b> 3.1	X	<b>SDE</b> \$300,207	-	<b>Asset Adjustments</b> \$0	=	<b>SDE Valuation</b> \$931,000

# MARKET APPROACH



**Note:** The overall methodology weights determine the conclusion of value, with proportional weights applied for market approach valuation. This reflects all assets of Galligan Holdings.



# ASSET ADJUSTMENTS

## Summary of excluded assets and impact on valuation

There are no excluded operating assets in this transaction.

## Explanation of NWC impact on valuation

The NWC as a percent of net sales in 2024 was 4.3%. This implies that this business should have \$53,301 in NWC to maintain business operations given its base year net sales of \$1,255,844. However, this transaction includes \$0 in NWC, meaning that the buyer would likely need to inject \$53,301 in NWC to resolve the deficiency and maintain normal operations. This value is considered a working capital deficiency and is deducted from the income approach valuation before arriving at the conclusion of value.

# OTHER ADJUSTMENTS



## Control premium of assets

The control premium represents an extra amount an investor is willing to pay above the fair market value for a majority interest in a company. For instance, if public stock is selling at \$100 per share, but an investor offers \$120 per share to purchase all shares, the control premium is 20%. It reflects the investor's willingness to gain control over the company's assets and management, potentially leading to higher cash flows.

In private firms, buying a minority interest is often more complex, as the owner/founder typically holds significant control. In such cases, the valuation expert may conclude that the current and projected cash flows already embody the control value.

Value Buddy evaluates several factors to decide whether to apply a control premium or a minority discount to the initial discounted cash flow results. These factors include the owner's cash flow management, non-operating assets, management quality, synergies, and growth opportunities.

For the Company, the active owners seem committed to maximizing growth despite market challenges. Therefore, we assume that the value already includes a control premium.

# OTHER ADJUSTMENTS

## Non-recurring events

As part of our valuation analysis process, we have scrutinized the company's income statement to assess the necessity of adjustments for non-recurring revenues or expenses during the valuation base year. No adjustments have been made for one-time revenues. No adjustments have been made for one-time expenses.

## Rent adjustments

Value Buddy did not perform a real estate appraisal. Galligan Holdings, LLC does not own the real estate that it rents. For the purposes of this report, we assume the company is paying fair market value for rent, however, it is important to note that Value Buddy did not perform a real estate or rental appraisal for this report.

## Guaranteed payments to owners and discretionary spending

The owner of Galligan Holdings took a salary ranging from \$64,590 to \$98,557 (inc. employer's share of FICA taxes). Fair market value must assume that the owner-operator is paid a market salary. Therefore, officer compensation in each year is adjusted to \$92,579 (incl. employer's share of FICA taxes) based on a bookkeeping manager salary in Columbus, OH from Salary.com. In normalizing the Seller's Discretionary Earnings, adjustments were made to account for discretionary expenses identified by the Client. These adjustments included dues and subscriptions related to another business owned by the seller, payments to a former partner, payments to a former CEO, and payments to the current CEO whose responsibilities will be assumed by the buyer. These amounts totaled \$36,631 in 2022, \$237,028 in 2023, and \$145,029 in 2024. The adjustment in 2025 is calculated based on the same percentage of sales as in 2024.

# WEIGHTINGS

## Weighting of historical financials

In this valuation report, we applied 40% weight on both the 2023 & 2024 business tax return financials for their reliability and reflection of the most recent full 12-month periods. We applied the remaining 20% weight on the 2025 projected income statement as it represents the Company's most recent and expected performance. This approach ensures our analysis reflects the most current and accurate financial view of the business.

