
## Presented By:

THE KNOWLEDGE GROUP

LIVE & RECORDED WEBCASTS | LEGAL | TAX | FINANCE | RISK | COMPLIANCE & HR

## Partner Firms:

MARKS PANETH

ACCOUNTANTS & ADVISORS

CLAIRENTADVISORS

VALUATION AND TRANSACTION SPECIALISTS

## Speaker Firms and Organization:

**Marks Paneth LLP**
Angela Sadang, ASA, CFA
*Director, Litigation and Corporate Financial Advisory Services*

**Clairent Advisors LLC**
Josette C. Ferrer
*Managing Director*

*Thank you for logging into today's event. Please note we are in standby mode. All Microphones will be muted until the event starts. We will be back with speaker instructions @ 11:55am. Any Questions? Please email: Info@knowledgecongress.org*

***Group Registration Policy***

*Please note ALL participants must be registered or they will not be able to access the event.*
*If you have more than one person from your company attending, you must fill out the group registration form.*

*We reserve the right to disconnect any unauthorized users from this event and to deny violators admission to future events.*

*To obtain a group registration please send a note to info@knowledgecongress.org or call 646.202.9344.*


## Housekeeping Notes

- Follow us on Twitter, that's **@Know_Group** to receive updates for this event as well as other news and pertinent info.

- If you experience any technical difficulties during today's WebEx session, please contact our Technical Support @ 866-779-3239.

- You may ask a question at anytime throughout the presentation today via the chat window on the lower right hand side of your screen. Questions will be aggregated and addressed during the Q&A segment.

- Please note, this call is being recorded for playback purposes.

- If anyone was unable to log in to the online webcast and needs to download a copy of the PowerPoint presentation for today's event, please send an email to: info@knowledgecongress.org. If you're already logged in to the online webcast, we will post a link to download the files shortly.

- If you are listening on a laptop, you may need to use headphones as some laptops speakers are not sufficiently amplified enough to hear the presentations. If you do not have headphones and cannot hear the webcast send an email to info@knowledgecongress.org and we will send you the dial in phone number.


## Housekeeping Notes

- About an hour or so after the event, you'll be sent a survey via email asking you for your feedback on your experience with this event today - it's designed to take less than two minutes to complete, and it helps us to understand how to wisely invest your time in future events. Your feedback is greatly appreciated. If you are applying for continuing education credit, completions of the surveys are mandatory as per your state boards and bars. 6 secret words (3 for each credit hour) will be given throughout the presentation. We will ask you to fill these words into the survey as proof of your attendance. Please stay tuned for the secret word.

- Speakers, I will be giving out the secret words at randomly selected times. I may have to break into your presentation briefly to read the secret word. Pardon the interruption.


## Housekeeping Notes

**Welcome to the Knowledge Group Unlimited Subscription Programs. We have Two Options Available for You:**

**FREE UNLIMITED:** This program is free of charge with no further costs or obligations. It includes:

- ✓ Unlimited access to over 15,000 pages of course material from all Knowledge Group Webcasts.
- ✓ Subscribers to this program can download any slides, white papers, or supplemental material covered during all live webcasts.
- ✓ 50% discount for purchase of all Live webcasts and downloaded recordings.

**PAID UNLIMITED:** Our most comprehensive and cost-effective plan, for a one-time fee:

- ✓ Access to all LIVE Webcasts (Normally $199 to $349 for each event without a subscription). Including: Bring-a-Friend – Invite a client or associate outside your firm to attend for FREE. Sign up for as many webcasts as you wish.
- ✓ Access to all of Recorded/Archived Events & Course Material includes 1,500+ hours of audio material (Normally $299 for each event without a subscription).
- ✓ Free CLE/CPE/CE Processing (Normally $49 Per Course without a subscription).
- ✓ Access to over 15,000 pages of course material from Knowledge Group Webcasts.
- ✓ Ability to invite a guest of your choice to attend any live webcast Free of charge (Exclusive benefit only available for PAID UNLIMITED subscribers).
- ✓ **6 Month Subscription is $299 with No Additional Fees** Other options are available.
- ✓ **Special Offer: Sign up today and add 2 of your colleagues to your plan for free** Check the “**Triple Play”** box on the sign-up sheet contained in the link below.

https://gkc.memberclicks.net/index.php?option=com_mc&view=mc&mcid=form_157964


## Housekeeping Notes

**Knowledge Group UNLIMITED PAID Subscription Programs Pricing:**

**Individual Subscription Fees: (2 Options)**
**Semi-Annual:** $299 one-time fee for a 6 month subscription with unlimited access to all webcasts, recordings, and materials.
**Annual:** $499 one-time fee for a 12 month unlimited subscription with unlimited access to all webcasts, recordings, and materials.

*Group plans are available. See the registration form for details.*

**Best ways to sign up:**

1. Fill out the sign up form attached to the post conference survey email.
2. Sign up online by clicking the link contained in the post conference survey email.
3. Click the link below or the one we just posted in the chat window to the right.

https://gkc.memberclicks.net/index.php?option=com_mc&view=mc&mcid=form_157964

**Discounts:**
Enroll today and you will be eligible for the “Triple Play” program and 3% off if you pay by credit card. Also we will waive the $49 CLE/CPE processing fee for today’s conference. See the form attached to the post conference survey email for details.

**Questions:** Send an email to: info@knowledgecongress.org with “Unlimited” in the subject.


## Partner Firms:

MARKS PANETH
ACCOUNTANTS & ADVISORS

Marks Paneth LLP is an accounting firm with over 500 people, of whom approximately 65 are partners and principals. The firm provides public and private businesses with a full range of auditing, accounting, tax, consulting, bankruptcy and restructuring services as well as litigation and corporate financial advisory services to domestic and international clients. The firm also specializes in providing tax advisory and consulting for high-net-worth individuals and their families, and a wide range of services for international, real estate, media, entertainment, nonprofit, professional and financial services, and energy clients.

Marks Paneth, whose origins date back to 1907, is the 33rd largest accounting firm in the nation and 10th largest in the mid-Atlantic region. *New York Law Journal* readers rank Marks Paneth as one of the area's top three forensic accounting firms for the fifth year in a row. Visit www.markspaneth.com.

CLAIRENT ADVISORS
VALUATION AND TRANSACTION SPECIALISTS

Clairent Advisors specializes in providing independent asset and business valuations – combining proven techniques, analytical tools, and extensive experience to produce thorough and well-documented deliverables. Clairent's team has significant experience providing valuations and financial advisory services for a variety of needs, including, but not limited to: financial reporting, tax planning and reporting, mergers and acquisitions, corporate reorganization and bankruptcy, and litigation support. Clients have valued Clairent's credentials – with experience on over 600 significant valuation engagements – coupled with the responsiveness and focus from senior level team members on all aspects of a project. Serving both U.S. as well as international clients, Clairent is based in San Francisco, California. Visit www.clairent.com.

# Brief Speaker Bios:

**Angela Sadang, ASA, CFA**

Angela Sadang, CFA, ASA, is a Director in the Litigation and Corporate Financial Advisory Services Group at Marks Paneth LLP. Ms. Sadang specializes in business valuation and has more than 15 years of experience providing corporate financial consulting services and performing valuations. She serves both publicly traded and closely held companies in a wide range of industries that also involves various asset classes.

