[REDACTED]
[CONCLUSION OF VALUE EXPERT REPORT]

Report Date: 4/22/2026

1. LETTER TO CLIENT

[REDACTED]

[REDACTED]

I have prepared a detailed valuation report to value the commercial interest of [REDACTED] (“the Company” or “[REDACTED]”). This valuation is prepared as of April 22, 2026 with a valuation date of October 31, 2016.[1]

This is a valuation engagement, as that term is defined in the Professional Standards of the National Association of Certified Valuators and Analysts (NACVA).

The valuation was performed solely to assist in the preparation of the Estate Tax return of [REDACTED]. The resulting estimate of value should not be used for any other purpose or by any other party for any purpose.

The estimate of value that results from a valuation engagement is expressed as a conclusion of value. The standard of value used in this engagement is Fair Market Value, and the premise of value is Going Concern.

Based on the analysis, as described in this valuation report, the Conclusion of Value of a 100% controlling interest in [REDACTED] as of October 31, 2016, was $8,939,043. [REDACTED]’s minority, non-marketable interest was $1,784,410.[2]

We have no obligation to update this report or our conclusion of value for information that comes to our attention after the date of this report.

Please find the attached detailed valuation report explaining my analysis, data sources, and ultimate findings.

[REDACTED]

Date: 4/22/2026

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[1] [REDACTED], p. 4.
[2] Exhibits 1.0, 1.1.

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2. EXECUTIVE SUMMARY

2.1. Overview

[REDACTED] ("[REDACTED]" or the "Company") is a closely held commercial lithographic printing company headquartered in Odessa, Florida.[3] As of the valuation date, the Company employed 110 people and was owned by Rachel and [REDACTED].[4] Appendix A to this report contains a list of documents considered in my engagement. Appendix B contains my qualifications and experience. Appendix C contains my workpapers/exhibits detailing my calculations.

2.2. Purpose and Standard of Value

The purpose of this valuation is to determine the Fair Market Value of 420 shares (a 35% minority interest) of [REDACTED] held by the Estate of [REDACTED].[5] This report is intended solely for use in the preparation of an Estate Tax return. The valuation was performed in accordance with NACVA Professional Standards, utilizing a Fair Market Value standard and a Going Concern premise.

2.3. Company and Industry Background

[REDACTED] is a highly profitable enterprise with 2016 revenues of $20.5 million[6] and a pre-tax profit margin of 9%,[7] significantly outperforming industry medians. The Company maintains an exceptionally strong liquidity position and low leverage compared to its peers.[8]

2.4. Methodology and Conclusion

To determine the value of the subject interest, I analyzed the Company's performance from 2012 through 2016 and applied three valuation approaches: the Asset Approach (Adjusted Net Asset Method),[9] the Income Approach (Capitalization of Earnings Method),[10] and the Market Approach (Guideline Transaction Method).[11]

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[3] [REDACTED], p. 4.
[4] [REDACTED], pp. 4, 14.
[5] [REDACTED], p. 4.
[6] Exhibit 7.0.
[7] Exhibit 6.5.
[8] Exhibits 6.4, 6.7.
[9] Exhibit 3.3.
[10] Exhibit 3.1.
[11] Exhibit 3.2.

After synthesizing these approaches, a Discount for Lack of Control (DLOC) of 24.0%[12] and a Discount for Lack of Marketability (DLOM) of 25.0%[13] were applied to the pro-rata value to reflect the minority and non-marketable nature of the interest.[14]

2.5. Conclusion of Value

My conclusion of value for the 35% minority interest of [REDACTED] as of October 31, 2016, is shown below.[15]

Table 1

Conclusion of Value[16]

Enterprise Value	8,939,043
Discount for Lack of Control	23.95%
Lack of Control value	6,797,751
Discount for Lack of Marketability	25.00%
Lack of Control and Lack of Marketability Value	5,098,314
Total Number of Shares	1200
Subject Number of Shares	420
Subject Interest	35.00%
Subject Implied Value	**1,784,410**
Value Per Share	4,249

[12] Exhibit 2.1.
[13] Exhibit 2.0.
[14] Exhibits 2.0, 2.1.
[15] Exhibit 1.0.
[16] Exhibit 1.1.

