



Intangible Appraisal Reports

- **Business Valuations**
- **Intellectual Property Appraisals**
- **Building Value**
- **Liquidity Realization**

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Know What Your Intellectual Property is *Really* Worth.™

Our Intangible Appraisal Reports independently value the worth of specific intellectual property, such as:

- Patents and copyrights,
- Technologies and products (and their life cycles), and
- Non-technology assets (services and support).
- Intangible business assets, such as equity interest, debt securities, preferred stock and receivables.
- Customers, and
- Other contingent assets, such as employment and non-competition agreements.

The [ValuCorp](#) Intellectual Property Appraisal presents valuable information in the manner and style expected by banks, institutional investors and their advisors, and may be used as an exhibit to a:

- Business Plan
- Loan Request Package
- Private Placement or Confidential Memorandum for:
 - Sale or purchase of a business,
 - Obtaining loans or equity, and other
 - Capital markets alternatives.



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Intangible Assets are appraised for:

- Charitable contributions
- Allocation of an Overall Business Purchase Price –
 - Financial Accounting Purposes
 - Income Tax Accounting Purposes
- Pre-acquisition Assessment of Business Value
- Purchase of Selected Intangible Assets
- Reorganization and Bankruptcy Analysis
- Establishment of Appropriate Royalty Rates for Licenses
- Establishment of a Fair Inter-company Transfer
- Income Tax Planning and Compliance
- Ad Valorem Property Tax Exclusions
- Litigation Support and Dispute Resolution
- Business Formation and Dissolution
- Corporate Planning and Governance

Our professional report includes:

- IP valuation principles and theory,
- Financial analysis,
- Approaches and methods necessary to determine value, and
- Government rulings related to IP valuation.



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ValuCorp Intellectual Property Appraisals are essential for valuing:

- Marketing-related Intangibles
 - Trademarks & Trade names
 - Brand names & Logos
- Technology-related Intangibles
 - Websites and Web Properties
 - Social Media and SEO
 - Process Patents & Patent Applications
 - Technical Documentation
(Laboratory Notebooks, Technical Know-how, etc.)
 - Trade Secrets
- Computer-related Intangibles
 - Proprietary Computer Software
 - Software Copyrights
 - Automated Databases
 - Integrated Circuit Masks and Masters
- Customer-related Intangibles
 - Customer Lists
 - Customer Contracts
 - Customer Relationships
 - Open Purchase Orders
- Contract-related Intangibles
 - Franchise Rights and Agreements
 - License Agreements
 - Royalties
 - Distribution Networks
 - Non-compete Agreements
 - Favorable Supplier Contracts
- Human Capital-related Intangibles
 - Stock Options
 - Employment Agreements
 - Trained and Assembled Workforce
 - Union Contracts
- Goodwill-related Intangibles
 - General Business Going Concern Value
 - Professional Practice Goodwill
 - Institutional Goodwill
 - Personal Goodwill of a Professional
 - Celebrity Goodwill
 - Right of Publicity
- Location-related Intangibles
 - Leasehold Interests
 - Mineral Exploitation Rights
 - Easements, Air rights and Water Rights
- Engineering-related Intangibles
 - Industrial Design
 - Product Patents
 - Trade Secrets
 - Engineering Drawings and Schematics
 - Blueprints
 - Proprietary Documentation
- Artistic-related Intangibles
 - Copyrights and Literary Works
 - Engravings
 - Maps
 - Musical Compositions



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ValuCorp provides you the opportunity to comply with Deferred Compensation rules (usually Stock Options) under IRC §409A non-taxable compensation:

Deferred compensation (including Stock Options) rules:

- Can be used to attract and retain employees.
- Must meet certain IRS requirements to not be immediately taxable to the employee.
- Is not subject to §409A penalties if the strike price (or exercise price) is equal to, or greater than, the fair market value of the shares on the grant date. [Failure to set an appropriate strike price will subject the stock option recipient (employee) to the penalty provisions of §409A.]

Penalty provisions – provide that the recipient of non-compliant stock options will:

- Be taxed at ordinary income tax rates for the value of the deferred compensation,
- Pay an additional 20% penalty, and
- Be subject to significant late payment penalties.

And, the company may be subject to employee lawsuits for failing to set an appropriate option price.

