WE CHAT DIVORCE • DIVORCE EXPLORED

Business & Divorce: A Financial Clarity Checklist

A practical worksheet for gathering the right information, asking the right questions, and protecting your financial future when a business is part of your settlement.

STEP 1 — GATHER WHAT YOU ALREADY KNOW

You don't need every answer today. Start with what you know and what you have — a detail you remember, a payment the business makes, or a document you signed all help identify the records and questions that matter.

- ☐ Business tax returns (last 3–5 years)
- ☐ Payroll records — including family members on payroll
- ☐ Business bank and credit line statements
- ☐ Records of business-paid personal expenses
- ☐ Real estate deeds or leases held inside the business entity
- ☐ Profit & loss statements and balance sheets
- ☐ Shareholder, partnership, or operating agreements
- ☐ Any prior business valuation reports
- ☐ Documentation of intellectual property (courses, books, proprietary methods)
- ☐ Distribution or draw history for both spouses

STEP 2 — NOTE ANYTHING UNUSUAL OR UNCLEAR

A detail doesn't need to be proven to be worth flagging. Bring it forward — that's what turns a vague concern into a specific, answerable question.

- ☐ Intellectual property, a book, or a course library either spouse helped create
- ☐ Retained earnings that look larger than the cash actually available
- ☐ Personal expenses regularly paid through the business
- ☐ Real estate owned by the same entity as the operating business
- ☐ Major withdrawals, new debt, or unexplained changes in distributions

STEP 3 — ASK BEFORE YOU HIRE A FORENSIC OR BUSINESS EVALUATOR

Know their scope and the questions to ask before the engagement begins — not after you receive the deliverable. This protects you from open-ended questions that trigger additional fees.

- ☐ What exactly is included in this valuation, and what is explicitly excluded?
- ☐ Is real estate owned by the business reflected here, or valued separately?
- ☐ What valuation date and valuation approach will be used?
- ☐ What counts as “reasonable compensation” in this analysis?
- ☐ Which expenses will be normalized or added back — and why?
- ☐ What discount rate and growth assumptions will be applied?
- ☐ How much goodwill is being applied, and how was that determined?
- ☐ What would trigger an additional fee beyond the original scope?

STEP 4 — IF TWO EXPERTS DISAGREE, COMPARE ASSUMPTIONS — NOT CONCLUSIONS

Two reports that are far apart usually reflect different assumptions, not dishonesty. Lay the inputs side by side to see where they diverge and which figures the documents actually support.

- ☐ Same valuation date used by both experts?
- ☐ Same reasonable compensation figure applied?
- ☐ Same discount rate and growth assumptions?
- ☐ Same valuation approach/method used?
- ☐ Same expenses normalized or added back?
- ☐ Same treatment of goodwill?

STEP 5 — UNDERSTAND THE CASH FLOW — NOT JUST THE VALUATION

The business still has to operate while the divorce moves forward, and the family may still rely on it for personal expenses. Understanding both demands helps you negotiate from a realistic picture.

- ☐ Which personal expenses currently run through the business?
- ☐ Which of those expenses will move to a personal budget after divorce?
- ☐ Is the business's cash coming from income, or from debt or savings?
- ☐ If a payment plan is proposed, does it leave enough cash for the business to keep operating?
- ☐ Does my lifestyle analysis reflect what I'll actually need to cover post-divorce?

STEP 6 — PROTECT YOURSELF AFTER YOU STEP AWAY

- ☐ What is my name currently on — payroll, officer title, loans, or agreements?
- ☐ What needs to be signed for me to be formally released from those obligations?
- ☐ Have all transfer, buyout, or shareholder documents actually been completed — not just agreed to?

THE MDS FINANCIAL PORTRAIT™

You don't need to have every answer today. The Financial Portrait connects what you already know to the records that confirm it — identifying missing or inconsistent information and modeling how it affects your settlement, so you can negotiate from clarity rather than assumptions.