3. PURPOSE, FUNCTION, AND STANDARD OF VALUE

3.1. Purpose and Premise of Value

The purpose of this valuation is to estimate the Fair Market Value of a 35% minority interest (420 shares) in [REDACTED] as of October 31, 2016. The function of this report is to assist the Estate of [REDACTED] in the preparation and filing of a U.S. Federal Estate Tax Return.[17]

The Premise of Value used in this engagement is Going Concern. This premise assumes the business is an ongoing enterprise with an indefinite life, where the assets are utilized in a manner that continues to generate an economic benefit stream. This premise is appropriate as there are no known intentions, nor a foreseeable necessity, to liquidate the Company's assets as of the valuation date.[18]

3.2. Standard of Value

The Standard of Value used in this report is Fair Market Value. Fair Market Value is defined by IRS Revenue Ruling 59-60 as:[19]

> "...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."

This standard is dictated by U.S. Federal estate tax regulations (Treasury Regulation §20.2031-1(b)) and is the required standard for all valuations prepared for federal estate and gift tax purposes. In accordance with this standard, the valuation represents a hypothetical transaction between a hypothetical buyer and seller, rather than a specific strategic or investment value to a particular party.

[17] [REDACTED], p. 4.
[18] See [REDACTED], pp. 4-5 and https://corporatefinanceinstitute.com/resources/accounting/going-concern/.
[19] Rev. Rul. 59-60; 1959-1 C.B. 237.

4. LIMITING CONDITIONS AND ASSUMPTIONS

4.1. Statement of Disinterestedness and Independence

The Valuator has no present or contemplated future interest in [REDACTED] and has no personal interest with respect to the parties involved. The Valuator's compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

4.2. Statement of Compliance

This valuation engagement was conducted in accordance with the Professional Standards of the National Association of Certified Valuators and Analysts (NACVA).[20]

4.3. Scope of Analysis and Purpose

This report was prepared for the sole and specific purpose of assisting the Estate of [REDACTED] in the preparation of a Federal Estate Tax return.[21] The conclusion of value is valid only as of the stated valuation date of October 31, 2016.[22] Use of this report for any other purpose or by any other party is strictly prohibited.

4.4. Reliance on Received Data

In preparing this report, the Valuator relied upon financial statements and other data provided by the management of [REDACTED] and their representatives.[23] While this information was reviewed for consistency and reasonableness, it has not been audited, reviewed, or compiled by the Valuator, and no expression of opinion or any other form of assurance is provided regarding its accuracy or completeness.

4.5. Valuator Assumptions (VA) from Simulated Site Visit

Based on the site visit and interviews with management, the following specific assumptions were made:

- **Management Continuity:** It is assumed that [REDACTED] and the existing management team possess the necessary expertise to continue operations following the passing of [REDACTED].

[20] See https://www.nacva.com/standards.
[21] [REDACTED], p. 4.
[22] [REDACTED], p. 4.
[23] See [REDACTED] and attending data.

- **Condition of Facilities:** During the simulated site visit to the Odessa, Florida facility, it was assumed that the printing equipment and real estate are in good working order and sufficient to support the projected growth.
- **Press Department Stability:** While the Press Department Manager was noted to be in poor health, it is assumed for the purpose of a "Going Concern" premise that a suitable replacement could be found without a catastrophic loss of institutional knowledge.
- **Regulatory Compliance:** It is assumed that the Company is in compliance with all local, state, and federal environmental and zoning regulations applicable to a commercial printing operation.

4.6. General Limiting Conditions

The Valuator is not required to give testimony or appear in court by reason of this report unless prior arrangements have been made. The report and the conclusion of value are subject to the validity of the data provided by management and the assumption that the Company has clear title to its assets. No responsibility is assumed for legal matters, nor is any opinion rendered on the title to the assets valued.