Relief from penalty – For setting the strike price at or above fair market value, the IRS has provided several methods for complying with the requirements of §409A that create a presumption that the fair market value is reasonable:

- (1) **Independent Appraisal Presumption** – companies must engage a “qualified appraiser” to value the company’s shares. The valuation provided by the “qualified appraiser” is valid for a period of 12 months unless during that period an event (such as merger or new financing) occurs which has a material effect on the company’s stock value.
- (2) **Formula Valuation Presumption** – companies that have a binding formula for determining the sale price of stock to other parties, could use a formula-based presumption (such as for a buy-sell agreement between the shareholders) of fair market value, provided the shares may not be sold or transferred in any way other than according to the formula.
- (3) **Illiquid Startup Presumption** – companies in the startup stage (less than 10 years old) can provide their own valuation, if the company is illiquid, the price of the stock is reasonable, and the company does not have any public stock outstanding. Such a valuation may be performed internally, by a qualified person with significant experience performing similar valuations, and must be evidenced by a written report.

The 3 types of ValuCorp Intellectual Property Appraisals provide different levels of assurance or comfort.



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□ **Calculation of Value Report** – *Least detail; provides an approximate indication of value based upon the performance of limited procedures.*

Here we rely on limited information collections and certain analytical procedures. These calculations are based on conceptual approaches. While an indication of value entails the least detailed analysis and reporting, as in all our reports:

- We express the result as a single dollar or a range of values.
- We summarize our data and methodology showing basic financial information specific to the company or its industry.
- We consider the Asset-Based, Income and Market Approaches.
- We consider Discounted Future Cash Flows and Discounted Future Earnings methods whenever possible.
- We use public company comparisons wherever possible.
- We consider general risk factors.

These are designed for initial investment considerations, employee incentive programs, and estate planning.

□ **Limited Appraisal Report** – *Methodology restriction based on time and resources, or use restriction that limits the reliance on the report and distribution to other parties.*

Here we provide **an estimate of fair market value**. It is a more extensive analysis, and includes:

Financial Projections. *As part of this engagement, ValuCorp validates and incorporates into its work product Financial Projections that are prepared by the company, and modified as needed by ValuCorp, and include Balance Sheets, and related Statements of Operations, and Cash Flows, capturing detailed assumptions, using an "other comprehensive basis of accounting" (OCBOA). OCBOA Statements are not prepared in accordance with generally accepted accounting principles (GAAP) and are specifically for companies and external users to understand them better than GAAP-basis statements. These Projections set forth any extraordinary assumptions and any hypothetical conditions used. The use of OCBOA financial projections is a logical alternative that meets the needs of both the company and the external statement users. Certain statements contained in our Appraisal Report will be forward-looking in nature. These forward-looking statements include matters such as business strategies, market potential, future financial performance, product deployments and other forward-looking matters. Such matters inherently involve many risks and uncertainties (including risks of uncertainties associated with changes in competitive and market conditions, changes in regulation and technology and changes in customer acceptance of new products).*



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□ **Appraisal or Valuation Opinion** – *Most detail, comprehensive and for any purpose and use.*

Comprehensive or Self-Contained Report provides an ***opinion of fair market value***. The opinion of fair market value is the most precise valuation report. It calls for the greatest level of analysis and the most detailed searching and reporting to be performed by the appraiser. An opinion provides the highest level of accuracy and credibility. It is most useful for readers.

For ***Complete Valuation Opinions***, we add:

- ***Market research and competitive analysis*** and an expanded review of specific business risk factors and the competitive environment.
- ***Qualitative Analysis*** that may include, as appropriate, ascertaining the remaining useful life of the intangible asset, by analyzing the ***Life Cycle Process***:
 - Introduction of asset to market – innovative, leading, customer reluctance
 - Increasing growth – customer acceptance, demand and price
 - Maturity – increased demand, competition, limitations
 - Decline – substitutions, loss of superiority
 - Residual/demise – few in service, few providers
- ***Quantitative Analysis*** that may include, as appropriate, one or more of the following, to determine the life expectancy of the intangible asset, using ***Statistical Analysis***:
 - Average service life (ASL = Σ of service life of each of the intangible assets \div individual assets)
 - Survivor curves (mortality) – number of intangible assets in service at various ages.
 - Stub survivor curves – assets do not reach survivor point.
 - Analytical-type survivor curves – theoretical normalized basis.
 - Experience band – period over which life analysis is performed.
 - Placement band – time from first placement to valuations date.

