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Understand your money

Profit and Value Audit

Meridian Digital LLC

Fiscal year 2025 I Report GA-2601 I Prepared 24 July 2026

TOTAL IDENTIFIED

$802,086

combined profit and enterprise value, and 321x the audit fee

RECURRING PROFIT IDENTIFIED	WORKING CAPITAL RELEASED	ENTERPRISE VALUE CREATED
$116,725	$69,168	$616,193

CASH IMPACT	$185,893	realized inside twelve months
ENTERPRISE VALUE	$616,193	realized only at sale or recapitalization

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SAMPLE REPORT. Meridian Digital LLC is an illustrative composite. Figures are representative of a $1M agency and do not describe an actual client engagement.

SECTION 01

Executive summary

This audit reads the general ledger, payroll register, and customer contracts of Meridian Digital LLC for the twelve months ended December 31, 2025, and quantifies what the business is losing across twelve levers. Every figure below traces to a source document. Nothing here was reconstructed from a conversation.

Meridian Digital is a nine-person digital marketing agency in its seventh year, billing $1,003,480 across eighteen retainer clients and a project book. It is profitable and well regarded by its clients. It has also never produced a client-level margin report, a utilization figure, or a valuation estimate, which is why the findings below have gone unnoticed for as long as they have.

FINDING	VALUE	WHEN IT LANDS	LEVERS
Recurring annual profit	$116,725	Inside 90 days, then every year	01 to 04
Working capital released	$69,168	One time, 60 to 90 days	05 and 06
Cash impact	**$185,893**	**Bankable inside twelve months**	
Enterprise value created	$616,193	Only on a sale or recapitalization	10 to 12
Total identified	**$802,086**	**Combined profit and enterprise value**	

Two different kinds of money. $185,893 is cash. It reaches your operating account inside twelve months, and the recurring portion repeats every year after. The $616,193 of enterprise value is not cash and will not be until you sell or recapitalize. It is the larger number and it is real, but it is unrealized until there is a transaction. The two are kept apart throughout this report.

The three findings that matter most

Web builds are sold at a margin you cannot see. The line runs 34% gross margin against 68% on retained SEO work, and on the three largest builds of 2025 delivered hours exceeded the estimate by 40%.

Your clients pay you slower than you pay everyone else. Days sales outstanding is 54 against contractor terms of 8. The gap is funded by a line of credit at 11%.

The company is worth roughly $576,897 and could be worth $1,193,090. Most of that gap is not extra earnings. It is the discount a buyer applies today for client concentration, unsigned contracts, and owner dependence, all addressable inside twelve to eighteen months.

SECTION 02

Financial position

Column one is your fiscal 2025 as reported, reclassified where accounts were miscoded. Column three is the same year with the findings in Section 03 captured. No revenue growth is assumed. Every dollar of improvement comes from work you are already doing.

LINE	AS REPORTED	CHANGE	IDENTIFIED	% REV
Revenue	$1,003,480	+$44,240	$1,047,720	100.0%
Cost of delivery	$451,566	($54,555)	$397,011	37.9%
Gross profit	**$551,914**	**+$98,795**	**$650,709**	**62.1%**
Owner compensation	$150,000	no change	$150,000	14.3%
Other payroll	$92,640	no change	$92,640	8.8%
Software, rent, G&A	$163,215	($17,930)	$145,285	13.9%
Total operating expense	**$405,855**	**($17,930)**	**$387,925**	**37.0%**
Operating income	**$146,059**	**+$116,725**	**$262,784**	**25.1%**
Interest expense	$8,247	($6,720)	$1,527	0.1%
Net income	**$137,812**	**+$123,445**	**$261,257**	**24.9%**

Operating margin moves from 14.6% to 25.1%. A healthy independent agency at this revenue runs 15% to 20%, so the identified position sits at the top of the range rather than in the middle of it. That is the reason we discount it before applying any valuation multiple in Section 04. Figures are rounded to the dollar and may not foot by small amounts.