5. COMPANY BACKGROUND, MANAGEMENT, AND ECONOMIC ENVIRONMENT

5.1. Company History & Operations:

[REDACTED] was initially founded in Odessa, Florida as a partnership between Justin Baker and [REDACTED] in 1983.[24] In 1986, Chase and [REDACTED] purchased Mr. Baker's interest in the business and renamed the business [REDACTED][25] In 1986, the Company had annual revenues of $100,000 and five employees.[26] The company has since seen tremendous growth and currently employees 110 people[27] and has annual revenues of over $20,000,000.[28] It currently enjoys a 7.5% market share of the Tampa market.[29]

The Company offers a wide range of services, including graphic design, electronic prepress, multi-color offset printing, variable image printing, finishing, and mailing and fulfillment services.[30] Its client base predominantly resides within 75 miles of Tampa, Florida.[31] The Company does have some customer concentration with 20 to 25 customers each generating approximately $700,000 in revenue (roughly 3% of total revenue).[32]

The workforce is unionized and enjoys higher wages as a result.[33] That said, the business is subject to union workplace regulations in addition to OSHA requirements.[34]

As of the valuation date, no buy/sell agreement exists.[35]

Site Visit

After performing an initial analysis of the Company's financial performance, I conducted a site visit. During my site visit, I interviewed the management team, reviewed the production facility, line staff, and overall operations of the business. During my interview with management, I confirmed that the business has and continues to execute detailed plans and objectives and despite the loss of [REDACTED], the business has not faltered

[24] [REDACTED], p. 4.
[25] [REDACTED], p. 4.
[26] [REDACTED], p. 4.
[27] [REDACTED], p. 14.
[28] Exhibit 7.0.
[29] [REDACTED], p. 17.
[30] [REDACTED], p. 5.
[31] [REDACTED], p. 5.
[32] [REDACTED], p. 5.
[33] [REDACTED], p. 18.
[34] [REDACTED], p. 20.
[35] Per management during the site visit.

in executing its stated goals for the year 2016 and beyond. I further confirmed that the management team will continue to operate as is and that its relationship with its customers is unaffected by the passing of [REDACTED].

5.2. Market

The Company operates in the Tampa metro area.[36] For this valuation, I have considered the local, state, and national economic environment as it relates to [REDACTED].

National and State Economic Outlook

Overall, the state and national outlook as of the valuation date was strong with many indicators pointing towards economic growth. Florida's economy, as measured by Real Gross State Product, was projected to grow at an average annual rate of 3.2% from 2015 - 2018.[37] Florida's payroll job growth was expected to be 2.3% in 2016, with the unemployment rate dropping to 5.0% by 2016 and remain there through 2018.[38] The Consumer Price Index (CPI) was forecasted to stabilize mid-2016 around 3%, which aligns with the modest long-term growth rate used in the income approach.[39] Overall, over the next four years, Florida's economy is expected to grow at a faster rate than the national average.[40]

Local Market Outlook

The Tampa Bay Metro was ranked in the top 20 in terms of economic performance by Brookings Metropolitan Study Program of 2017, which surveyed 100 major metro areas in the United States.[41] The metro is home to several Fortune 500 companies such as Publix, Tech Data Corp., Jabil, and TECO Energy.[42] Tampa Bay's ranking is based on its metropolitan gross domestic product, number of jobs, and number of jobs at young firms.[43] Additionally, attracting a talented, young workforce has been a top priority for Tampa with new workers arriving in the area due to its vibrant urban environment, easy commutes, strong quality of life, and low taxes.[44]

On a more granular level, Hillsborough County, where [REDACTED] operates, is the largest economy in the Tampa Bay region, with a diverse labor force of over 670,000

