

## JLP& Co.LLC Valuation of Intangible Assets

Please provide the following information to the best of your ability. If some items are not applicable, please indicate NA. The objective of this questionnaire is to provide JLP&Co.LLC with operational information that will help us develop our opinion of value. This information will be kept confidential.

Exact business name:

Physical address:

Mailing address:

Web address:

E-mail:

Phone number:

Fax number:

Management Contact:

Date of interview:

Date of Valuation:

Purpose of the Valuation:

For valuation purposes, the intangible assets must be readily identifiable and being capable of being separated from the other assets employed in the business. An intangible asset is generally defined by reference to practical considerations such as whether it is supported by a contract, or by referring to whether it can be measured objectively with a determinate life.

ANALYST S INITIALS

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VALUING INTANGIBLE ASSETS

1. Determining the standard of value:

Fair Market Value

Fair Value

Investment Value

Intrinsic Value or Fundamental Value

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2. Purpose of the

Valuation:\_\_\_\_\_

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3. Premise of Value:

Value in use, as part of a going concern.  
Value in place, as part of an assemblage of assets.  
Value in exchange, in an orderly disposition.  
Value in exchange, in a forced liquidation.

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4. Is the intangible asset subject to specific identification and recognizable description?

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5. Categorize the intangible asset as:

- Customer related
- Contract related
- Data processing related
- Human resources related
- Location related
- Marketing related
- Technology related

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6. Determine the intangible assets eligible for appraisal.

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7. Please describe fully the intangible asset identified. Attach necessary contracts, drawings, patents, listings, etc. to fully identify the intangible asset.

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8. Please describe the legal existence and protection associated with the tangible asset.

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9. Is the transferability of the ownership restricted ? Please explain.

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10. Please describe the susceptibility of the asset being destroyed.

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11. Please describe the inception of the intangible asset [Attach a list providing start dates for all customer lists.]

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12. To what degree is the revenue associated with these intangible assets due to the day-to-day efforts of the owner? Please explain.



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27. Determine valuation approach:

- Cost approach
- Market approach
- Income approach

**COST APPROACH:**

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28. Determine the appropriate cost method:

- Reproduction cost
- Replacement cost

\_\_\_\_\_

29. Determine the appropriate adjustment for obsolescence

- Physical deterioration
- Functional obsolescence
- Technological obsolescence
- Economic obsolescence

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30. Determine the number of employees involved in creating the intangible asset.

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31. Categorize the employees by salary level.

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32. Capture the associated employer cost related to each hour of salary level.

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33. Determine the number of hours per employee salary level utilized to develop the asset.

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34. Extend the number of hours per salary level by the salary and associated employer cost for an estimate of reproduction costs new.

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35. Adjust reproduction cost new for associated deterioration or obsolescence.

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36. Compare net results of reproduction cost with replacement cost new.

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37. Complete the cost approach analysis.

MARKET APPROACH:

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38. Determine the market served by the guideline or comparable asset.

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39. Complete a primary and secondary market search for similar guideline assets.

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40. Determine the historical return on investment earned by the subject intangible asset.

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41. Determine the income generating capacity of the subject intangible asset.

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42. Determine the expected prospective return on the investment earned by the guideline asset.

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43. Determine the expected prospective return by the subject intangible asset.

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44. Determine the historical age and remaining useful life of the guideline or comparable intangible asset.

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45. Determine the historical age and remaining useful life of the subject intangible asset.

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46. Analyze the terms of the sale of the guideline or the comparable intangible asset including:

Time of sale

Price paid

Pay-out terms

Other related terms, including seller financing and earn-out, non-compete, etc.

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47. Determine the degree of adjustment necessary for the guideline or comparable intangible asset related to:

Physical deterioration

Functional obsolescence

Technological obsolescence

Economic obsolescence

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48. Determine the degree of adjustment necessary to the subject intangible asset related to:

Physical deterioration  
Functional obsolescence  
Technological obsolescence  
Economic obsolescence

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49. Complete extrapolation of market approach correlation.

INCOME APPROACH:

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50. Determine the economic income [considering capitalization] excluding the day-to-day work efforts of the owner related to the identified intangible asset for the following:

Net income before tax  
Net income after tax  
Net operating income  
Gross rental income  
Gross royalty or license income  
Gross or operating cash flow  
Net or free cash flow

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51. Determine the economic income [considering capitalization] including the day-to-day work efforts of the owner for the following:

Net income before tax  
Net income after tax  
Net operating income  
Gross rental income  
Gross royalty or license income  
Gross or operating cash flow  
Net or free cash flow

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52. Determine the direct cost associated with maintaining the identified intangible asset, including the cost of operation, storing, and managing a return [staff expenses.] This also includes unanticipated costs such as renewing a patent.

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53. Determine an appropriate discount rate reflecting a fair return on investment by considering:

The opportunity cost of capital  
The term period of the investment, including the expected remaining life of the intangible asset.  
The systematic risk of the investment.  
The unsystematic risk of the investment.  
The time value of money.  
Growth.

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54. Obtain the necessary data to complete the actuarial retirement rate methodology including:

Inception date for all active files  
Inception date and retirement dates of all inactive files comprising the subject intangible asset [5 year history desirable.]

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55. Obtain management's representations as to:

The average age of all active files  
The average remaining life of all active files  
Estimate of the number of visits per file.

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56. Complete the actuarial retirement rate methodology by:

Observing the data  
Determining the appropriate curve fitting  
S-curve  
O-curve  
L-curve  
R-curve

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57. Determine the appropriate subcategories of curve fitting.

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58. Match the actual retirement rate curve with the actual data.

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59. Determine the probable life curve.

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60. Determine the remaining useful life and survivorship percentages.

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61. Apply the survivorship percentages to the discounted cash flow.

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62. Complete the income approach methodology.

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