Balance sheet and cash

MEASURE	CURRENT	TARGET	COMMENT
Days sales outstanding	54 days	31 days	Invoices issued on the 10th, no dunning sequence, contractual late fee never charged
Accounts receivable	$148,460	$85,227	$41,308 past 60 days across four clients, of which $22,140 is one client
Days payable outstanding	8 days	30 days	Contractors paid on receipt, no terms ever negotiated
Line of credit drawn	$62,500	$0	11.0% rate, drawn reactively in the two quarters with estimated tax payments
Cash conversion cycle	46 days	1 day	Composite of the three measures above

Delivery and capacity

Section 02 continued

MEASURE	CURRENT	TARGET	COMMENT
Billable utilization	58%	70%	Four delivery staff. Gap represents roughly $130,000 of sellable capacity
Contractor spend	$94,610	$56,770	Overflow routed outside while internal capacity sat idle
Revenue per delivery FTE	$250,870	$300,000	Consistent with the utilization gap rather than a staffing problem
Average deliverable lead time	11 days	5 days	Six of the eleven days are queue time at a single approval point
Monthly close	24 days	10 days	Outside bookkeeper, no job costing, no client level profit and loss

SECTION 03

Lever findings

Twelve levers across three categories. Each finding states what we tested, what the ledger showed, and what capturing it is worth. Values are annual unless marked otherwise.

PROFIT.

Pricing	+$44,240
Gross margin	+$29,675
Labor efficiency	+$24,880
Overhead	+$17,930

+$116,725 *recurring profit*

CASH FLOW.

Customer mix	+$38,490
Cash cycle	+$30,678
Capacity	CONDITIONAL
Reporting	ENABLING

+$69,168 *capital released*

VALUE.

Forecasting	+$6,720
Risk	MULTIPLE DRIVER
Transferability	MULTIPLE DRIVER
Valuation	+$616,193

3.0x → 4.25x *valuation*

+$616,193 *enterprise value*

SECTION 03 · DETAIL

Lever detail

Profit

Increase the earnings produced by the revenue you already have.

01 Pricing — $44,240

RECURRING

FINDING Three retainers remain on 2023 pricing at $2,500 per month against a current book rate of $3,800. Separately, contracted retainer scope averages 20 hours per month while delivered scope averages 26.

EVIDENCE Retainer agreements compared to invoiced revenue per client. Time records against contracted hours across all eighteen retainers, showing 108 unbilled hours per month.

ACTION Reprice the three stale retainers at renewal, valued at $29,340 after allowing for one of the three declining to renew. Recover one quarter of the unbilled scope through change orders, valued at $14,900.

02 Gross margin — $29,675

RECURRING

FINDING Client level margin has never been calculated. SEO retainers run 68%, paid media 61%, and web builds 34%. Web builds represent $180,000 of revenue and run 40% over estimate on fixed fee.

EVIDENCE Payroll and contractor cost allocated to client work using time records. Two retainers totaling $95,000 in revenue are delivering 22% margin.

ACTION Introduce estimating discipline and change order terms on builds, valued at $24,780. Reprice or exit the two low margin retainers, valued at $4,895 after allowing for one departure.

03 Labor efficiency — $24,880

RECURRING

FINDING Billable utilization is 58% against a 70% target while $94,610 went to outside contractors. The business paid twice for the same capacity.

EVIDENCE Payroll register reconciled to time records by staff member. Contractor invoices mapped to the client work they supported.

ACTION Insource roughly 40% of contractor work onto capacity already paid for, valued at $24,880. The residual utilization gap represents about $131,000 of sellable capacity and is excluded here because it requires demand, not cost control.

04 Overhead — $17,930

RECURRING

FINDING Software spend includes a duplicate project management tool, five seats for departed staff, and an unused CRM. Roughly 40% of revenue is collected by card at 2.9%.

EVIDENCE Twelve months of recurring vendor charges in the general ledger matched against the active employee roster. Merchant processing fees isolated from the payment processor statements.

ACTION Cancel the duplicate and dormant subscriptions, valued at $11,240. Move retainer clients to ACH on renewal, valued at $6,690. A further $11,400 from office downsizing is flagged as a lease renewal decision in March 2027 and not counted here.

