

## Ownership Transfer Studies

What is the best course of action for your firm? Should you merge on a tax free basis with a public or privately owned firm or diversify and grow through acquisition? Should you sell stock to key employees, adopt an employee stock ownership plan, or just sell outright for cash?

If you are at a corporate "impasse" and need to chart a course of action, we can help. Based on our comprehensive understanding of the A/E industry, we will study your firm and compare it to the industry and its outlook. We obtain the basic facts on the financial and tax situations of the major stockholders and, through extensive personal discussions, secure an understanding of their points of view and personal objectives.

Our staff of specialists analyze the advantages and disadvantages of the alternatives, reach agreement on the best course of action, and present definite recommendations.

In today's increasingly adverse tax arena, Dannible/McKee's experience with closely held A/E firms can be a valuable addition to existing resources and counsel. All available techniques are considered in order to achieve ownership transfer to succeeding generations at a minimal tax cost with valuation support that will withstand the strongest scrutiny.

Such strategies include:

- Corporate and Partnership Recapitalizations
- Use of ESOPs
- Buy/Sell Agreements
- Funding of Buyouts
- Stock Redemptions
- Non-Statutory Deferred Compensation Plans

## OUR STEPS TO HELP YOUR FIRM SUCCEED

### PHASE I: The Valuation Process

To value a closely-held design firm we have to analyze and balance a myriad of complex factors applying probabilities to the future while looking both to the present and past for guidance. The process begins with an in-depth review with management to gain a history and description of the firm. A business outlook is performed next, analyzing the effects of national and regional economic activity, as well as the design industry impact, on the firm's future well-being. A financial review and analysis of the firm's financial statements is conducted and key industry financial ratios are computed to compare the firm with the rest of the industry. All of this information is incorporated in our report to arrive at the best valuation method for the firm.

### PHASE II: Development of Ownership Transition Plan

In this second phase we engage in detailed discussions with present owners and key associates to review with each of them their goals and objectives with

respect to ownership, position in the firm and retirement, and develop a plan that synchronizes all of these objectives in tandem with the overall firm objective. Based on these objectives, the firm's financial status, and current tax law, we analyze various funding mechanisms and perform a review of ESOPs, Redemptions, Stock Purchases, Deferred Compensation Plans and other techniques that are specifically tailored for your firm's situation.

### PHASE III: Buy-Sell Agreement

The final phase of the ownership transition plan is to develop a buy/sell agreement to serve as a self-executing document establishing price, terms, events of transfer and other key factors to carry out the transition plan by creating a market for the stock or ownership interest and restricting the transferability of such interests to desired individuals.

\* \* \* \* \*

We can assist you in one, two or all three phases of your transition plan or can scope out a project to suit your specific needs.

**Let our expertise design your firm's road to the future!**

**DM** Dannible / McKee  
and Associates Ltd.  
221 S. Warren St., Syracuse, New York 13202



## Dannible/McKee presents the most intensive, comprehensive one day seminar on **SUCCESSFUL OWNERSHIP TRANSITION FOR THE DESIGN PROFESSIONAL**

### LOCATIONS & DATES

**CHICAGO, IL**  
Thursday, October 20, 2011  
Hilton Rosemont Chicago O'Hare  
5550 North River Rd.  
Rosemont, IL 60018  
847-678-4488  
\$149 Single/Double  
Cut-off Date 9/28/11

**WASHINGTON, DC**  
Wednesday, November 9, 2011  
Crystal City Marriott at Reagan National  
1999 Jefferson Davis Highway  
Arlington, VA 22202  
800-228-9290  
\$319 Single/Double  
Cut-off Date 10/3/11

**FORT LAUDERDALE, FL**  
Thursday, January 19, 2012  
Sheraton Fort Lauderdale Airport Hotel  
1825 Griffin Rd.  
Dania, FL 33004  
954-926-0672  
\$169 Single/Double  
Cut-off Date 12/19/11

**DALLAS, TX**  
Thursday, January 26, 2012  
Dallas/Fort Worth Airport Marriott  
8440 Freeport Parkway  
Irving, TX 75063  
972-929-8800  
\$166 Single/Double  
Cut-off Date 1/4/12

**LAS VEGAS, NV**  
Friday, January 27, 2012  
The Stratosphere Hotel & Casino  
2000 S. Las Vegas Blvd.  
Las Vegas, NV 89104  
800-998-6937  
\$39/\$79/\$79 Single/Double Thurs.-Sat.  
Cut-off Date 1/2/12  
Request Group Code C-DMA 1