Her valuation experience includes business enterprise and intangible asset valuation for financial and tax reporting, gift/estate tax compliance, family wealth planning and ownership succession, litigation support, shareholder disputes, ESOPs, going private or public, fairness and solvency, mergers, acquisitions and divestitures, reorganizations, and transfer pricing. Most of her assignments include valuation of minority and controlling interests in the capital stock of closely held corporations, publicly traded securities and restricted securities, and preferred stock warrants, options, and debt securities. Ms. Sadang is also experienced in the valuation of intangible assets and intellectual property, including trademarks/tradenames, patents, customer relationships, employee contracts, and technology.

---

**Josette C. Ferrer**

Josette Ferrer is the founder, CEO, and a Managing Director of Clairent Advisors. Since 1993, Josette has been assisting clients with the valuation of intangible assets, intellectual property, closely held businesses and business interests, stock options, debt instruments, and capital equipment / fixed assets.

Prior to founding Clairent Advisors, Josette was the U.S. Practice Leader of Marsh's Valuation Services Group. Her career includes serving as the Managing Director responsible for starting the San Francisco Valuation Services Group of WTAS, Inc. (now operating as Andersen Tax). Prior to WTAS, Josette was a director with Huron Consulting Group and a senior manager at Arthur Andersen LLP.

► *For more information about the speakers, you can visit:* http://theknowledgegroup.org/event_name/trends-and-best-practices-in-business-valuation-live-webcast-2/


## Summary

In this two hour live webcast, the Knowledge Group has assembled a panel of thought leaders to provide an in-depth discussion and analysis regarding business valuation best practices. This session will cover the following:

- Background on the continuously evolving business valuation landscape
- Overview of relevant premises of value and important considerations related to the scoping / engagement process
- Discussion related to project types as well as approaches, methodologies, and models – including key issues and common errors to avoid
- Fulfilling requirements and developing supportable valuations to anticipate reviews by overseeing authorities (including the IRS and the SEC) as well as other parties (including auditors and opposing parties in a dispute)
- Trends related to fair value and fair market value developments, as well as lessons from key tax court cases

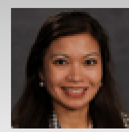
# Featured Speakers:

MARKS PANETH ACCOUNTANTS & ADVISORS

**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

CLAIRENTADVISORS VALUATION AND TRANSACTION SPECIALISTS

**Josette C. Ferrer**
*Managing Director*
**Clairent Advisors LLC**



MARKS PANETH
ACCOUNTANTS & ADVISORS

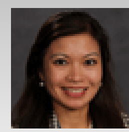
**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

## Introduction

Angela Sadang, CFA, ASA, is a Director in the Litigation and Corporate Financial Advisory Services Group at Marks Paneth LLP. Ms. Sadang specializes in business valuation and has more than 15 years of experience providing corporate financial consulting services and performing valuations. She serves both publicly traded and closely held companies in a wide range of industries that also involves various asset classes.

Her valuation experience includes business enterprise and intangible asset valuation for financial and tax reporting, gift/estate tax compliance, family wealth planning and ownership succession, litigation support, shareholder disputes, ESOPs, going private or public, fairness and solvency, mergers, acquisitions and divestitures, reorganizations, and transfer pricing. Most of her assignments include valuation of minority and controlling interests in the capital stock of closely held corporations, publicly traded securities and restricted securities, and preferred stock warrants, options, and debt securities. Ms. Sadang is also experienced in the valuation of intangible assets and intellectual property, including trademarks/tradenames, patents, customer relationships, employee contracts, and technology.

Ms. Sadang started her consulting career at a Big Four professional services firm where she was involved in numerous transfer pricing and tax valuation projects for both U.S. and foreign multinational companies in the financial services, manufacturing, technology, pharmaceutical, consumer, and retail industries. She has subsequently held senior positions in the valuation consulting practices of other professional services firms in the New York metropolitan area.



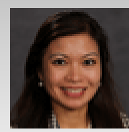
MARKS PANETH
ACCOUNTANTS & ADVISORS

**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

"The whole subject of appraisal of property: it's not an art and it's not a science; in my opinion, it's a mystery."

Tax Court Judge Carlisle B. Roberts
Astoria, Oregon
June 19, 1974

MARKS PANETH
ACCOUNTANTS & ADVISORS



**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

# AGENDA

- INTRODUCTION
  - Area of Focus: Fair Market Value (FMV) for Closely Held, Small Sized Businesses
- OVERVIEW
  - Various Purposes and Intended Uses of Business Valuation
  - Standard and Premise of Value
  - Professional Credentials and Standards
  - Reporting Standards and Types of Engagement
- VALUATION APPROACHES AND METHODS
  - Income Approach
  - Market Approach
  - Cost Approach
- VALUATION DISCOUNTS
  - Minority Discount
  - Discount for Lack of Marketability
  - Other Adjustments
- COMMON ERRORS

**Josette C. Ferrer**
*Managing Director*
**Clairent Advisors LLC**

CLAIRENTADVISORS
VALUATION AND TRANSACTION SPECIALISTS

## AGENDA

- **Background On Our Perspective; Common Themes**
  - Client focus – middle market companies (public and private); significant work with high technology and early stage companies
- **Focus on Financial Reporting / Accounting Valuations – Fair Value**
- **Tax Valuation Observations – Selected 2014 Court Cases**
- **Shareholder Dispute Valuations – Selected Observations**

MARKS PANETH
ACCOUNTANTS & ADVISORS
**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

## PURPOSE AND INTENDED USE OF THE VALUATION

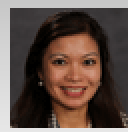
- Purpose of the valuation engagement
  - Tax – Estate/Gift, and Income, ESOPS, Charitable Contributions
  - Transactional – Mergers and Acquisitions, Reorganization, Spin Offs, Liquidations, Bankruptcy
- Level of ownership interest and nature of interest being valued
- Valuation Date
- Standard and Premise of Value

**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

# STANDARDS OF VALUE

- Sentimental value
- Investment value
- Intrinsic value
- Fair value
- Fair market value

MARKS PANETH
ACCOUNTANTS & ADVISORS



**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

# STANDARDS OF VALUE

- Fair market value
  - Revenue Ruling 59-60

    *The price at which the property would change hands between a willing buyer and a willing seller, when the former is not under any compulsion to buy and the latter is not under any compulsion to sell; both parties having reasonable knowledge of relevant facts.*
  - ASA BVS Definition (adopted from the International Glossary of Business Valuation Terms)

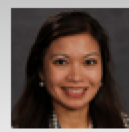
    *The price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able seller acting at arm's length in an open and unrestricted market, when neither is under any compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.*
- Key concepts in FMV
- Additional underlying assumptions

MARKS PANETH
ACCOUNTANTS & ADVISORS

**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

# PREMISE OF VALUE

- "Going concern" value
- Liquidation value
  - There are two forms of liquidation:
    - Orderly liquidation
    - Forced liquidation



MARKS PANETH
ACCOUNTANTS & ADVISORS
**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

## PROFESSIONAL CREDENTIALS AND STANDARDS

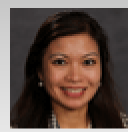
- A number of organizations award professional designations
  - ASA, ABV, CVA, CBA, AVA
- American Society of Appraisers (requires USPAP exam)
  - Accredits members who pass ethics and USPAP exam
- American Institute of Certified Public Accountants
  - Provides special certification for CPAs
- Institute of Business Appraisers (closely held businesses)
  - Various professional certification programs
- National Association of Certified Valuation Analysts
  - Various certifications and accreditations, one just for CPAs.

