

## Business Challenges

A significant component of every business appraisal involves normalizing the owner's compensation. However, every business has its own unique attributes based on Industry, job duties, gross revenue, owner experience, and geographic location. Finding comparable wage data can be at best a challenge and at worst a time-consuming and frustrating process that may not withstand the scrutiny of a legal challenge. This could cause valuations to be completed with unsound Reasonable Compensation figures compromising the accuracy of the appraisal and exceeding time and budget estimates, lowering profitability.

### Challenges:

- **Time** – Gathering comparable wage data can take hours sometimes days of searching through public records and poorly assembled data bases.
- **Accuracy** – Even when comparable wage data can be found, if it doesn't include enough detail an accurate determination may not be possible.
- **Defensible** – Reasonable Compensation determined using unreliable sources will rarely withstand any degree of scrutiny.

## Solutions Overview

RCReports provides business valuers with a simple, cloud-based solution for calculating Reasonable Compensation. With no software to download, you can determine Reasonable Compensation for business owners in minutes, instead of hours or days. RCReports features an exclusive wage database with more than 12.9 million data points and a simple system to generate lightning fast Reasonable Compensation reports that are objective, accurate, and backed by a proprietary methodology combining IRS criteria, court rulings, and geographic data.

## Solution Benefits

### ACCURATE

RCReports ensures that when determining a business owner's Reasonable Compensation, you can easily choose the approach that fits your client best, or run multiple approaches and reconcile them providing you and your clients with accurate wage data supported by an independent source.

### DEFENSIBLE

In the event of a legal or IRS challenge to a Reasonable Compensation figure, it's good to know that the data and calculations used come from a reliable third-party source. With RCReports you can be sure that our numbers are unbiased and represent an accurate Reasonable Compensation figure for your client. Every report provides you with supporting resources, including case law, IRS rulings, whitepapers, and more!

### COST EFFECTIVE

Determining a client's Reasonable Compensation used to be a painstaking and costly process, but not anymore. With RCReports you can run easy and inexpensive Reasonable Compensation analysis for your clients, saving you the hassle of prior solutions. With our cloud-based system, you'll gain instant access to our software which will have you generating Reasonable Compensation analysis in no time. You'll save time, freeing you up to help more clients and increase your revenue. Spend less time to make more money – a real win-win!

## Solution Features

RCReports provides an exclusive wage database with more than 12,917,500 wage data points, of which more than 60% are unique to RCReports. You have four different reports to choose from: S Corp and C Corp Tax Compliance, Normalizing Compensation for Valuation, and Planning as well as three approaches: Cost, Market, and Income. Additionally, you can present your client with a digital interview to help you gain an understanding of how they spend their time and what services they provide for their business. Even with all these tools at your command, a report can easily be generated in a matter of minutes!

Every Reasonable Compensation report is supported by the Resource Library, which contains tools and documents to help you get the most out of your subscription. It includes tools specific to business valuations from the IRS as well as general information about Reasonable Compensation. From customizable letters to court ruling analyses to white papers, the Resource Library is worth the price alone.

## Use Cases



**Business Valuation:** It's virtually impossible to value a business without normalizing owner compensation. Have no fear – RCReports can help you with accurate Reasonable Compensation reports to ensure your valuations are precise and defensible.



**Court Witness:** If you are called on to support the value of a business in a court case, you need to know that the Reasonable Compensation number is defensible. With RCReports you can be sure the business owner's Reasonable Compensation was calculated using independent, third-party data and using our exclusive salary intelligence, providing you with a thoroughly defensible figure.



**Case Settlement:** In the event that your valuation is being used in a settlement, an inaccurate number could cost your client a significant amount of money. To avoid putting your clients and your reputation at risk, you need to be sure of your Reasonable Compensation figure when valuing a business.

**“Whereas you may have to spend 4 hours, 6 hours or in some cases 2 or 3 days to determine reasonable compensation for a given party, now this can be done in a matter of minutes with several scenarios.”**

- Michael Gregory, Reasonable Compensation Expert, Former IRS Agent, CVA, CBA, ASA

## About RCReports Reasonable Compensation Solutions

RCReports provides instant and accurate insights into Reasonable Compensation for closely held businesses to ensure your clients remain compliant, minimize risk and realize maximum payroll tax savings. With in-built industry, legal, IRS criteria and salary data intelligence, tax advisors, valuers and forensic accountants gain access to credible and independent Reasonable Compensation calculations with guaranteed cover in the event of an IRS audit or litigation. Access reports for planning, compliance or normalization within minutes through an intuitive, cloud-based platform, removing all guesswork and providing full documentation and transparency around your clients' compensation

**For more information about RCReports visit [rcreports.com](https://rcreports.com) or call 720-279-8800.**