Cash and operations

Convert reported profit into cash and create room to grow.

05 Customer mix — $38,490

ONE TIME

FINDING Ten clients representing $421,300 of revenue sit on net 45 and net 60 terms. Actual days to pay averages 52. The top client is 18.5% of revenue and the top three are 41.2%.

EVIDENCE Contract terms compared to the accounts receivable aging and cash application detail for the full year.

ACTION Move the ten clients to net 15 with autopay at renewal. This accounts for 14 of the 23 days of receivable improvement, releasing $38,490. The concentration finding carries into Lever 10.

06 Cash cycle — $30,678

ONE TIME

FINDING Days sales outstanding is 54 against $148,460 of receivables. Invoices are issued on the 10th rather than the 1st, there is no dunning sequence, and the late fee written into every contract has never once been charged.

EVIDENCE Aging report, invoice issue dates, and cash receipt dates for all 2025 invoices. Contractor payment dates against invoice dates.

ACTION Move billing to the 1st and add a dunning sequence, accounting for the remaining 9 days and valued at $24,743. Negotiate contractor terms to net 30, valued at $5,935.

07 Capacity — $46,800

CONDITIONAL

FINDING One senior strategist sits in the approval path for all eighteen retainers. Six of the eleven day average lead time is queue time waiting on that one person. New retainers have been slow rolled or declined for lack of room.

EVIDENCE Project management records showing time in queue by stage. Owner log of declined or deferred opportunities across the year.

ACTION Add a second strategist at $85,200 loaded cost, unlocking roughly six retainers at $240,000 of revenue and 55% margin, for a net $46,800. Excluded from the headline figure because it requires both a hire and new sales.

08 Reporting

ENABLING

INFRASTRUCTURE

FINDING Levers 02, 03 and 07 above have existed for at least two years with nothing in the reporting that would surface them. There is no job costing, no utilization tracking, and no client level profit and loss. The close lands 24 days after month end.

EVIDENCE Chart of accounts review, close calendar, and the absence of any management reporting pack.

ACTION Reporting adds no dollar figure of its own. It is the reason the other findings were discoverable and the reason they do not quietly return once fixed.

Enterprise value

Make the company more predictable, transferable, and valuable to a buyer.

09 Forecasting

$6,720

RECURRING

FINDING There is no thirteen week cash forecast. The line of credit sits drawn at $62,500 and is tapped reactively in the two quarters where estimated tax payments collide with payroll.

EVIDENCE Line of credit statements showing draw timing against the payroll calendar and estimated tax due dates.

ACTION The $69,168 released by Levers 05 and 06 retires the balance with room to spare. Interest saved is $6,720 and reactive borrowing ends. This saving is carried into the valuation bridge rather than counted a second time in the headline.

10 Risk

PRICED IN LEVER 12

MULTIPLE DRIVER

FINDING Top three clients are 41.2% of revenue. Eleven of eighteen retainers have no current signed agreement and run month to month with no notice period. Personal expenses are commingled in the books.

EVIDENCE Revenue concentration schedule by client. Contract file review against the active client list. General ledger scan for personal expenditure in business accounts.

ACTION Sign all retainers with a ninety day notice provision. Dilute concentration through the capacity unlocked in Lever 07. Separate personal spending from the business accounts.

11 Transferability

PRICED IN LEVER 12

MULTIPLE DRIVER

FINDING The owner holds the client relationship on fourteen of eighteen retainers, approves all pricing, is the final strategic authority, and is the only person in the sales seat. Roughly 30 of a 55 hour week is spent on client delivery.

EVIDENCE Client contact mapping from the CRM and email records. Owner time study across four representative weeks.

ACTION Transition relationship ownership to account leads, document the pricing authority, and move the owner out of delivery. This is the single largest multiple driver in the file.

12 Valuation

$616,193

ENTERPRISE

FINDING Adjusted EBITDA is $192,299 against reported operating income of $146,059. At a 3.0x multiple, reflecting the risk factors in Levers 10 and 11, the business is worth roughly $576,897 today.