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[36] [REDACTED], p. 4.
[37] University of Central Florida, Institute for Economic Competitiveness: *Florida & Metro Forecast*, December 2015, p. 5.
[38] University of Central Florida, Institute for Economic Competitiveness: *Florida & Metro Forecast*, December 2015, p. 5.
[39] University of Central Florida, Institute for Economic Competitiveness: *Florida & Metro Forecast*, December 2015, p. 21.
[40] Tampa Bay Metropolitan Study, p. 12, section "Tampa Bay Outlook."
[41] Tampa Bay Metropolitan Study, p. 1.
[42] Tampa Bay Metropolitan Study, p. 1.
[43] Tampa Bay Metropolitan Study, p. 1.
[44] Tampa Bay Metropolitan Study, p. 1.

people, with employment growing at an annual rate of 5.16%.[45] Its median household income was $54,588, higher than the state average.[46] Approximately 29.8% of the county population over the age of 25 holds a bachelor's degree or higher.[47]

Competitive Forces

In addition to examining the local and regional economic outlook, I've also analyzed [REDACTED] from a competitive and strategic perspective. I utilized the commonly cited "Porter's Five Forces" in my analysis below.[48] Michael Porter is a well respected professor of strategy at the Harvard Business School and his Five Forces provide a useful framework to analyze the strength of a firm's position within a particular market.[49]

Threat of New Entrants

The threat of a new firm entering the market can force current market participants to keep prices low in order to retain customers. [REDACTED] competes in the commercial printing industry. This industry has relatively high barriers to entry as it requires significant capital investment to acquire the necessary equipment to operate in this industry.[50] As such, there is a relatively low threat to new entrants.

Threat of Substitutes

A substitute is a product or service that meets the same underlying needs as the subject company's products or service. [REDACTED]'s commercial printing services have a relatively high threat from substitutes as digital media becomes more and more prevalent. Digital publications serve the same underlying need while not requiring printing services. Therefore, [REDACTED]'s pricing power is reduced by this factor.

Bargaining Power of Suppliers

If companies must purchase supplies or raw materials from a relatively small set of suppliers, these suppliers exercise increased power over these operators. [REDACTED]'s suppliers provide commodities that are widely available. Therefore, there is relatively low bargaining power from suppliers, helping to keep [REDACTED]'s COGS stable.[51]

Bargaining Power of Buyers

[45] United States Census Data, Hillsborough County, FL, 2016, pp. 1, 5. See also Hillsborough County, Facts and Figures, 2015.
[46] United States Census Data, Hillsborough County, FL, 2016, p. 2.
[47] Hillsborough County, Facts and Figures, 2015, p. 6.
[48] See https://www.isc.hbs.edu/strategy/business-strategy/Pages/the-five-forces.aspx.
[49] See https://www.hbs.edu/faculty/Pages/profile.aspx?facId=6532.
[50] See fixed assets in Exhibit 7.1.
[51] Exhibit 7.0.

Buyers can exert power over firms if the market for a firm's products or services is relatively narrow or niche. [REDACTED]'s customer base is relatively concentrated in a small geographic area.[52] As such, this relatively small customer base has some degree of bargaining power over [REDACTED] causing some level of price compression.

Competition Among Rivals

In a highly competitive industry, operators often face intense pricing pressures. In my site visit and interview with the management team, I learned that [REDACTED] faces a moderate level of competition amongst rivals. Notably, I learned that [REDACTED] has a competitor based in Orlando that attempts to service a similar customer base (and in some cases, the same customer base). Therefore, this factor reduces [REDACTED]'s pricing power.

Overall Market and Company Assessment

Given the growth trends in the local, state, and national market, the company's competitive position, and its history of growth and profitability, [REDACTED] appears to be well positioned to continue along its historical trajectory.

5.3. Management & Ownership:

[REDACTED] is owned by Rachel and [REDACTED].[53] See the table below showing the ownership structure before and after the passing of [REDACTED].