**NEW YORK, NY**  
Thursday, February 9, 2012  
Grand Hyatt New York  
109 East 42nd St. at Grand Central  
New York, NY 10017  
212-883-1234  
\$259 Single/Double  
Cut-off Date 1/9/12

**INDIANAPOLIS, IN**  
Friday, February 10, 2012  
Radisson Hotel Indianapolis Airport  
2500 South High School Rd.  
Indianapolis, IN 46241  
317-244-3361  
\$99 Single/Double  
Cut-off Date 1/10/12

**SYRACUSE, NY**  
Thursday, February 16, 2012  
Holiday Inn Syracuse/Liverpool  
441 Electronics Parkway  
Liverpool, NY 13088  
315-457-1122  
\$105 Single/Double  
Cut-off Date 1/16/12

### REGISTRATION INFORMATION

1. For inquiries or registration information contact Carol Burch by phone, fax or e-mail at (315) 472-9127, (315) 472-0026 (Fax), cburch@dmconsulting.com or register on line at [www.dmconsulting.com](http://www.dmconsulting.com).
2. Attendance is limited so please register early. You are not registered until you receive written confirmation.
3. The registration fee is \$625 per person. We offer a 20% discount for each additional registrant from the same design firm. Visa and MasterCard are also accepted.
4. Please make your own hotel reservations directly with the hotel as soon as you have received confirmation of registration for the seminar from us. At some locations room discounts are available if booked prior to cut-off dates indicated above for each location.

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Dannible/McKee presents:

The Most Intensive, Comprehensive One Day Seminar on:

# SUCCESSFUL OWNERSHIP TRANSITION

## FOR THE DESIGN PROFESSIONAL

A unique course especially developed for partners, shareholders, and associates in architectural, engineering and planning firms who need to value their firms for sale, acquisition and/or merger.

**At This Course You Will Learn: How To Value Your Firm, Creative Tax And Funding Strategies, Key Elements Needed In Your Buy/Sell Agreement...And More!**

Developed by Dannible/McKee and Associates, Ltd., Consultants to the A/E Profession

[www.dmconsulting.com](http://www.dmconsulting.com)



# WHAT TO EXPECT

## Seminar Overview

Ownership transition for the design professional is an area that will have to be addressed by every firm. Whether the transition is the result of a merger or reorganization, the sale of a minority interest to an associate, the outright complete sale or a reduction of ownership on death, retirement or disability, each design professional will eventually face the complexities of ownership transition for all or a portion of his/her firm.

To have a smooth and proper ownership transition plan requires advance planning. The unexpected death, disability and/or retirement of a principal can leave the firm that has not addressed this in a state of confusion. In addition, the financial consequences to either the firm and/or the selling shareholders/owners can be adverse.

Under the current Federal tax system, every ownership transition plan should be reviewed and modified since many of the "old" transition strategies are no longer applicable. This course offers in-depth coverage of the use of ESOPs, recapitalizations, leveraged buy-outs, non-statutory deferred compensation plans—and more.

This Seminar is designed to provide objective guidance for the design professional involved in ownership transition. It will comprehensively analyze and present the strategies of ownership transition. In addition, it will explore in detail the valuation approach of a design firm.

## The Program

### 1. Introduction

The need for proper ownership transition planning including the creation of a firm "time-table" for ownership transition within your firm.

### 2. Understanding Your Firm's Financial Statements

Sound analysis of a firm's financial statements is key as a foundation in determining the value of a design firm. Not all financial statements are prepared using the same accounting methods. Understanding these methods will enable you to avoid a distorted perception of value.

### 3. Methods of Valuing Your Firm

Because the valuation of a professional firm is such an inexact science, there are numerous pitfalls to the common valuation methods when applied to a design practice. These common approaches are reviewed and their inadequacy outlined. Each method is fully explained and analyzed through specific examples and case studies. In addition, a recommended method will be presented.

### 4. Techniques for Transferring Ownership

As the result of new tax legislation over the last several years, creative techniques and methods of transfer for the purchase and/or sale of an interest in a firm have become available. Every firm involved in ownership transition must address these new methods. In-depth coverage of the use of ESOPs, redemptions, deferred compensation plans and other techniques will be analyzed.

### 5. Income and Estate Tax Laws

This seminar will also outline the Internal Revenue Service guidelines as to valuing a closely held business and will address the tax impact of your present formula. Special attention will be given to valuation of firms with ESOPs to comply with IRS Reg. Sec. 54.4975-11.