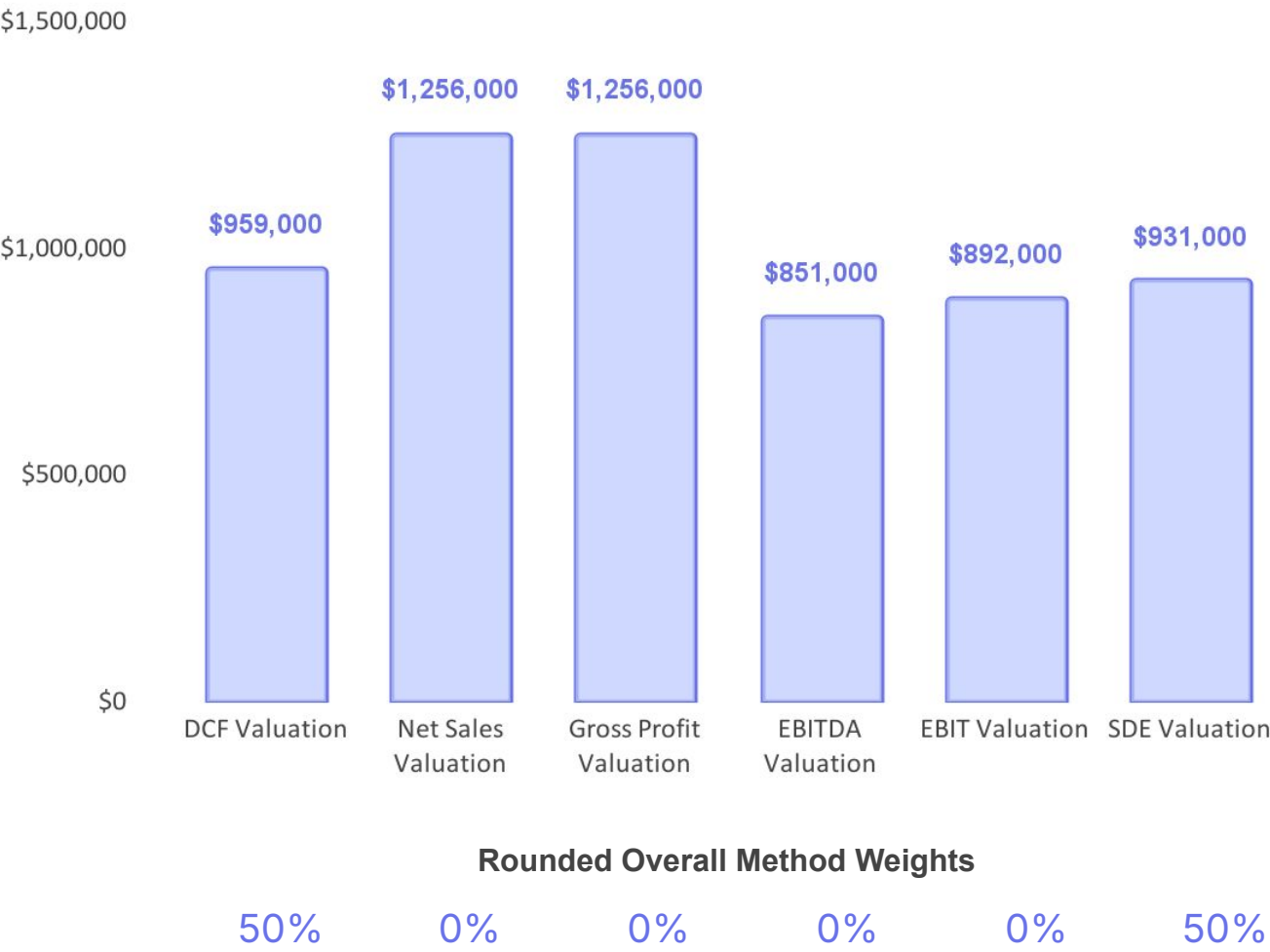
## Weighting of valuation methodologies

The DCF and SDE multiple valuation methodologies were equally weighted to give a holistic view of the Company's valuation. We view each methodology as being equally applicable given the DCF valuation considers company-specific valuation factors while the SDE multiple valuation is deeply rooted in data from transactions of comparable companies.

# VALUATION SUMMARY

Conclusion

Conclusion of Value for All Assets of Galligan Holdings  
\$945,000



# RISK REVIEW

In this section we will summarize our risk review of the valuation including KPI benchmarking against comparable companies and analysis of qualitative risk factors to supplement the underwriter's due diligence.

