ValuaAI

CFO REPORT



PREPARED FOR

Brightline Plumbing & Heating (sample)

Home services | FY2025 | British Columbia

Generated November 4, 2026

Every business deserves a CFO.

WHAT IT'S WORTH

$1.05M - $1.41M

Indicative range

SDE $469K

x 2.25 - 3 industry multiple

Revenue	True earnings (SDE)	Adjusted EBITDA	Red flags
$1.85M	$469K	$329K	6

INSIDE THIS REPORT

01	Summary	p. 2	02	Cash health	p. 2	03	Where the money goes	p. 3
04	What needs attention	p. 4	05	What it's worth	p. 5	06	Performance and readiness	p. 6
07	Next steps	p. 7	08	Balance sheet snapshot	p. 8			

Indicative, for discussion only. Not a formal valuation or financial advice.

01

Summary

The most important things to know about these statements.

Revenue	Gross margin	Adjusted EBITDA	True earnings (SDE)
$1.85M	**55.7%**	**$329K**	**$469K**
		17.8% margin	incl. owner pay

Brightline Plumbing & Heating is a plumbing and heating contractor with service work ($1.61M) and parts and equipment sales ($240K). FY2025 revenue was $1.85M with a 55.7% gross margin and net income of $214K. Earnings before depreciation and amortization are about $286K before adjustments.

Three high-confidence add-backs total $183K: the owner's salary ($140K), a personal vehicle lease ($18K) and a one-time legal settlement ($25K), bringing true earnings (SDE) to about $469K. Cash of $180K sits against a $150K equipment loan, and receivables equal about 41 days of revenue.

The main things to address: $96K of rent paid to the owner's own company with no market comparison, reliance on the owner, a single unaudited year with no tax return, and a $41K undescribed expense line.

This is a sample report for a fictional company, provided to show what a ValuaAI CFO report contains.

02

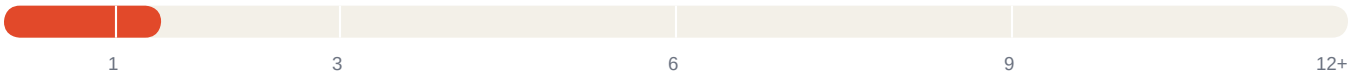
Cash health

How long the cash would last, and where it gets stuck.

OKAY

The business generated about $20K a month in cash. Cash on hand would cover about 1.4 months of costs if sales stopped.

Cash cushion if sales stopped **1.4 months**



Cash on hand	Cash made / month	Days to get paid	Current ratio
$180K	**$20K**	**41 days**	**3.22**
balance sheet	profit + depreciation	receivables vs sales	1.0+ = bills covered

Estimated from the statements you uploaded. Yearly statements can't show seasonal swings or exactly when bills are due, so treat this as an early warning, not a bank forecast.

03

Where the money goes

Your costs as a share of sales, next to similar small businesses in British Columbia (Plumbing, Heating and Air-Conditioning Contractors).

- Rent: 5.2% vs 1.4% for similar businesses (3.8 points higher). Expect a lender or buyer to ask why.
- Advertising: 3.2% vs 1.3% for similar businesses (1.9 points higher). Expect a lender or buyer to ask why.
- Net profit margin: 13.6% vs 10.6% for similar businesses (3.0 points higher), a strength worth pointing out.

	You	Similar avg	Top 25%	
Wages and benefits	**24.3%**	30.2%	14.7%	Better
Rent	**5.2%**	1.4%	0.9%	Weaker
Utilities and telecom	**1.3%**	0.9%	0.9%	Typical
Insurance	**1.6%**	1.1%	1.0%	Typical
Advertising	**3.2%**	1.3%	0.9%	Weaker
Interest and bank charges	**0.6%**	0.2%	0.3%	Typical
Net profit margin	**13.6%**	10.6%	39.8%	Better



80% of these businesses made a profit in 2023. Benchmarks: 2023 tax-year data for NAICS 238220. Net profit is before income tax; for sole proprietors it includes the owner's pay. Innovation, Science and Economic Development Canada, Financial Performance Data (small businesses with $30K-$5M revenue). Contains information licensed under the Open Government Licence - Canada.

04

What needs attention

Issues a lender, partner or buyer is likely to raise, ranked by how much they matter.

Related-party rent not verified at market

MEDIUM

The shop is rented from Mercer Holdings LLC, which appears owned by the owner. The rent could be above or below market, and any gap changes adjusted earnings.

Evidence: "Rent - shop (paid to Mercer Holdings LLC)" 96,000 (about 5.2% of revenue) (p. 1)

Single unaudited year, no tax return or prior periods

MEDIUM

Only one year of internal, unaudited statements is provided, so earnings stability cannot be confirmed.

Evidence: Footer: "Prepared from internal books, unaudited." Only FY2025 shown (p. 1)

Heavy dependence on the owner

MEDIUM

The owner is on payroll as a named officer at $140K and the premises belong to the owner's entity. It is unclear who runs jobs and holds customer relationships.

Evidence: "Officer salary (owner, J. Mercer)" 140,000 versus "Technician & office wages" 310,000 (p. 1)

Income tax expense on an LLC

LOW

The LLC shows $38K of income tax expense, which is unusual unless it elected corporate taxation. Structure and tax treatment should be confirmed.

Evidence: "Income tax expense" 38,000; net income 214,000 (p. 1)

Meaningful subcontractor reliance

LOW

Subcontractors are about 16% of revenue. Confirm they are stable, properly classified and under written agreements.

Evidence: "Subcontractors" 300,000 of revenue 1,850,000 (16.2%) (p. 1)

Unexplained other operating expenses

LOW

A $41K catch-all line (2.2% of revenue) has no description and may contain further personal or one-time items.