EVIDENCE Normalization schedule in Section 04. Multiple range sourced from independent agency transaction data for businesses between $500,000 and $5,000,000 of revenue.

ACTION Capturing the profit findings and closing the risk and transferability gaps supports $280,727 of adjusted EBITDA at 4.25x, or $1,193,090. See Section 04 for the full bridge.

Basis of realization

Every finding above sorted by what has to happen before the money is yours. Nothing in the last two rows reaches your bank account this year.

BASIS	AMOUNT	LEVERS	WHAT HAS TO BE TRUE
Recurring cash	$116,725	01 to 04	You execute the repricing, estimating, insourcing, and cancellations. Repeats annually.
One time cash	$69,168	05 and 06	Clients accept new terms at renewal and billing process changes. Released once.
Subtotal, cash	**$185,893**		**Bankable inside twelve months**
Conditional	$46,800	07	A hire is made and six retainers are sold. Excluded from every total in this report.
Enterprise value	$616,193	10 to 12	Risk and transferability work completed, then a willing buyer at an agreed multiple.
Total identified	**$802,086**		**Cash plus enterprise value, excluding conditional**

SECTION 04

Valuation analysis

This section accounts for 76.8% of the total identified value, so the math is shown in full. Two conservatism measures are applied and both are visible: recurring findings are discounted 30% before they touch the multiple, and the post work multiple of 4.25x sits below the 5.0x top of the observed range.

Adjusted EBITDA

NORMALIZATION	TODAY	AFTER	BASIS
Operating income	$146,059	$227,767	After work: reported income plus 70% of the $116,725 identified
Owner compensation to market	+$21,500	+$21,500	$150,000 paid against a $128,500 market general manager rate
Personal expenses removed	+$17,840	+$17,840	Vehicle, travel, and phone charged to the business
Non recurring legal	+$6,900	+$6,900	Contract dispute settled in Q2 2025, no similar item in the prior three years
Interest saved	no change	+$6,720	Line of credit retired by the working capital release
Adjusted EBITDA	**$192,299**	**$280,727**	
EBITDA margin	19.2%	26.8%	

Multiple assessment

Independent agencies of this size trade between 3.0x and 5.0x adjusted EBITDA. Meridian sits at the bottom of that range today for four specific and documented reasons, each of which is addressable.

FACTOR	TODAY	AFTER	EFFECT
Revenue concentration	41.2% in top three clients	Below 30%	Discount removed
Contracted revenue	11 of 18 unsigned	All signed, 90 day notice	Discount removed
Owner dependence	14 of 18 relationships	Account led	Largest single driver
Financial infrastructure	24 day close, no job costing	10 day close, client P&L	Diligence risk removed
Applied multiple	**3.0x**	**4.25x**	**+1.25 turns**

Enterprise value bridge

Section 04 continued

COMPONENT	AMOUNT	DERIVATION
Enterprise value today	$576,897	$192,299 adjusted EBITDA at 3.0x
Value from higher earnings	+$265,284	$88,428 of additional EBITDA at today's 3.0x multiple
Value from multiple expansion	+$350,909	1.25 additional turns applied to $280,727 of EBITDA
Enterprise value after	**$1,193,090**	**$280,727 adjusted EBITDA at 4.25x**
Value created	**$616,193**	**43.1% from earnings, 56.9% from multiple expansion**

The value created is not cash. The $616,193 is unrealized enterprise value, realized only on a sale or recapitalization. It assumes the risk and transferability work in Levers 10 and 11 is completed over twelve to eighteen months, and neither the earnings improvement nor the multiple is guaranteed.

SECTION 05

Ninety day sequence

Ordered by cash returned per hour of effort, not by size. The first three items require no hiring, no new systems, and no client conversations that put revenue at risk.