MARKS PANETH
ACCOUNTANTS & ADVISORS

**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

## PROFESSIONAL CREDENTIALS AND STANDARDS

- Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation
- Business Valuation Standards and Principles of Appraisal Practice and Code of Ethics of the American Society of Appraisers
- Statement on Standards for Valuation Services (SSVS) No. 1 of the AICPA
- Guidelines of the Internal Revenue Service



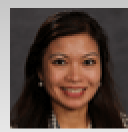
MARKS PANETH
ACCOUNTANTS & ADVISORS

**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

## REPORTING STANDARDS AND TYPES OF ENGAGEMENT

- The ASA Business Valuation Standards identify three possible scopes for appraisal work:
  - Appraisal
  - Limited Appraisal
  - Calculation

- Appraisal
  - Objective
  - Key characteristics

MARKS PANETH
ACCOUNTANTS & ADVISORS

**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

## REPORTING STANDARDS AND TYPES OF ENGAGEMENT

- Limited Appraisal
  - Objective
  - Key characteristics

- Calculation
  - Objective
  - Key characteristics

MARKS PANETH
ACCOUNTANTS & ADVISORS

**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

# REPORTING STANDARDS AND TYPES OF ENGAGEMENT

- A well prepared valuation report will present the expert's knowledge of the:
  - Industry
  - National and local economies
  - Subject company
  - Standard and premise of value
  - Valuation approaches
  - Reconciliation and adjustments

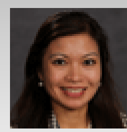
- Subjective Areas of Valuation Reports
  - Adjustments to the Balance Sheets and/or Income Statement
  - Selection of Estimated Future Income Stream
  - Calculation of Discount or Capitalization Rate
  - Selection of Valuation Methodology
  - Selection of Guideline Companies or Transactions
  - Application of Discounts and Premiums

MARKS PANETH
ACCOUNTANTS & ADVISORS
**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

## VALUATION APPROACHES AND METHODS

- Asset-Based Approach
- Market Approach
- Income Approach

MARKS PANETH
ACCOUNTANTS & ADVISORS

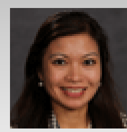


**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

# VALUATION APPROACHES AND METHODS

| APPROACH & METHOD | CONTROL /MINORITY | MARKETABLE/ NON-MARKETABLE |
|---|---|---|
| **Asset-Based Approach** | | |
| Adjusted Book Value Method | Control | Marketable |
| Liquidation Method | Control | Marketable |
| Cost to Create Method | Control | Marketable |
| | | |
| **Market Approach** | | |
| Guideline Public Company Method | Control or Minority* | Marketable |
| Acquisition Method – Public Companies | Control | Marketable |
| Acquisition Method – Private Companies | Control | Non-Marketable |
| | | |
| **Income Approach** | | |
| Capitalization of Benefits Method | Control or Minority* | Marketable or Non-Marketable |
| Discounted Future Benefits Method | Control or Minority* | Marketable or Non-Marketable |
| Excess Earnings Method | Control | Marketable or Non-Marketable |

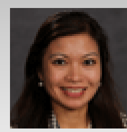
*Depends on normalization adjustments applied to the benefit stream



MARKS PANETH
ACCOUNTANTS & ADVISORS
**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

## ASSET-BASED APPROACH

- The Asset-Based Approach to Value
  – Theoretical basis is the principle of substitution
- Valuation Methods under the Asset Approach
  A. The Adjusted Book Value Method
    - Applications using going concern premise
    - Application using liquidation premise
  B. Cost to Create Method
    - Reproduction cost new
    - Replacement cost new



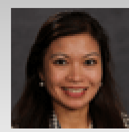
MARKS PANETH
ACCOUNTANTS & ADVISORS

**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

## ASSET-BASED APPROACH

Subjective factor to consider

- Tax affect the fair market value adjustments
  - Arguments for tax affecting
  - Arguments for not tax affecting
  - Key court cases:
    - Eisenberg v. Commissioner
    - Davis v. Commissioner
    - Dunn v. Commissioner
- Classifying shareholder loans – debt or equity?



MARKS PANETH ACCOUNTANTS & ADVISORS
**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

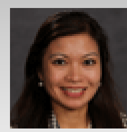
## MARKET APPROACH

- Market Approach – Estimate the value of a business by direct comparison to comparable guideline companies and similar investments that have been sold.

  A. Guideline Publicly Traded Company Method – Relating market value multiple for public company stocks to the subject company.

  B. Guideline Merger & Acquisition - Relating value multiples from sales of entire companies to the subject company.

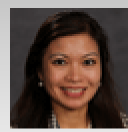
  C. Prior transactions, offers, and buy-sell agreements.



MARKS PANETH
ACCOUNTANTS & ADVISORS
**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

# Market Approach

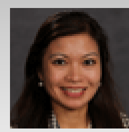
- Publicly-Traded (Guideline) Comparable Company Analysis
  - The Guideline Publicly Traded Company Method indicates the value of the subject company by comparing it to publicly-traded companies in similar lines of business
  - Valuation Multiples Vary Based on Industry and States of Growth
  - Problem is that there are rarely perfect matches
  - Equity Multiples
    - » Fair Market Value of Equity (Stock Price x Outstanding Number of Shares)
    - » Common Equity Level Multiples
      - Price / Earnings (P/E)
      - Price / Tangible Book Value (P/B)



MARKS PANETH
ACCOUNTANTS & ADVISORS
**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

## MARKET APPROACH

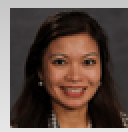
- Publicly-Traded (Guideline) Comparable Company Analysis
  - Enterprise Multiples
    - » Enterprise Value = (Stock Price x Outstanding Number of Shares) + Total Debt/Preferred Securities – Cash and Short-Term Investments
    - » Common Enterprise Level Multiples
      - EV / Revenue
      - EV / EBITDA
      - EV / EBIT



MARKS PANETH
ACCOUNTANTS & ADVISORS
**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

# MARKET APPROACH

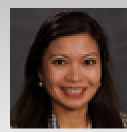
- Market Transaction (M&A) Approach
  - In the Guideline Merged and Acquired Company Method, the value of the business is indicated based on multiples paid for entire companies or controlling interests.
  - Public Market Transaction Approach
    - » Public Buyer or Seller Transactions
    - » Control Value
  - Private Market Transaction Approach
    - » Private to Private Transactions
    - » Control Value
  - Common Transaction Databases
    - » MergerStat, Pratts' Stat, Biz Comps, Capital IQ



MARKS PANETH
ACCOUNTANTS & ADVISORS
**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

# MARKET APPROACH

- Market Approach Adjustments
  - Most Companies Differ from the Subject Company
  - Need to Adjust for Differences between Market Comparables and Subject Company
  - Common Adjustments are Based on:
    - » Size
    - » Growth Rate
    - » Profitability
    - » Leverage
    - » Other Company Specific Factors
    - » Discounts and Premiums

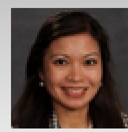


MARKS PANETH
ACCOUNTANTS & ADVISORS
**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

## MARKET APPROACH

Subjective Factors to Consider

- Relevance of public company data in closely held small businesses
- Relevance of merger and acquisition transactions in closely held small businesses



MARKS PANETH
ACCOUNTANTS & ADVISORS

**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

## INCOME APPROACH

- Income Approach – estimate the value of a business based on its future earnings stream
  - A. Discounted Cash flow Method (DCF) – Projecting all expected future economic benefits and discounting each benefit back to a present value at a discount rate that represents the return on investment for that investment time.
  - B. Capitalization of Earnings Method – Dividing a single historical or projected economic benefit by a capitalization rate that represents the discount rate less the expected long-term growth rate.