### 6. Ownership Succession and Transfer of Power

The non-financial aspects of ownership transition are explored as well. A lively brainstorming session will be conducted, welcoming active participation of the attendees. Attendees will have the opportunity to examine the different management philosophies employed in ownership transfer planning. Areas of discussion will include reasons for ownership succession, first generation vs. second generation owners, characteristics of success, development of a management team and choosing your successors.

### 7. Funding the Purchase Price

Interrelated with the value of a design firm is the method of paying the purchase price. Several proven techniques used to fund a buy-out/buy-in situation will be presented.

### 8. Choosing the Proper Buy-Sell Agreement

It is not enough to have a buy-sell agreement. Too many agreements are deficient in practice. This seminar will review the key factors and provisions of a proper buy-sell agreement. In addition, the pitfalls of a poorly designed agreement will be discussed.

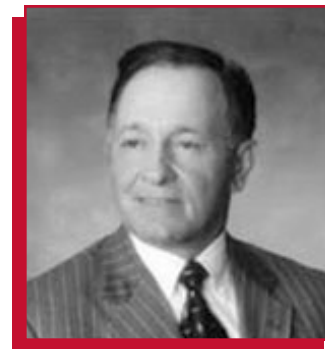
### 9. Mergers and Acquisitions

Merger mania is sweeping the business world and A/E firms are part of this syndrome. Although the merger of two firms can result in a stronger organization, merging does not guarantee success. Learn the advantages and pitfalls of merging and the planning required to provide for a sound merger.

### 10. Managing for Profitability

As part of this course, you will learn how to structure and format your Firm's financial statements to manage your Firm's profitability. In addition, this will incorporate the design industry's key profitability ratios needed to measure your Firm's success. As a result, you will learn how these key industry financial ratios can be utilized to determine the internal strengths and weaknesses of the firm.

# THE EXPERTS



### ANTHONY F. DANNIBLE

Anthony F. Dannible, CPA/ABV, CVA, CFF, CDA is a principal in the firm Dannible/ McKee and Associates, Ltd. He is a Certified Valuation Analyst, Certified Design Accountant, was awarded the AICPA's Accredited in Business Valuation and Certified in Financial Forensics designations and is a member of the American Society of Appraisers.

Prior to forming his own consulting firm, he served as a tax consulting specialist with a large international consulting firm concentrating in corporate tax planning, business succession, acquisitions and mergers. He has gained national recognition in design firm valuation and has been the lead expert witness in several major court cases involving valuation.



### MICHAEL J. REILLY

Michael J. Reilly, CPA/ABV, CVA, CFF, CDA is a principal in the firm Dannible/ McKee and Associates, Ltd. He is a Certified Valuation Analyst, Certified Design Accountant, was awarded the AICPA's Accredited in Business Valuation and Certified in Financial Forensics designations and is a member of the American Society of Appraisers.

Combined with several years' experience in corporate tax consulting, business valuation, acquisitions and mergers, Mike has gained a national reputation in valuing and developing ownership transition plans for professional design firms. He is heavily involved in providing litigation support for testimony in valuation court cases and has developed an expertise in utilizing employee benefit plans, incentive compensation plans, and life insurance for ownership transition planning.



### RICHARD J. MAXWELL

Richard J. Maxwell, CPA/ABV, CVA, CFF, CDA is a principal in the firm Dannible/ McKee and Associates, Ltd. He is a Certified Valuation Analyst, Certified Design Accountant, and was awarded the AICPA's Accredited in Business Valuation and Certified in Financial Forensics designations.

Rich brings several years of corporate tax consulting experience together with his business valuation and ownership transition consulting services for A/E firms across the country. He has gained national recognition in each of these areas and is also extensively involved in mergers and acquisitions, as well as implementing incentive compensation plans.

## Seminar Benefits

This seminar is especially tailored for the design professional considering the sale of a portion or the merger of his firm. This seminar is taught by the nation's leading A/E consultants who are experts in the valuation of a design firm and provide you with first hand experience in the planning and problems of ownership transition.

At this seminar, you will learn:

- The effects of significant tax law changes updated to include the impact of the Tax Relief Act of 2010, the American Recovery and Reinvestment Act of 2009, the Economic Stimulus Act of 2008, the Tax Relief and Health Care Act of 2006, the Pension Protection Act of 2006 and subsequent law changes on ownership transition planning for your professional design practice.
- Techniques used in valuing a professional design practice.
- Impact of income and estate tax regulations on valuation and ownership transition.

## Other Information

1. The fee for this seminar is \$625 for each attendee. The fee includes the seminar, advance handout materials, comprehensive workbook, lunch, and coffee breaks. It does not include hotel or transportation accommodations.
2. A full refund will be allowed up to 20 calendar days before the seminar.
3. Seminar hours are 8:30 AM to 4:30 PM. Registration at each seminar will begin at 8:00 AM.
4. To permit individual questions and participation, attendance at each seminar will be limited. Please register early to assure that there will be space for you.
5. We offer a 20% discount for each additional registrant from the same design firm.