WINDOW	ACTION	VALUE	OWNER
Days 1 to 30	Cancel dormant software subscriptions and reclaim departed staff seats	$11,240	Ops lead
	Move billing from the 10th to the 1st and switch on a dunning sequence	$24,743	Gain Accounting
	Negotiate contractor payment terms to net 30	$5,935	Owner
Days 31 to 60	Stand up job costing and client level profit and loss in the ledger	Enabling	Gain Accounting
	Move retainer clients to ACH and net 15 at renewal	$45,180	Ops lead
	Reprice the three stale retainers	$29,340	Owner
Days 61 to 90	Introduce estimating discipline and change order terms on web builds	$24,780	Delivery lead
	Insource overflow work onto existing capacity	$24,880	Delivery lead
	Sign all eighteen retainers with a ninety day notice provision	Multiple	Owner
	Retire the line of credit from released working capital	$6,720	Gain Accounting

Beyond ninety days

HORIZON	WORK	PURPOSE
Months 4 to 9	Hire the second strategist, dissolve the approval bottleneck, and sell into the unlocked capacity	Lever 07 and concentration dilution
Months 4 to 18	Transition client relationships from the owner to account leads	Lever 11, the largest multiple driver
Ongoing	Ten day close, monthly management pack, rolling thirteen week cash forecast	Levers 08 and 09

Recommended engagement

Section 05 continued

The findings in Sections 03 and 04 were produced by reading the books once. Capturing them and keeping them captured requires someone in the ledger every month. Based on what this audit surfaced, Meridian Digital fits **Gain CFO Scale**: monthly close, monthly CFO call, rolling forecast, and a KPI dashboard built on the job costing this report calls for.

The $2,500 audit fee is credited in full against the first month if the engagement begins within thirty days of the walkthrough call. Against that fee, this audit identified $802,086, or 321x the cost of the engagement.

SECTION 06

Method, assumptions, and limitations

What we examined

The QuickBooks Online general ledger for the twelve months ended December 31, 2025, with full transaction detail. Payroll register and time records. Receivable aging and cash application detail. All active client agreements. Vendor and subscription billing. Line of credit and merchant processing statements. Nine business days elapsed from read only access on 13 July 2026 to delivery. Two clarifying questions went to the owner by email during fieldwork, on owner compensation and the Q2 legal matter.

How values were derived

Each figure is calculated from source data and stated at the amount we believe is capturable, not at the gross opportunity. Where a finding depends on a client accepting a change, we have reduced the value to reflect the likelihood of losing that client. Where a finding requires hiring or new sales, it is marked conditional and excluded from the headline figure. Lever 09 flows into the valuation bridge rather than the headline so that no dollar is counted twice.

What this report is not

This is not an audit, review, or compilation performed under AICPA standards, and no opinion is expressed on the financial statements. It is not a business valuation prepared under USPAP or any certified valuation standard. The enterprise value figures are advisory estimates intended to size an opportunity, not appraisals, and should not be relied upon for tax, litigation, estate, or transaction purposes. This report is not tax advice.

Two bases of value

Findings are reported on two bases and never combined without saying so. **Cash** covers recurring profit and released working capital: it changes the bank balance inside twelve months and is measurable against the ledger afterward. **Enterprise value** is the change in what the business would sell for. It is unrealized until a sale or recapitalization, may never be realized if no transaction occurs, and is sensitive to market conditions outside your control. Combined figures are labelled as combined. The conditional capacity finding in Lever 07 is excluded from every total.

Realization

What we do is find and evidence the opportunity. Whether it is realized depends on decisions and execution inside your business. No figure in this report is a guarantee of future profit, cash flow, or sale price. Market conditions, client behavior, and execution quality all bear on the outcome.

Confidentiality

This report and the underlying records are confidential to Meridian Digital LLC and Gain Accounting LLC and are not shared with third parties without written instruction.

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ENGAGEMENT

Profit and Value Audit
Report GA-2601, v1.0
Delivered 24 July 2026

NEXT STEP

Findings walkthrough
45 minutes
Questions to the address at left

Sample report notice. Meridian Digital LLC is an illustrative composite created to demonstrate the structure and depth of the Profit and Value Audit. It does not describe an actual client, and the figures do not represent the results of any real engagement. Findings in an actual audit will differ.

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