MARKS PANETH
ACCOUNTANTS & ADVISORS
**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

# INCOME APPROACH

C. The Excess Earnings Method

- A blend of an income and asset approach that is classified here because it relies importantly on the value of the net tangible assets of the business.

-Applications

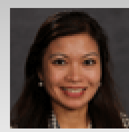
MARKS PANETH
ACCOUNTANTS & ADVISORS

**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

# INCOME APPROACH

Subjective Factors to Consider

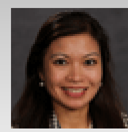
- Use of cash flow and growth projections in small businesses
- Relevance of public company data in closely held small businesses
- Capitalization and discount rates in closely held small businesses
- Alternate sources of data
  - IPCPL
  - Pepperdine Private Company Cost of Capital Study



MARKS PANETH
ACCOUNTANTS & ADVISORS
**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

## RECONCILING ITEMS AND ADJUSTMENTS

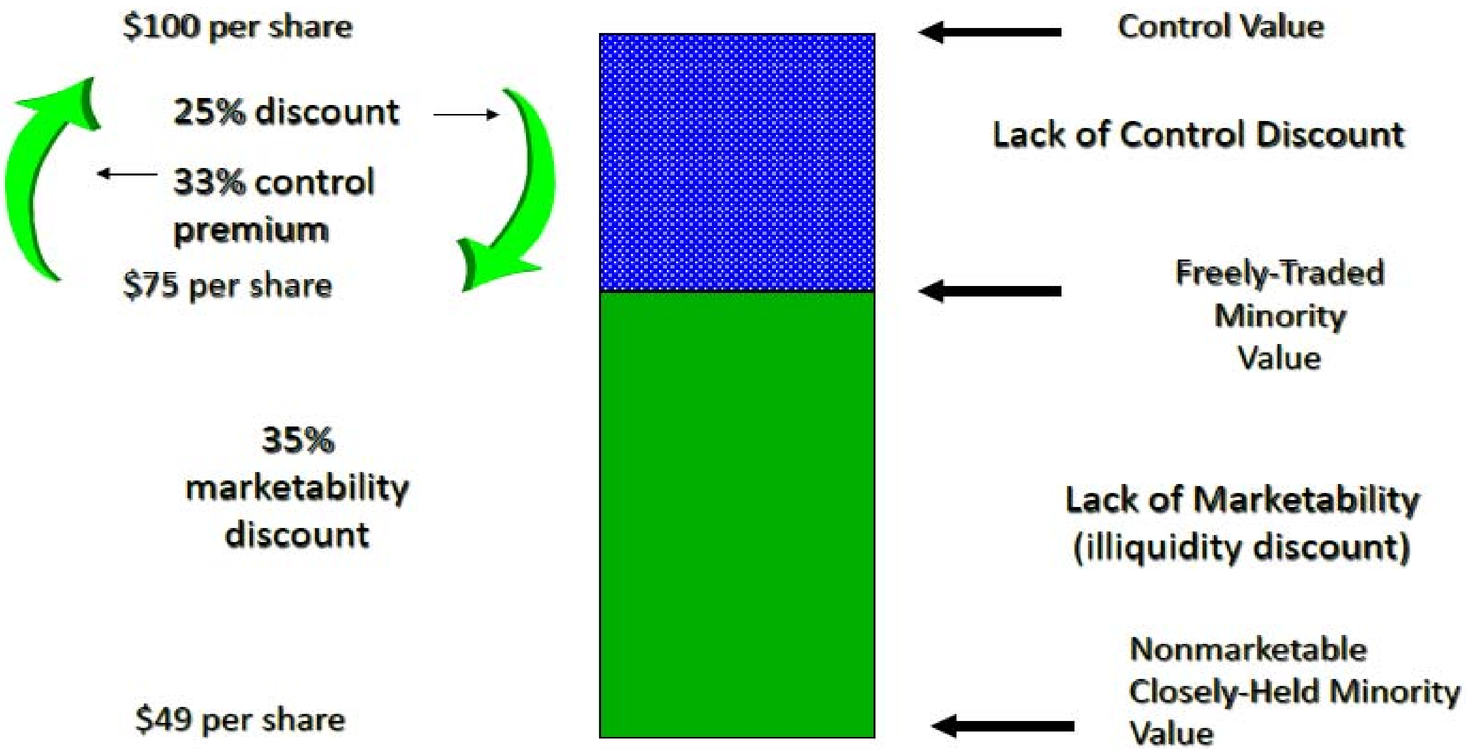
- Reconciling Items and Adjustments
  - Appropriate Weighting Value Conclusions from Different Approaches
  - Non-Operating Assets/Liabilities and Excess Working Capital/Cash

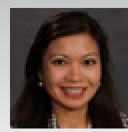


MARKS PANETH
ACCOUNTANTS & ADVISORS

**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**


# ADJUSTMENTS



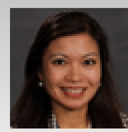


MARKS PANETH
ACCOUNTANTS & ADVISORS

**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

# ADJUSTMENTS

- Discount for Lack of Marketability (DLOM) for Minority Interests
- Lack of Marketability/Illiquidity Discounts for Controlling Interests
- Control Premium
- Lack of Control/Minority Discount
- Other Discounts
  - Key Person Discount
  - Trapped-in Capital Gains
  - Blockage Discount
  - Voting vs. Non-voting



MARKS PANETH
ACCOUNTANTS & ADVISORS
**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

## COMMON ERRORS

- Choosing the wrong type of business value
- Using the wrong valuation multiples
- Using an incorrect valuation method
- Improper adjustments to accounting records
- Off balance sheet items
- Company specific risk

**CLE PROCESSING**

The Knowledge Group offers complete CLE processing solutions for your webcasts and land events. This comprehensive service includes everything you need to offer CLE credit at your conference:

- ✓ Complete end-to-end CLE credit Solutions
- ✓ Setting up your marketing collateral properly.
- ✓ Completing and filing all of the applications to the state bar.
- ✓ Guidance on how to structure content meet course material requirements for the state Bars.
- ✓ Sign up forms to be used to check & confirm attendance at your event.
- ✓ Issuing official Certificates of Attendance for credit to attendees.

Obtaining CLE credit varies from state to state and the rules can be complex. The Knowledge Group will help you navigate the complexities via complete cost effective CLE solutions for your conferences.

**Most CLE processing plans are just $499 plus filing fees and postage.**

**To learn more email us at info@knowledgecongress.org or CALL 646-202-9344**

## PRIVATE LABEL PROGRAM & INTERNAL TRAINING

The Knowledge Group provides complete private label webcasts and in-house training solutions. Developing and executing webcasts can be a huge logistical nightmare. There are a lot of moving parts and devolving a program that is executed smoothly and cost effectively can prove to be a significant challenge for companies who do not produce events on a regular basis. Live events require a high level of proficiency in order to execute proficiently. Our producers will plan and develop your webcast for you and our webcast technicians will execute your live event with expert precision. We have produced over 1000 live webcasts. Put our vast expertise to work for you. Let us develop a professional webcast for your firm that will impress all your clients and internal stakeholders.