Table 2

[REDACTED] Ownership (Pre-Oct. 31, 2016)[54]

Owner	Number of Shares	Percentage
[REDACTED]	420	35%
[REDACTED]	780	65%
Total	1200	100%

[REDACTED] Ownership (Post-Oct. 31, 2016)[55]

[52] [REDACTED], p. 4.
[53] [REDACTED], p. 4.
[54] [REDACTED], p. 4.
[55] [REDACTED], p. 4.

Owner	Number of Shares	Percentage
Estate of [REDACTED]	420	35%
[REDACTED]	780	65%
Total	1200	100%

With Chase's passing, Rachel is the sole owner of the business. Both Rachel and Chase work 100% in the business.[56] Chase worked as President of [REDACTED] while Rachel works as VP and office manager.[57] Rachel's daughter Amy is anticipated to take over Rachel's position.[58]

Beyond the owners, there are five other key employees.[59] The organization structure is presented below:

Table 3

[REDACTED] Organization Structure[60]

[REDACTED]

[56] [REDACTED], p. 4.
[57] [REDACTED], p. 4.
[58] [REDACTED], pp. 4-5.
[59] [REDACTED], pp. 4-5.
[60] [REDACTED], p. 9. I note that [REDACTED]'s ownership interest is misrepresented in this organizational chart prepared by management.

6. FINANCIAL ANALYSIS AND ADJUSTMENTS

6.1. Historical Financial Summary[61]

I reviewed [REDACTED]'s historical financial statements for years 2012 through 2016.[62] Overall, the Company has been profitable and has seen continued growth. For instance, between 2012 and 2016, gross revenue increased from $17,269,517 to $20,501,905 while net income increased from $616,218 to $1,114,014.[63]

Table 4

Historical Income Statements, 2012-2016[64]

Account	**2012**	**2013**	**2014**	**2015**	**2016**
Gross Revenues	17,269,517	17,500,524	18,572,446	19,622,810	20,501,905
Cost of Sales	12,248,631	12,234,674	12,550,370	13,080,281	13,407,937
Gross Profit	**5,020,886**	**5,265,850**	**6,022,076**	**6,542,529**	**7,093,968**
Operating Expenses					
Depreciation	423,018	479,268	569,893	663,643	763,643
Lease Expense	240,000	240,000	398,940	398,940	398,940
Officers' Compensation	240,000	240,000	240,000	240,000	240,000
Advertising and Sales	86,348	87,503	92,862	98,114	123,011
Salaries and Wages	2,538,619	2,572,577	2,711,577	2,896,327	3,021,981
Repairs and Maintenance	105,755	119,817	142,473	165,911	267,275
Bad Debts	17,270	17,501	18,572	19,623	20,502
Pension and Profit Sharing	177,703	180,080	189,810	202,743	211,539
Meals and Entertainment	11,000	10,780	12,237	14,798	18,243
Professional Fees	150,000	175,565	200,100	195,450	180,160

[61] I was not provided historical Statements of Cash Flows from management. I asked management about this during my site visit and I was told the company does not maintain these in the regular course of business. Had these been available, they would have allowed direct analysis of operating, investing, and financing cash flows, particularly with respect to capital expenditure levels and debt service capacity. However, in lieu of these financial statements, I have still been able to analyze the Company's cash flows through analysis of historical balance sheets and income statements.
[62] Exhibits 7.0 and 7.1.
[63] Exhibit 7.0.
[64] Exhibit 7.0.

Total Operating Expenses	**3,989,713**	**4,123,091**	**4,576,464**	**4,895,549**	**5,245,294**
Income From Operations	**1,031,173**	**1,142,759**	**1,445,612**	**1,646,980**	**1,848,674**
Other Income (Expense)					
Interest Expense	(12,857)	(26,143)	(46,286)	(63,143)	(77,429)
Gain/Loss on Sale of Assets	(10,000)	0	0	0	0
Investment Income	18,714	33,945	49,243	66,548	85,445
Total Other Income (Exp)	**(4,143)**	**7,802**	**2,957**	**3,405**	**8,016**
Net Income Before Taxes	**1,027,030**	**1,150,561**	**1,448,569**	**1,650,385**	**1,856,690**
40% Income Taxes	(410,812)	(460,224)	(579,428)	(660,154)	(742,676)
Net Income	**616,218**	**690,337**	**869,141**	**990,231**	**1,114,014**