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# KPI BENCHMARKING

TARGETS ACHIEVED

2/9

HEALTH SCORE

Poor

KPI Category	Galligan Holdings	Benchmark
Growth		
Trailing Earnings Growth	N/A	10.9%
Forward Earnings Growth	5.0%	10.9%
Efficiency		
Inventory Turnover	-	-
COGS / Sales	0.0%	-
Rent / Sales	0.1%	5.8%
A / R Turnover	12.21	483.74
Margins		
Gross Profit Margin	100.0%	100.0%
EBITDA Margin	16.5%	22.0%
Operating Profit Margin	14.8%	22.0%
Net Profit Margin	13.1%	18.4%
SDE Margin	23.9%	33.0%



# LENDING RISK SUMMARY



## KEY LENDING RISKS

- Industry default risk
- Low current ratio liquidity
- Competition
- Tariffs



### Summary for purchase of all assets of Galligan Holdings

Galligan Holdings presents a varied set of risks for financing a business acquisition. The SBA loan default analysis points to a higher likelihood of charge-off, raising concerns about repayment. The management team, while moderately experienced, adds value but also poses a moderate risk due to some reliance on key members. Revenue stability is a worry with below-average growth rates and moderate consistency, potentially affecting debt servicing. Financial health appears weak, with liquidity challenges despite strong interest coverage. The industry's intense competition poses a significant risk, necessitating strong differentiation. On a positive note, high customer satisfaction indicates trust in services. There is a moderate supply chain vulnerability, highlighting the need for efficient management. ESG risk is relatively low based on carbon emissions data, but governance risk is high due to the lack of a formal board. In summary, a controlled lending risk rating suggests manageable risks but underscores the importance of close monitoring and mitigation strategies.



# RISK ASSESSMENT

## SBA loan default analysis

Risk factor	Loan volume	Charge-off rate
Industry (NAICS)	6,701	3.31%
State	47,781	1.52%
Zip code	4,439	1.54%
Loan size	33,049	1.24%
Change of ownership	38,591	0.51%
Galligan Holdings estimate	-	2.33%
National average	815,191	1.43%

Industry: NAICS (4-digit) 5412 Accounting, Tax Preparation, Bookkeeping, and Payroll Services

Geography: Ohio Zip code 432XX

Loan size: \$750,001 to \$1,000,000

Based on our analysis of over 815,000 SBA 7a loans issued since 2010, Galligan Holdings may have a significantly higher than average likelihood to result in a charge-off if this acquisition is financed.

The SBA loan default risk analysis is designed to be viewed as a directional measurement of risk, not an absolute measure of the expected charge-off rate.

*Source: Analysis of SBA 7a loan data*

# RISK ASSESSMENT

## Supply chain vulnerability and tariff risk

Input	Vulnerability Score	China Exposure	Risk Score
Machinery & Appliances	2.05	3.74	13.58
Electronics & Optics	17.82	0.34	22.07
Printed Materials	10.76	2.06	16.95

Tariffs on electronics and optical inputs pose a moderate risk to Galligan Holdings due to the firm's reliance on computers, monitors, and networking equipment used by its team to deliver cloud-based financial services, run QuickBooks Online, and conduct virtual onboarding sessions. The 14.1% short-run increase in prices for these inputs may compress margins if equipment upgrades or replacements are required. While long-run price impacts are expected to stabilize at a 6.2% increase, the cumulative cost pressure may necessitate package repricing or reduced spend on IT upgrades.

Machinery & Appliances, such as office servers, printers, and supporting infrastructure, are assessed as low risk, with minimal anticipated price movement, preserving operational continuity. Printed Materials, including tax documents and client-facing reporting packets, also carry low tariff risk, contributing marginally to overall costs. Business services not elsewhere classified face only a 0.6% long-run price increase, offering short-term insulation but potentially eroding profitability over time as these services underpin payroll, tax filing, and advisory delivery.

*Source: Analysis of Yale TBL and Kaplan data*

# RISK ASSESSMENT

## Management team

Galligan Holdings' management team is moderately experienced, with 5-10 years of industry-specific experience for key members. Their involvement is somewhat critical to operations, but systems and processes support continuity. While not indispensable, their experience adds value. The risk of management dependence appears manageable with proper systems in place.

*Source: Analysis of Onboarding Survey responses*

## Financial health

Galligan Holdings received a poor business health score from Value Buddy, indicating challenges in areas such as profit margins and growth rates. With a current ratio of 1.75, below the industry benchmark of 2.5, liquidity may be a concern. However, the interest coverage ratio of 8.80 suggests strong ability to meet interest obligations. While the current ratio falls short, the healthy interest coverage ratio indicates the business can comfortably cover its interest expenses. Continued monitoring of liquidity is advised to ensure financial stability.