Private Label Programs Include:

- ✓ Complete Project Management
- ✓ Topic Development
- ✓ Recruitment of Speakers (Or you can use your own)
- ✓ Marketing Material Design
- ✓ PR Campaign
- ✓ Marketing Campaign
- ✓ Event Webpage Design
- ✓ Slides: Design and Content Development
- ✓ Speaker coordination: Arranging & Executing Calls, Coordinating Slides & Content
- ✓ Attendee Registration
- ✓ Complete LIVE Event Management for Speaker and Attendees including:
  - o Technical Support
  - o Event Moderator
  - o Running the Live event (All Aspects)
  - o Multiple Technical Back-ups & Redundancies to Ensure a Perfect Live Event
  - o Webcast Recording (MP3 Audio & MP4 Video)
  - o Post Webcast Performance Survey
- ✓ CLE and CPE Processing

**Private Label Programs Start at just $999**

**RESEARCH & BUSINESS PROCESS OUTSOURCING**

The Knowledge Group specializes in highly focused and intelligent market and topic research. Outsource your research projects and business processes to our team of experts. Normally we can run programs for less than 50% of what it would cost you to do it in-house.

Here are some ideal uses for our services:

- ✓ Market Research and Production
  - List Research (Prospects, Clients, Market Evaluation, Sales Lists, Surveys)
  - Design of Electronic Marketing Collateral
  - Executing Online Marketing Campaigns (Direct Email, PR Campaigns)
  - Website Design
  - Social Media

- ✓ Analysis & Research
  - Research Companies & Produce Reports
  - Research for Cases
  - Specialized Research Projects

- ✓ eSales (Electronic Inside Sales – Email and Online)
  - Sales Leads Development
  - eSales Campaigns
    - Inside Sales people will prospect for leased, contact them and coordinate with your sales team to follow up.
    - Our Inside eSales reps specialize in developing leads for big-ticket enterprise level products and services.
  - Electronic Database Building – Comprehensive service which includes development of sales leads, contacting clients, scoring leads, adding notes and transferring the entire data set to you for your internal sales reps.

- ✓ eCustomer Service (Electronic Inside Sales – Email and Online)
  - Real-Time Customer Service for Your clients
    - Online Chat
    - Email
  - Follow-Up Customer Service
    - Responds to emails
    - Conducts Research
    - Replies Back to Your Customer

Please note these are just a few ways our experts can help with your Business Process Outsourcing needs. If you have a project not specifically listed above please contact us to see if we can help.

**Josette C. Ferrer**
*Managing Director*
**Clairent Advisors LLC**

CLAIRENTADVISORS
VALUATION AND TRANSACTION SPECIALISTS

## Introduction – Speaker's Bio

Josette Ferrer is the founder, CEO, and a Managing Director of Clairent Advisors. Since 1993, Josette has been assisting clients with the valuation of intangible assets, intellectual property, closely held businesses and business interests, stock options, debt instruments, and capital equipment / fixed assets.

Prior to founding Clairent Advisors, Josette was the U.S. Practice Leader of Marsh's Valuation Services Group. Her career includes serving as the Managing Director responsible for starting the San Francisco Valuation Services Group of WTAS, Inc. (now operating as Andersen Tax). Prior to WTAS, Josette was a director with Huron Consulting Group and a senior manager at Arthur Andersen LLP.

Josette has been a guest speaker for a wide variety of forums, including Financial Executives International, the American Bar Association, the Institute of Management Accountants, CalCPA, and the Practising Law Institute. She holds a B.S. in Business Administration, from U.C. Berkeley.

**Josette C. Ferrer**
*Managing Director*
**Clairent Advisors LLC**
CLAIRENTADVISORS
VALUATION AND TRANSACTION SPECIALISTS

## Section Agenda

- **Background On Our Perspective; Common Themes**
- **Focus on Financial Reporting / Accounting Valuations – Fair Value**
  - Increasing SEC and PCAOB Scrutiny on Fair Value Issues
  - When Does Fair Value Come Into Play?
  - Representative Engagement and Analytical Framework – Valuation of Acquired Intangible Assets / Purchase Price Allocation
  - Audit Process Related to Fair Value Reporting
  - Fair Value Definition and Key Issues
  - Other Specific Issues
    - #1 Value Conclusions Should Synch with “Story”
    - #2 Audit Review Preferences – “Quantitative” Models (e.g., Earnouts; Discounts for Lack of Marketability)
- **Tax Valuation Observations – Selected 2014 Court Cases**
- **Shareholder Dispute Valuations – Selected Observations**

**Josette C. Ferrer**
*Managing Director*
**Clairent Advisors LLC**
CLAIRENTADVISORS
VALUATION AND TRANSACTION SPECIALISTS

## Background on Our Perspective; Common Themes

- **Practice Areas of Focus**
  - Compliance focus and related documentation / support (anticipation of SEC / IRS / other reviews and challenges).
  - Client focus – middle market companies (public and private); significant work with high technology and early stage companies.
  - Closely held businesses and intangible assets / IP ("squishy assets").

- **Best Practices – Generally Common for All Valuations**
  - Importance of understanding the "story behind the numbers."
  - Playing devil's advocate – from the outset of an engagement.
  - Documentation and transparency of assumptions.
  - Consideration of as many approaches / methodologies / benchmarks as possible.

**Josette C. Ferrer**
*Managing Director*
**Clairent Advisors LLC**
CLAIRENTADVISORS
VALUATION AND TRANSACTION SPECIALISTS

## Increasing PCAOB Scrutiny on Fair Value Issues

- Fair value deficiencies remain high for audit firms.
- As cited in a CFO.com article (9/30/14)[1]:
  - Over 40% of all audits inspected by the PCAOB in 2012 had deficiencies.
  - Of the 80 available PCAOB inspection reports from 2008 to 2012 **for the top 25 audit firms, 63.7% had fair value and / or impairment audit deficiencies.**
  - 2012 deficiencies declined from their peak in 2010 but are still significant.
- Tighter requirements = greater documentation continuing to be needed.
  - A quote from an early 2013 WSJ article related to fair value audit deficiencies has come to pass:

    ***"Auditors are going to be asking a lot more questions about how values were determined ... The work is exponential."***

[1] *"Fair Value Continues to Trip Up Auditors"* , CFO.com, September 30, 2014 (references the third annual *"Survey of Fair Value Audit Deficiencies"*, Acuitas, Inc., August 31, 2014).

**Josette C. Ferrer**
*Managing Director*
**Clairent Advisors LLC**
CLAIRENTADVISORS
VALUATION AND TRANSACTION SPECIALISTS

## Increasing SEC Scrutiny on Fair Value Issues

- Continued SEC focus on fair value and related issues in comment letters.