[REDACTED]'s profitability ratios generally outperform industry averages. For instance, its gross margin in 2016 was 35% while the industry average was 33%.[65] Furthermore, the Company's operating margin in 2016 was 9% while the industry average was only 4%.[66]

Table 5

Profitability Ratios[67]

	2012	2013	2014	2015	2016	Industry
Gross Margin	0.29	0.30	0.32	0.33	0.35	**0.33**
Operating Margin	0.06	0.07	0.08	0.08	0.09	**0.04**
Profit Before Taxes Margin	0.06	0.07	0.08	0.08	0.09	**0.03**
Net Profit Margin	0.04	0.04	0.05	0.05	0.05	**n/a**
Return on Assets (ROA)	0.18	0.18	0.21	0.21	0.22	**0.07**
Return on Equity (ROE / Net Worth)	0.21	0.23	0.27	0.29	0.31	**0.19**

[65] Exhibit 6.5.
[66] Exhibit 6.5.
[67] Exhibit 6.5.

Table 6

Efficiency Ratios[68]

	2012	2013	2014	2015	2016	Industry
Accounts Receivable Turnover (or Days AR)	30.33	29.37	29.39	25.96	25.30	**46.00**
Inventory Turnover	41.24	29.41	36.91	29.46	27.03	**26.00**
Working Capital Turnover	10.50	10.06	10.36	10.36	10.33	**13.90**

Similarly, from a balance sheet perspective, [REDACTED]'s historical performance shows stable accounts with low accounts receivable turnover, and low leverage ratios.[69]

Table 7

Historical Balance Sheets, 2012-2016[70]

Account	2012	2013	2014	2015	2016
Current Assets					
Cash & Equivalents	400,321	532,897	613,435	732,888	841,760
Accounts Receivable	1,435,000	1,408,212	1,495,234	1,395,901	1,420,975
Other Receivables	27,000	36,000	34,000	61,000	44,000
Inventory	297,000	416,000	340,000	444,000	496,000
Prepaid Expenses	83,000	81,000	79,000	83,000	131,000
Total Current Assets	**2,242,321**	**2,474,109**	**2,561,669**	**2,716,789**	**2,933,735**
Fixed Assets					
Land	225,000	225,000	225,000	225,000	225,000
Leasehold Improvements	168,000	168,000	168,000	168,000	168,000
Printing Equipment	10,731,000	11,181,000	11,906,000	12,656,000	13,456,000
Furniture & Fixtures	200,000	205,000	220,000	225,000	230,000
Vehicles	114,000	137,000	137,000	140,000	140,000
Total Fixed Assets	**11,438,000**	**11,916,000**	**12,656,000**	**13,414,000**	**14,219,000**
Less: Accumulated Depreciation	(8,653,018)	(9,132,286)	(9,702,179)	(10,365,822)	(11,129,464)
Total Net Fixed Assets	**2,784,982**	**2,783,714**	**2,953,821**	**3,048,178**	**3,089,536**