Evidence: "Other operating expenses" 41,000 (p. 1)

Questions to have answers ready for

1. What is the owner's day-to-day role (estimating, dispatch, field work, licensing), and who else could do it?
2. What are the terms of the lease with Mercer Holdings LLC, and how does $96K a year compare with market rent for a similar shop?
3. What is in the $41K 'Other operating expenses' line, and are any items personal or one-time?
4. What were revenue, gross margin and net income in FY2023 and FY2024, and do they reconcile to the filed tax returns?
5. Who are the top 10 customers by revenue, and how much comes from maintenance contracts or repeat work?

05

What it's worth

True earnings after owner add-backs, an indicative value range, and a check against what the business owns.

INDICATIVE VALUE

$1.05M - $1.41M

Indicative range for discussion

Multiple	**2.25x - 3x SDE**
SDE used	**$469K**
Total add-backs	**$183K**

Goodwill check: Goodwill may be hard to support

Net assets (book) $410K

Expect buyers to lean toward the low end of the range. The net assets ($410K) are a realistic floor.
- This is a type of business a buyer could often start from scratch, so buyers tend to pay less for goodwill.
- Only one year of statements was provided, so there is no track record showing the profits are lasting.

Assumes the owner's recorded pay is close to what it would cost to hire a manager, and uses book values for assets.

From reported earnings to true earnings

Reported EBITDA	**$286K**
+ Owner's personal vehicle lease	$18K
+ Legal settlement - 2024 customer dispute	$25K
Adjusted EBITDA	**$329K**
+ Owner salary (J. Mercer)	$140K

True earnings (SDE) **$469K**

Add-backs found (4)

Owner salary (J. Mercer) **$140K**
owner compensation | high confidence | Included | p. 1
Single working owner's salary, added back for SDE. A hired general manager would need to be paid, so a market-rate replacement wage matters for EBITDA.

Owner's personal vehicle lease **$18K**
discretionary | high confidence | Included | p. 1
Labelled as personal to the owner, so the business would not incur it under new ownership.

Legal settlement - 2024 customer dispute **$25K**
non recurring | high confidence | Included | p. 1
Described as one-time. Confirm no other claims or related legal fees recur.

Rent to Mercer Holdings LLC vs. market rent **$0**
related party | low confidence | Not included | p. 1
Premises are rented from an owner-controlled entity at $96K a year. No market rent is provided, so the adjustment is left at $0 pending a market rent check.

06

Performance and readiness

How the business has moved across the periods you uploaded, and how a lender or buyer would see it today.

Business strength

55 / 100

Getting there
Overall score from the areas below.

Financial records 55
Accrual-basis P&L and balance sheet both reconcile (assets 695,000 = liabilities plus equity 695,000), but there is only one unaudited year and no tax return.

Profitability 72
Gross margin is 55.7% and reported operating income before D&A is 286,000 (15.5% of revenue), which rises to about 469,000 (25%) before owner pay and other add-backs.

Growth trend 50

Only one full year (FY2025 revenue 1,850,000) is provided, so no growth direction can be assessed.

Owner independence 40

The owner is a salaried officer at 140,000 and also the landlord through Mercer Holdings LLC; his operational role and customer relationships are not documented.

Customer diversity 60

The documents give no customer-level data, so the neutral default is used; revenue is split between service (1,610,000) and parts (240,000).

Clean books 55

The books contain a personal vehicle lease (18,000), a one-time settlement (25,000), a related-party lease (96,000) and a 41,000 undescribed expense line.

07

Next steps

Practical steps, ranked by impact, based on what we found.

1

Put the shop lease on arm's-length terms

Get a written market-rent opinion and sign a multi-year lease (with renewal options) between Mercer Holdings LLC and the business, at a rent consistent with comparable shops.

The 96,000 related-party rent is unverified; lenders and buyers discount earnings when it looks off-market.

HIGH IMPACT LOW EFFORT

Removes a common reason buyers lower their offer.

2

Reduce owner dependence

Document the owner's duties, put a general manager or lead technician in place, and train staff on estimating and dispatch.

The owner is the named officer and landlord; a business that runs without the owner is worth more.

HIGH IMPACT HIGH EFFORT

Supports a wider pool of buyers and a stronger multiple.

3

Provide multi-year, reviewed financials and tax returns

Have an outside accountant prepare or review FY2023-FY2025 statements, reconcile them to the filed tax returns, and clarify why an LLC records 38,000 of income tax.

A single unaudited year gives no trend or cross-check.

MEDIUM IMPACT MEDIUM EFFORT

Improves confidence in the add-backs.

4

Clean up the books

Move the personal vehicle lease out of the business, break down the 41,000 'other operating expenses' line, and keep one-time items on separate, labelled lines.

Fewer personal and unexplained items make the earnings more believable.

MEDIUM IMPACT LOW EFFORT

Makes about 43,000 of adjustments easier to defend.

08

Balance sheet snapshot

As of 2025-12-31.

Cash	$180K
Accounts receivable	$210K
Inventory	$45K
Total assets	**$695K**
Accounts payable	$95K
Debt	$150K
Total liabilities	**$285K**
Equity (book value)	**$410K**
Working capital	**$300K**

Net asset value (book equity): $410K. Roughly what the net assets are worth on paper, before any value for profits or goodwill.

About this report

Figures were extracted from the uploaded financial statements by AI and checked for internal consistency. Comparisons use Government of Canada (ISED) financial performance data. The value range applies industry multiples to adjusted earnings (SDE for smaller owner-operated businesses, EBITDA for larger ones) and does not account for working capital, debt, real estate, deal terms or market conditions.