- As cited in *SEC Comments and Trends*, published by EY in 9/14:
  - Fair value measurements comprised **25% of comments** for registrants that received comment letters in 2013 and 2014; #2 category ranking associated with comments for both years.
  - If other valuation-related comment categories are considered (specifically intangible assets and goodwill; acquisitions and business combinations) the **% of comments involving valuation issues <u>increases to over 50%</u>.**

**Josette C. Ferrer**
*Managing Director*
**Clairent Advisors LLC**

CLAIRENTADVISORS
VALUATION AND TRANSACTION SPECIALISTS

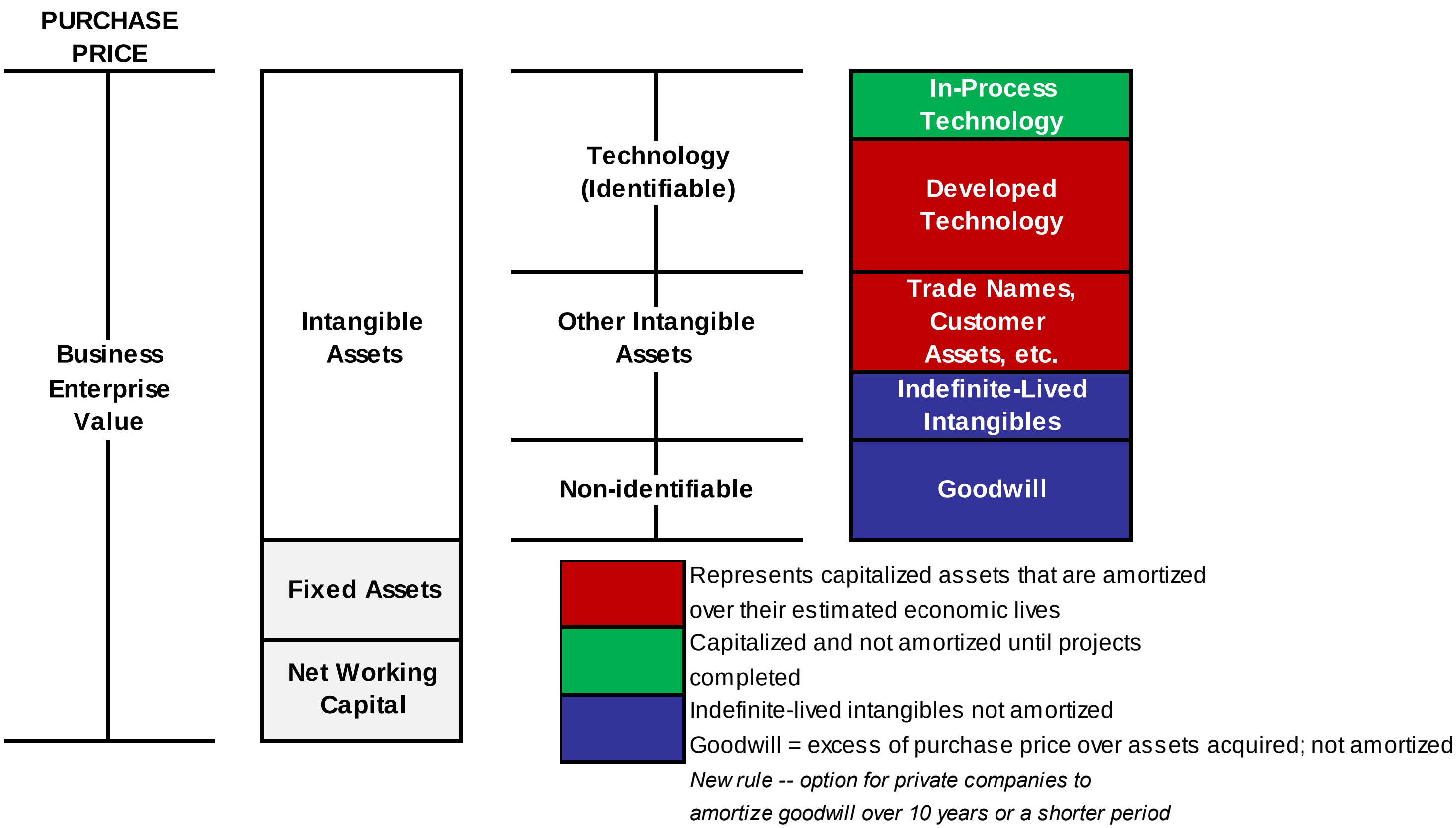
## When Does Fair Value Come Into Play?

| Event | Primary Financial Reporting Standard(s) |
|---|---|
| ▪ **Acquisition of a company**<br>Typically involves valuation of intangible assets; sometimes fixed assets and inventory; earnouts (if applicable). *Also referred to as a* ***Purchase Price Allocation*** | ▪ ASC 805, *Business Combinations* (formerly SFAS 141R) |
| ▪ **Testing of goodwill and/or indefinite-lived intangible assets for possible impairment** | ▪ ASC 350, *Goodwill and Other Intangible Assets* (formerly SFAS 142) |
| ▪ **Testing of long-lived assets (e.g., intangible assets or fixed assets) for possible impairment based on a triggering event** | ▪ ASC 360, *Accounting for the Impairment or Disposal of Long-Lived Assets* (formerly SFAS 144)<br>▪ Also guidance in ASC 350-30-35 |
| ▪ **Issuance of stock options to employees**<br>Typically involves valuation of common stock (basis for stock option valuations); also direct valuations of options | ▪ ASC 718, *Compensation – Stock Compensation* (formerly SFAS 123R); often dual-purpose use of common stock valuations for IRC Section 409A reporting for tax purposes |
| ▪ **Mark to market required for certain assets and / or liabilities** | ▪ **ASC 820, *Fair Value Measurements and Disclosures*** (formerly SFAS 157) |

**Josette C. Ferrer**
*Managing Director*
**Clairent Advisors LLC**

CLAIRENTADVISORS
VALUATION AND TRANSACTION SPECIALISTS

## Representative Engagement & Analytical Framework – Purchase Price Allocation



**Josette C. Ferrer**
*Managing Director*
**Clairent Advisors LLC**

CLAIRENTADVISORS
VALUATION AND TRANSACTION SPECIALISTS

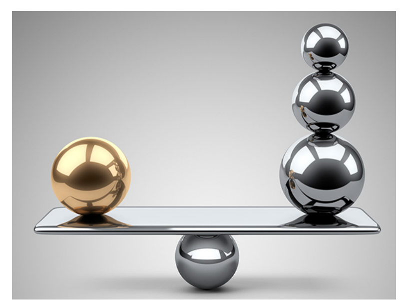
## Audit Process Related to Fair Value Reporting

- 3rd party / independent valuation provider or company management prepares a fair value analysis.
- Audit review team (including both valuation and accounting / audit team members) reviews the fair value analysis.
  - Valuation-specific and accounting/audit-specific questions.
- Typical review process –> the audit review team:
  - Reviews analysis to identify key assumptions, assess reasonableness of methodologies, check calculations, etc.
  - Prepares a list of questions for valuation provider and management to address; responses typically prepared in writing.
  - Documents responses to questions and whether items were resolved satisfactorily.
  - Documents other procedures performed (e.g., shadow calculations for items not satisfactorily resolved; sensitivity analyses).

**Josette C. Ferrer**
*Managing Director*
**Clairent Advisors LLC**
CLAIRENTADVISORS
VALUATION AND TRANSACTION SPECIALISTS

## Audit Process Related to Fair Value Reporting (continued)

- **Challenges Faced by Accounting / Audit and Valuation Review Teams**
  - Reviewers must balance scope and depth of review with audit materiality considerations.
  - Review timing.
  - Challenges with auditing assumptions (e.g., projections).
  - Issues not satisfactorily resolved:
    - "Shadow calculations."
    - Research and identification of supporting market and other data.