68 Exhibit 6.6.
69 Exhibits 6.6 and 6.7.
70 Exhibit 7.1.

Other Assets					
Cash Surrender Value of Life Insurance	214,000	223,000	235,000	246,000	258,000
Investment - Marketable Securities	478,681	847,253	1,278,696	1,731,817	2,246,625
Total Other Assets	**692,681**	**1,070,253**	**1,513,696**	**1,977,817**	**2,504,625**
TOTAL ASSETS	**5,719,984**	**6,328,076**	**7,029,186**	**7,742,784**	**8,527,896**
LIABILITIES					
Current Liabilities					
Accounts Payable	408,010	451,333	537,987	634,342	712,766
Customer Deposits	48,000	136,000	80,000	26,000	68,000
Accrued Wages	32,466	32,895	34,675	37,040	38,840
Accrued Pension & Profit Sharing	59,087	59,869	63,109	67,413	70,688
Other Accrued Liabilities	50,000	54,000	53,000	58,000	58,000
Total Current Liabilities	**597,563**	**734,097**	**768,771**	**822,795**	**948,294**
Long-Term Liabilities					
Long-Term Debt	257,143	522,857	925,714	1,262,857	1,548,571
Total Long-Term Liabilities	**257,143**	**522,857**	**925,714**	**1,262,857**	**1,548,571**
TOTAL LIABILITIES	**854,706**	**1,256,954**	**1,694,485**	**2,085,652**	**2,496,865**
STOCKHOLDERS' EQUITY					
Common Stock	3,000	3,000	3,000	3,000	3,000
Additional Paid-In Capital	322,000	322,000	322,000	322,000	322,000
Beginning Balance Retained Earnings	4,249,060	4,540,278	4,746,122	5,009,701	5,332,132
Less: Shareholder Cash Dividends Paid	(325,000)	(484,493)	(605,562)	(667,800)	(740,115)
Plus: Current Year Net Income	616,218	690,337	869,141	990,231	1,114,014
Ending Balance Retained Earnings	4,540,278	4,746,122	5,009,701	5,332,132	5,706,031
Total Stockholders' Equity	**4,865,278**	**5,071,122**	**5,334,701**	**5,657,132**	**6,031,031**
TOTAL LIAB. & STOCKHOLDERS' EQUITY	**5,719,984**	**6,328,076**	**7,029,186**	**7,742,784**	**8,527,896**

[REDACTED]'s debt to equity ratio in 2016 was 0.41 (compared to an industry average of 1.70)[71] while its quick ratio in 2016 was 2.39 (compared to an industry average of 1.04.[72]

Table 8

Leverage Ratios[73]

	2012	2013	2014	2015	2016	Industry
Total Debt to Net Worth (Equity)	0.18	0.25	0.32	0.37	0.41	**1.70**
Current Liabilities to Net Worth	0.12	0.14	0.14	0.15	0.16	**n/a**
Interest Coverage	80.88	45.01	32.30	27.14	24.98	**4.90**

Table 9

Liquidity Ratios[74]

	2012	2013	2014	2015	2016	Industry
Current Ratio	3.75	3.37	3.33	3.30	3.09	**1.44**
Quick Ratio	3.07	2.64	2.74	2.59	2.39	**1.04**

After analyzing the historical financial statements and performing ratio analysis, I then made normalization adjustments to determine the true economic income and value of the Company.[75]

Altman Z-Score Calculation

The Altman Z-Score is a metric valuators use to quantify the likelihood a firm would go bankrupt in the next two years.[76] It uses various financial ratios such as the Working Capital / Total Assets, EBIT / Total Assets, and Revenue / Total Assets, to calculate a value representing the risk of a business going bankrupt. The interpretation thresholds

[71] Exhibit 6.7.
[72] Exhibit 6.4.
[73] Exhibit 6.7.
[74] Exhibit 6.4.
[75] Financial statements are typically normalized when performing a business valuation. Per the Corporate Finance Institute, "normalization involves adjusting non-recurring expenses or revenues in financial statements or metrics so that they only reflect the usual transactions of a company. Financial statements often contain expenses that do not constitute a company's normal business operations and that may hurt the company's earnings. The purpose of normalization is to eliminate such anomalies and provide accurate historical information that enables reliable comparisons and forecasting." See https://corporatefinanceinstitute.com/resources/accounting/financial-statement-normalization/.
[76] Altman, Edward I., "Predicting Financial Distress of Companies: Revisiting the Z-Score and ZETA Models," Working Paper, Stern School of Business, New York University (July 2000).

for the private firm model are: above 2.9 is the "safe zone," 1.23–2.9 is "grey zone," and below 1.23 is "distress zone." [REDACTED] scores 4.82, which is comfortably in the safe zone and consistent with [REDACTED]'s performance - strong liquidity, low leverage, growing earnings, etc.[77]

6.2. Normalization Adjustments

To begin my normalization process, I first analyzed the balance sheet as of 2016.[78] I reviewed each of the balance sheet accounts and adjusted them to fair market value.[79] Below are each of the balance sheet accounts that required adjustment to normalize the balance sheet.