The Appraisal Opinion Report provides the most reliable indications of value.



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Procedures at **ValuCorp**:

- We gather all of the data that might influence our opinion of the company's value.
- To that data, we apply all of the techniques that make sense in the context of the company. All relevant valuation methods are considered and applied as appropriate.
- Comparable private sales transactions and multipliers for the market methods are very specific to the company's NAISC code, as are public company comparisons.
- A comprehensive review of the business risk factors is conducted.
- A detailed description of the company is prepared.
- We review and assess the prevailing economic conditions.
- Set forth all the details of the data we gathered in reaching a conclusion.
- Explain our logic in going from that data to a conclusion of value.

We have the highest credentials in our profession, including Senior Member of the American Society of Appraisers (ASA), Doctorate in Mathematics (PhD), Medical Doctor (MD), Certified Public Accountant (CPA), Master of Science in Taxation (MST), Master of Health Sciences Administration (MHSA), and Master of Business Administration (MBA).

Our Appraisal Opinions are rendered as a "qualified appraiser" as defined under Treasury Regulation 1.170A-13(c)(3), i.e., ValuCorp is a "qualified appraisal firm" and Michael Gilburd is a "qualified appraiser."

Member of the American Society of Appraisers –
abiding to appraisal standards and a code of ethics.



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The nature and type of engagement will generally be one of 3 types, depending on the purpose and the intended use:

Types of Valuations

	Calculation of Value	Limited Appraisal	Appraisal or Valuation Opinion
Objective	Provide an approximate indication of value of a business, business ownership interest, security or intangible asset based on the performance of limited procedures agreed upon by the Client and the Appraiser.	Express an estimate as to the value of a business, business ownership interest, security or intangible asset. The development of this estimate excludes some additional procedures that are required in an appraisal.	Determine the value of a business, business ownership interest, security, or intangible asset, and express an unambiguous opinion as to the value of a business, business ownership interest, security or intangible asset which opinion is supported by all procedures that the Appraiser deems to be relevant to the valuation.
Information considered	Limited relevant.	Limited relevant.	All relevant information available to the Appraiser.
Procedures	The Appraiser performs limited analysis.	Limited procedures to collect and analyze the information the Appraiser considers necessary to support the conclusion presented.	Appropriate procedures to collect and analyze all information that the Appraiser deems relevant.
Basis for Conclusion	The calculation may be based upon conceptual approaches agreed upon by the Client and the Appraiser.	The valuation is based upon the conceptual approach(es) deemed by the Appraiser to be most appropriate.	The valuation considers all conceptual approaches deemed to be relevant by the Appraiser
Assurance/Credibility	Least, but well-developed.	Moderate, and well-considered.	Highest, and best-received.
Typical Timing	2 weeks	4 weeks	6 weeks
Typical Report	All three levels result in a comprehensive report of 12 sections containing approximately 80 pages or more.		
All three levels	Conclusion of value or result is expressed as either a single dollar amount or a range.		

Please note: While a Calculation of Value is sufficient for most needs, ValuCorp™ seeks to provide the most economical service. Certain situations, such as ESOPs and SEC reporting, require a full opinion (per the Department of Labor, the Internal Revenue Service or Securities and Exchange Commission).





Valuation Services

- ▶ **Business Valuations**
- ▶ **Intellectual Property Appraisals**
- ▶ **ESOP Valuations**
- ▶ **Compensation Studies**
- ▶ **Fairness & Solvency Opinions**
- ▶ **Economic Analysis of Damages**
- ▶ **Family Limited Partnership Reports**
- ▶ **Noncash Charitable Contribution Validation**
- ▶ **Transfer Pricing**
- ▶ **Acquisition Searches & Pricing**
- ▶ **Due Diligence**

Related Services

- ▶ **Blueprint for Building Value™**
- ▶ **Liquidity Roadmap™**
- ▶ **Strategic Planning for Value Growth™**
- ▶ **Private Capital Sourcing**

Specifically geared for

- ▶ **Business Owners**
- ▶ **Corporate, Estate & Family Law Attorneys**
- ▶ **Financial Advisors & Accountants**
- ▶ **Bankers & Investment Bankers**



American Society of Appraisers – Standards and Code of Ethics



Know what your business is REALLY worth.™