**Josette C. Ferrer**
*Managing Director*
**Clairent Advisors LLC**

CLAIRENTADVISORS
VALUATION AND TRANSACTION SPECIALISTS

## Audit Process Related to Fair Value Reporting (continued)

- **Best Practice Suggestions**

Collaboration and consensus among **management, auditors** (both accounting / audit and valuation teams), **and external valuation specialists** is key

Engage in planning discussions as early as possible

- Key when a valuation has unusual or atypical considerations; also when certain specific circumstances exist (e.g., earnouts).
- Firm and reviewer-specific considerations.
- Consensus between local audit team vs. "National" standards.
- Well reasoned approaches + high quality documentation needed.

☞ *Project Example: Marketing services company*

**Josette C. Ferrer**
*Managing Director*
**Clairent Advisors LLC**

CLAIRENTADVISORS
VALUATION AND TRANSACTION SPECIALISTS

## Fair Value Definition & Key Issues

- **ASC 820 Fair Value Definition**
  - ***"Price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."***
- ***Orderly Transaction***
  - Assumes **exposure to the market** for a period prior to the measurement date to allow for usual and customary marketing activities related to a transaction.
  - Occurs in the **principal or most advantageous market** from the seller's perspective; *highest and best use.*

**Josette C. Ferrer**
*Managing Director*
**Clairent Advisors LLC**
CLAIRENTADVISORS
VALUATION AND TRANSACTION SPECIALISTS

## Fair Value Definition & Key Issues (continued)

- ***Market Participant Considerations***
  - Market participants are:
    - Independent of the reporting entity
    - Knowledgeable
    - Able to transact
    - Willing to transact (motivated; not forced)
  - Reporting entity does not need to identify specific market participants; it should identify characteristics that distinguish market participants generally.
  - Both strategic and financial market participants should be considered.
- Not necessarily the value specific to the reporting entity.
  - Include market participant synergies; exclude entity-specific synergies only available to a specific company.

☑ ***Sample SEC comment**: "Tell us why you utilized your own weighted average cost of capital rather than that of a market participant when determining your discount rates"*

☞ *Examples*
- *Government services company – acquisition by prime contractor of sole subcontractor*
- *Wireless services company – definition of market participants in analysis of spectrum licenses*

**Josette C. Ferrer**
*Managing Director*
**Clairent Advisors LLC**

CLAIRENTADVISORS
VALUATION AND TRANSACTION SPECIALISTS

## Fair Value Definition & Key Issues (continued)

- **Purchase Price Allocation Examples**
  - **Assets that acquirer does not intend to use**
    - ASC 805 requires all assets to be measured at fair value from a **market participant's perspective** – without regard to acquirer intent.
  - **Defensive asset**
    - Asset which an acquirer does not intend to actively use but intends to prevent others from using it.
    - Asset is likely contributing to an increase in the cash flows of other assets owned by the acquirer.
    - Acquirer should use **market participant**, not acquirer-specific assumptions.

☑ ***Sample SEC comment***: *"Your response indicates that you assigned no value to the acquired … trademark because you do not intend to use this trademark. Please provide us with your analysis of whether this trademark is a* ***defensive intangible asset.*** *Refer to ASC 350-30-25-5 and ASC 350-30-55-28G through 55-28I. Additionally, please tell us how you considered the guidance in ASC 805-20-30-6 to value the acquired trademark at fair value reflecting its highest and best use, regardless of whether you intend to use that asset."*

> ☞ *Examples*
> - *Wireline services company (transition value only of acquired trade name)*
> - *Mobile software company (valuation of defensive technology asset)*

**Josette C. Ferrer**
*Managing Director*
**Clairent Advisors LLC**
CLAIRENTADVISORS
VALUATION AND TRANSACTION SPECIALISTS

## Issue #1 – Value Conclusions Should Synch with "Story"

☑ ***Sample SEC comment*** *(purchase price allocation):*

*We note that your purchase price allocation to customer relationships, acquired identified technology and goodwill represented X%, Y% and Z%, respectively, of the total purchase price. In addition, we note that [Company A] manages "unique, secure databases" and such databases will provide services to current and new customers.*

*Further, the [Company A] acquisition will allow you to "offer a much more diverse portfolio of services." Please tell us in more detail the specific assumptions and estimates used to determine the fair values of the customer relationships and acquired identified technology intangible assets. Include in your response an explanation of how you considered and determined the future economic returns expected from such assets including the* ***analysis of future trends****. Tell us if you used the same assumptions and estimates when deciding whether $X million was a reasonable price for the acquired business.* ***Based on your disclosures in your filings, it is unclear to us why the fair values of the customer relationships and acquired identified technology do not represent a significant amount of the total purchase price.***

☑ ***Sample SEC comment*** *(valuation of common stock – for stock options reporting):*

*Describe the factors contributing to the significant change in the fair value of the underlying stock during 201X.*

**Josette C. Ferrer**
*Managing Director*
**Clairent Advisors LLC**

CLAIRENTADVISORS
VALUATION AND TRANSACTION SPECIALISTS

## Issue #2 – Audit Review Preferences – "Quantitative" Models

- **Increased focus on models which are viewed as more quantitative / objective**
- **Earnouts**
  - Additional payments based on future events or conditions.
  - Could be based on future revenue, earnings, R&D milestones, regulatory approvals, etc.
  - Under ASC 805, contingent consideration is recognized at acquisition-date fair value as part of consideration transferred (purchase price calculation).

☞ *Project Example*

| **Approach #1**<br>**Probability-Weighted Expected Return Method** | **Approach #2**<br>**Monte Carlo Simulations** |
|---|---|
| - Fixed probabilities assigned to discrete, finite scenarios (e.g., base, low, and high cases)<br><br>- ***Subjectivity both at scenario and probability levels*** | - Decide on a set of input variables:<br>  - Example: min, max, and most likely revenue<br>  - Shape of the distribution (e.g., normal, triangular, etc.)<br><br>- Simulate a large number of trials (e.g., 100,000 or 1,000,000 trials) and take the average result as the answer<br><br>- ***Though there is subjectivity re: the input variables and and shape, Monte Carlo simulations are perceived as more objective*** |

**Josette C. Ferrer**
*Managing Director*
**Clairent Advisors LLC**
CLAIRENTADVISORS
VALUATION AND TRANSACTION SPECIALISTS

## <u>Issue #2 – Audit Review Preferences – "Quantitative" Models (continued)</u>

- **Discounts for Lack of Marketability ("DLOM")**
  - For valuations of common stock used as the basis for stock option valuations.
  - Preference for reliance on **put models to quantify DLOM assumptions**.
    - A put option provides its owner the ability to sell the underlying asset at the expiration date at a pre-determined price ("strike price"), which provides liquidity to the put option owner.
    - The reduction in value from the value of a share to the value of a share less the value of a put option on that share is an indicator of the discount that would be required to compensate the holder of the share for the inability to sell the shares <u>over a specified holding period</u> for the hypothetical share holder or market participant, since the underlying shares are not publicly tradable and require time to liquidate at an appropriate market rate.
    - **European Put Model** (Chaffee) and **Asian Average Strike Put Model** (Finnerty).
  - *If a company plans to file for a public offering within one to two years, many auditors believe that a DLOM of no more than 10% to 15% is appropriate (based largely on review comments received from the SEC in conjunction with IPO filings).*

**Josette C. Ferrer**
*Managing Director*
**Clairent Advisors LLC**

CLAIRENTADVISORS
VALUATION AND TRANSACTION SPECIALISTS

## Tax Valuation Observations – Selected 2014 Court Cases

- **Consideration of Personal Goodwill**
  - **Bross Trucking, Inc. T.C. Memo 2014-107**
    - Taxpayer was able to convince the court that **personal goodwill held by Father was not transferred** with a trucking business.
    - Ruling eliminated IRS assessments on the business / Father by more than $2 million.
  - **Estate of Franklin Z. Adell, T.C. Memo 2014-155**
    - Court held that a surviving, non-owner son held personal goodwill that **reduced the value** of a cable uplink service business for religious television programs that was taxed in Father's estate. [Son was the company's president and had significant industry experience and connections]
    - IRS initially asserted a value for the business of >$92 million, then reduced the value to $27 million.
    - Court accepted the taxpayer's valuation of ~$9 million.

