



+ 1211 SW Fifth Avenue, Suite 1000

+ Telephone: 503.221.0336

+ Portland, Oregon 97204-3710

+ Fax: 503.294.4378

+ www.perkinsaccounting.com

Presentation Outline

Estate Planning Council of SW WA

Paris E. Powell, CPA, ABV, CFF

January 27, 2015

Project Runway: Making the most of time until departure from a privately-held company

- I. Introduction
 - a. Background
 - b. Focus audience on wealth in closely-held businesses/private company wealth
 - i. Statistics on private company wealth
 - ii. Planning opportunities
- II. Measure of private company returns
 - a. Returns for subject company
 - b. Impact of certain decisions
 - c. ROI on specific reinvestments
 - d. Alternative funding mechanisms
 - e. Leverage analysis
 - f. Diversification, creating (partial) liquidity
 - g. Return maximization w/in portfolio/optimum deployment
 - h. Peer/industry comparison
- III. Consideration of financial investment in valuation
 - a. Management fee based on \$AUM
 - i. Possible uses for management fee budget
 - ii. Additional considerations
 - iii. Case study
 - b. Benefits to valuation
 - i. Buy-sell
 - 1. Prevent future cash outlay for litigation,
 - 2. Risk mitigation
 - 3. Clarity
 - 4. Case study – WA company w/ 6 years of costly litigation
 - ii. Operational improvements & advancing transition readiness
 - 1. Impacts on value
 - 2. Concentrations
 - 3. Key person conversion – value transfer
 - 4. Curb appeal/staging
 - 5. Case study – WA company w/ private equity investment, beginning 3rd year of dispute resolution with no payments on notes or earnouts
 - iii. Life insurance planning
 - 1. Coverage

Error! Bookmark not defined.

Page Two

2. Clarity
 3. Case study – WA company w/ death of 50% shareholder, costly & lengthy litigation w/ departed shareholder's estate, share redemption greater than company value.
- iv. Alternative capital structures
1. Evaluation of liquidity goals
 2. Analysis of liquidity options
 - a. Dividends
 - b. ESOP
 - c. Minority interest private equity
 - d. Leveraged share repurchase
 - i. Case study

IV. Conclusion