**REGISTER NOW (315) 472-9127**  
**www.dmconsulting.com/seminars**

# HOW WE CAN BENEFIT YOU

## About Us

Dannible/McKee and Associates, Ltd. has gained national recognition as one of the leading consulting firms to the A/E industry. The Firm's consultants have worked with A/E firms throughout the country in determining the fair value of the firm, developing creative strategies

for ownership transfer and establishing buy/sell agreements among the owners to ensure success in the ownership transition process. Each year the Firm conducts seminars in cities across the country. Seminars such as "How to Value Your Design Firm," "Successful Ownership

Transition for Design Professionals," "Tax Planning for A/E's," and "Managing Your Firm For Profitability" have been attended by owners and associates of hundreds of design firms.

## Our Services

### Valuations of Closely Held Architectural, Engineering and Design Firms

Our valuation consultants have an in-depth understanding of the A/E industry. This expertise combined with our appraisal knowledge, qualifications and resources, places Dannible/McKee in the best position to provide you with an objective, fully documented valuation of your firm. Our staff of experienced professionals is backed by a comprehensive financial library and data bank of investment and A/E industry information.

Our valuations can cover many purposes:

- Buy/Sell and other Stockholder Agreements
- Third Party Sales
- Ownership Transfers
- Fairness Opinions
- Dissenting Stockholder Disputes
- Corporate, Partnership and Marital Dissolution
- Recapitalizations
- Sales, Mergers, Acquisitions and Leveraged Buyouts
- Employee Stock Ownership Plans
- Profit Sharing and 401(k) Plans
- Stock Option Plans
- Estate and Gift Taxes
- Estate Planning
- Arbitration

Our valuation studies are prepared to withstand the strongest challenges and

any possible litigation proceedings. We have been called on to testify as the lead expert witness in numerous court cases concerning the valuation of privately held firms.

### Valuations for Long Range Planning

To plan effectively, owners of closely held businesses must establish the value of their stock in advance and periodically review their financial and tax planning. One primary purpose of a valuation study is to provide owners with the "proof of value" they need to support any tax controversies.

This valuation can then be used in all transactions and agreements involving the stock in order to establish consistent valuation precedents. It can be used for gifts, buy/sell agreements, stock redemption agreements and employee stock option plans. It is also a valuable business report which can be used to appraise firm operations.

Dannible/McKee has prepared valuations of firms in the A/E industry since 1978. A majority of these were prepared in advance of actual tax needs as an aid to our clients in the efficient planning of their business and personal affairs.

### Employee Stock Ownership Plans

There has been a dramatic growth in the popularity of ESOPs during the past decade. Owners of closely held design firms can realize many advantages with an ESOP, including:

- Improved Employee Morale
- Tax Deductible Shareholder Buy-Outs
- Estate Tax Planning Opportunities
- Income Tax Deferral Opportunities
- Favorable Financing
- A Market for the Firm's Stock
- Increased Employee Productivity

The valuation of the firm's stock is a critical element in a successful ESOP because trustees cannot pay more than fair market value for the firm's stock. An ESOP valuation should be prepared by a qualified, independent appraiser, as required by Federal law and updated at least annually.

### Sales, Mergers and Acquisitions

While the majority of closely-held A/E firms want to stay closely held, continued private ownership may not be desirable or possible. Merger mania is sweeping the business world and A/E firms are a part of this syndrome. Although a merger of two firms can result in a stronger organization, merging does not guarantee success. When a firm's best interest makes it appropriate to explore the alternative of a sale or merger, our professionals can prepare your firm for it and manage the entire process. We can show you the advantages and disadvantages of merging or selling and provide you with the planning required for a sound merger or sale. Every step of the process is approved in advance by the client. The owners remain in total control throughout the entire process.

## Bonus: Case Study Analysis

- Each attendee will receive an advance in-depth actual case study. The solution to this case study will be reviewed in detail at each session.
- Each attendee will receive an advance glossary of the financial terms and ratios to be used in valuing a design firm.
- Each attendee will learn the actual value of his or her firm.
- Each attendee will receive a comprehensive workbook containing actual forms, case studies and other written material which elaborate on the lecture presentation.
- You will work on actual case studies which will draw the techniques of transfer, the funding and valuation into true prospective. Learn the differing viewpoints of a purchasing associate from the owner selling his or her interest.