**Josette C. Ferrer**
*Managing Director*
**Clairent Advisors LLC**

CLAIRENTADVISORS
VALUATION AND TRANSACTION SPECIALISTS

## Tax Valuation Observations – Selected 2014 Court Cases (continued)

- **Estate of Richmond T.C. Memo 2014-26 – Key Takeaways**
  - Use of Net Asset Value ("NAV") method to determine the value of a holding company in which assets were mostly marketable securities; the Income Approach was rejected.
  - Built-in capital gains ("BICG") discount estimated by determining the present value of the future BICG tax liability (15% adjustment).
  - Other discounts concluded by the court:
    - 7.75% discount for lack of control (reliance on NAV studies).
    - 32.1% discount for lack of marketability (court "split the difference" on the range of 7 restricted stock studies cited).
  - Court imposed a 20% accuracy-related penalty based on the low initial value reported for the estate tax return. Key negative factors impacting the court's decision included:
    - Estate did not qualify its CPA as an expert.
    - Estate submitted an unsigned valuation report.
    - CPA / appraiser had no valuation certifications.

**Josette C. Ferrer**
*Managing Director*
**Clairent Advisors LLC**
CLAIRENTADVISORS
VALUATION AND TRANSACTION SPECIALISTS

# Shareholder Dispute Valuations – Selected Observations

- **Standard of Value?**
  - Appropriate standard of value is generally impacted / determined by the jurisdiction where the matter is filed.
  - Most widely applied standard is “fair value” – **although it may not always be clearly defined**.
    - *Different from previously defined fair value definition for financial reporting / accounting.*
    - Big question –> **inclusion or exclusion of discounts** for lack of control and lack of marketability?
    - Various court cases – fair market value standard without application of valuation discounts (i.e., pro-rata value of a shareholders’ interest in a company).[2]

[2] Tri-Continental Corp. v. Battye, 74 A.2d 71 (Del. 1950); Cavalier Oil Corp. v. Harnett, 564 A.2d 1137 (Del. 1989); Swope v. Siegel-Robert, Inc., 243 F.3d 486, 492 (8th Cir. 2001).

MARKS PANETH
ACCOUNTANTS & ADVISORS
**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

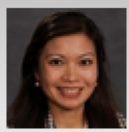
CLAIRENTADVISORS
VALUATION AND TRANSACTION SPECIALISTS
**Josette C. Ferrer**
*Managing Director*
**Clairent Advisors LLC**

# CONCLUSION

- There is no one right way to value an asset or a business -- in many cases, valuation is as much art as it is science.
  - Important to consider and document the "story behind numbers."

- Ideally, business appraisers strive to achieve results that are consistent, defensible, reasonable, and appropriate given the valuation purpose.

## Q&A:



MARKS PANETH ACCOUNTANTS & ADVISORS

**Angela Sadang, ASA, CFA**
*Director, Litigation and Corporate Financial Advisory Services*
**Marks Paneth LLP**

CLAIRENTADVISORS VALUATION AND TRANSACTION SPECIALISTS

**Josette C. Ferrer**
*Managing Director*
**Clairent Advisors LLC**

► *You may ask a question at anytime throughout the presentation today. Simply click on the question mark icon located on the floating tool bar on the bottom right side of your screen. Type your question in the box that appears and click send.*

► *Questions will be answered in the order they are received.*

**Welcome to the Knowledge Group Unlimited Subscription Programs. We have Two Options Available for You:**

**FREE UNLIMITED:** This program is free of charge with no further costs or obligations. It includes:

- ✓ Unlimited access to over 15,000 pages of course material from all Knowledge Group Webcasts.
- ✓ Subscribers to this program can download any slides, white papers, or supplemental material covered during all live webcasts.
- ✓ 50% discount for purchase of all Live webcasts and downloaded recordings.

**PAID UNLIMITED:** Our most comprehensive and cost-effective plan, for a one-time fee:

- ✓ Access to all LIVE Webcasts (Normally $199 to $349 for each event without a subscription). Including: Bring-a-Friend – Invite a client or associate outside your firm to attend for FREE. Sign up for as many webcasts as you wish.
- ✓ Access to all of Recorded/Archived Events & Course Material includes 1,500+ hours of audio material (Normally $299 for each event without a subscription).
- ✓ Free CLE/CPE/CE Processing[3] (Normally $49 Per Course without a subscription).
- ✓ Access to over 15,000 pages of course material from Knowledge Group Webcasts.
- ✓ Ability to invite a guest of your choice to attend any live webcast Free of charge. (Exclusive benefit only available for PAID UNLIMITED subscribers.)
- ✓ **6 Month Subscription is $299 with No Additional Fees.** Other options are available.
- ✓ **Special Offer: Sign up today and add 2 of your colleagues to your plan for free.** Check the “**Triple Play”** box on the sign-up sheet contained in the link below.

https://gkc.memberclicks.net/index.php?option=com_mc&view=mc&mcid=form_157964

**Knowledge Group UNLIMITED PAID Subscription Programs Pricing:**

**Individual Subscription Fees: (2 Options)**
**Semi-Annual:** $299 one-time fee for a 6 month subscription with unlimited access to all webcasts, recordings, and materials.
**Annual:** $499 one-time fee for a 12 month unlimited subscription with unlimited access to all webcasts, recordings, and materials.

*Group plans are available. See the registration form for details.*

**Best ways to sign up:**

1. Fill out the sign up form attached to the post conference survey email.
2. Sign up online by clicking the link contained in the post conference survey email.
3. Click the link below or the one we just posted in the chat window to the right.

https://gkc.memberclicks.net/index.php?option=com_mc&view=mc&mcid=form_157964

**Discounts:**
Enroll today and you will be eligible for the "Triple Play" program and 3% off if you pay by credit card. Also we will waive the $49 CLE/CPE processing fee for today's conference. See the form attached to the post conference survey email for details.

**Questions:** Send an email to: info@knowledgecongress.org with "Unlimited" in the subject.

## ABOUT THE KNOWLEDGE GROUP, LLC

**The Knowledge Group, LLC** is an organization that produces live webcasts which examine regulatory changes and their impacts across a variety of industries. "We bring together the world's leading authorities and industry participants through informative two-hour webcasts to study the impact of changing regulations."

If you would like to be informed of other upcoming events, please click here.

## Disclaimer:

The Knowledge Group, LLC is producing this event for information purposes only. We do not intend to provide or offer business advice.

The contents of this event are based upon the opinions of our speakers. The Knowledge Congress does not warrant their accuracy and completeness. The statements made by them are based on their independent opinions and does not necessarily reflect that of The Knowledge Congress' views.

In no event shall The Knowledge Congress be liable to any person or business entity for any special, direct, indirect, punitive, incidental or consequential damages as a result of any information gathered from this webcast.