*Source: Analysis and benchmarking of company financials*

## Competition

Galligan Holdings operates in a highly competitive industry with several competitors offering similar services. The moderate differentiation of their product/service provides some advantage, but the presence of established accounting firms and online services intensifies competition. The increasing demand for specialized financial advisory services further adds to the competitive landscape. Overall, the company faces significant competitive risk due to the presence of numerous competitors and the need to differentiate themselves in a crowded market.

*Source: Analysis of Onboarding Survey responses*

# RISK ASSESSMENT

## Customer satisfaction

The overall Google review rating for Galligan Holdings, LLC is 5. Recent customer reviews highlight the exceptional bookkeeping services provided by Keep Financials, with customers praising the flawless work and peace of mind it offers. There are no negative feedback or customer satisfaction risks identified in the reviews, indicating a high level of customer satisfaction and trust in the services provided by Galligan Holdings.

*Source: Analysis of recent Google reviews*

## Revenue stability

Galligan Holdings' revenue stability poses a moderate risk for financing a business acquisition. With a net sales CAGR of 2.55% over the past three years, significantly lower than the industry average of 10.94% and the U.S. GDP growth of 1.8%, the company's growth lags behind its peers. The Revenue Growth Consistency Index (RGCI) of 4.61 indicates a moderate level of consistency in year-over-year revenue growth. This suggests a certain level of unpredictability in revenue performance, which could impact the ability to service debt obligations.

*Source: Analysis of company financials*

# RISK ASSESSMENT

## ESG (environmental, social, governance)

Based on our analysis of carbon emissions data, the Accounting, Tax Preparation, Bookkeeping, and Payroll Services industry demonstrates a relatively low environmental risk profile. The industry averages 0.001255246 kg GHG of CO<sub>2</sub> emitted per dollar of GDP generated, significantly lower than the U.S. all-industry average of 0.175694084. This indicates a more sustainable carbon emissions intensity per unit of economic output compared to the national benchmark.

Furthermore, the industry emits 1431 kg GHG in CO<sub>2</sub> per firm, notably lower than the U.S. all-industry average of 376538 kg GHG CO<sub>2</sub> emissions per firm. This suggests that businesses in this sector have a lower carbon footprint per establishment compared to the broader U.S. business landscape.

However, it is important to note that this analysis provides only a high-level overview of environmental risk based on carbon emissions data. Further due diligence in line with the SBA SOP, including a comprehensive third-party environmental report, is recommended to fully assess the environmental risks associated with financing the acquisition of a small business in this industry.

The lack of a board of directors or formal advisors at Galligan Holdings poses a significant risk in terms of governance and decision-making. Without proper oversight and guidance, the business may struggle to make strategic decisions and manage risks effectively.

*Source: Analysis of Onboarding Survey responses & secondary industry data*

# APPENDIX

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# DISCOUNTED CASH FLOW

Projections

Year-by-year DCF contributions

Year	Free Cash Flow (FCF)	Present Value of FCF
1	\$ 161,593.93	\$ 137,393.57
2	\$ 169,673.63	\$ 122,658.33
3	\$ 178,157.31	\$ 109,503.42
4	\$ 187,065.18	\$ 97,759.36
5	\$ 196,418.43	\$ 87,274.83
6	\$ 202,310.99	\$ 76,430.65
7	\$ 208,380.32	\$ 66,933.90
8	\$ 214,631.73	\$ 58,617.15
9	\$ 221,070.68	\$ 51,333.78
10	\$ 227,702.80	\$ 44,955.40
Terminal Value	\$ 1,376,941.56	\$ 271,849.79

# DISCLAIMER



## Disclaimer

This business valuation report has been prepared by Value Buddy, Inc. in conformity with the Uniform Standards of Professional Appraisal Practice and other relevant professional guidelines (i.e., NACVA), except where noted. Value Buddy is an independent valuation provider and has no financial or personal relationship with the buyer or seller of the subject interest. Value Buddy is also independent from the loan origination function of the lender.

This report was commissioned and paid for to support SBA 7(a) loan underwriting and was prepared solely for that purpose. Value Buddy has no financial interest in the subject transaction or the entities involved.

The included risk assessment is designed to calculate the company-specific risk premium for valuation purposes. It should not be interpreted as a determination of the borrower's creditworthiness or the feasibility of the transaction.

This valuation primarily relies on historical financial data provided by the company's representative, assumed to reflect normal business operations. Any inaccuracies in this data may impact the conclusions of the report.

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