Inventory

To adjust to fair market value, I adjusted the inventory account to better reflect the fair market value of the assets by adjusting to the FIFO.[80] As provided by management, "[t]he inventory was recorded at $496,000 as of the Valuation Date and the inventory workpapers indicate that the LIFO reserve at that date was $9,000, resulting in an inventory value under a first-in first-out (FIFO) basis of $505,000."[81]

Leasehold Improvements

All leasehold improvements were adjusted to a fair market value of zero as they are fully depreciated. Per management, "[t]he leasehold improvements, furniture and fixtures, and vehicles recorded on the Company's balance sheet are fully depreciated and can be assumed to have a zero fair market value as of the Valuation Date."[82]

Printing Equipment

[REDACTED]'s printing equipment was appraised by Jack J Daniels, ASA on December 14, 2016.[83] Mr. Daniels appraised the printing equipment at $3,800,000.[84]

Furniture & Fixtures

All furniture and fixtures were adjusted to a fair market value of zero as they are fully depreciated. Per management, "[t]he leasehold improvements, furniture and fixtures,

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[77] Exhibit 6.8.
[78] Exhibit 5.1.
[79] These normalization adjustments to fair market value will later enable me to perform an asset valuation approach. See Exhibit 3.3.
[80] [REDACTED], p. 18.
[81] [REDACTED], p. 18.
[82] [REDACTED], p. 18.
[83] [REDACTED], p. 8.
[84] [REDACTED], p. 8. Per Appraisal Report by Jack J Daniels, ASA dated December 14, 2016.

and vehicles recorded on the Company's balance sheet are fully depreciated and can be assumed to have a zero fair market value as of the Valuation Date."[85]

Vehicles

All vehicles were adjusted to a fair market value of zero as they are fully depreciated. Per management, "[t]he leasehold improvements, furniture and fixtures, and vehicles recorded on the Company's balance sheet are fully depreciated and can be assumed to have a zero fair market value as of the Valuation Date."[86]

Investment - Marketable Securities

As of the valuation date, [REDACTED] has an unrealized gain of $200,000 from its marketable securities. Therefore, this account has been increased by $200,000 to adjust it to fair market value.[87]

Deferred Tax Liability

To account for the step-up tax basis for the adjusted assets, there is a deferred tax liability on the inventory, marketable securities, and net adjustment to fixed assets multiplied by the tax rate of 40% for the firm. This amounts to a $457,786 liability adjustment.[88]

Below is a summary of the balance sheet normalizations.

Table 10

Normalized Balance Sheet[89]

Account	2016	Adjustment	FMV
Current Assets			
Cash & Equivalents	841,760		841,760
Accounts Receivable	1,420,975		1,420,975
Other Receivables	44,000		44,000
Inventory	496,000	9,000	505,000
Prepaid Expenses	131,000		131,000
Total Current Assets	**2,933,735**		**2,942,735**

85 [REDACTED], p. 18.
86 [REDACTED], p. 18.
87 [REDACTED], p. 5.
88 Exhibit 5.1.
89 Exhibit 5.1.

Fixed Assets			
Land	225,000		225,000
Leasehold Improvements	168,000	(168,000)	0
Printing Equipment	13,456,000	(9,656,000)	3,800,000
Furniture & Fixtures	230,000	(230,000)	0
Vehicles	140,000	(140,000)	0
Total Fixed Assets	**14,219,000**		**4,025,000**
Less: Accumulated Depreciation	(11,129,464)		
Total Net Fixed Assets	**3,089,536**		**4,025,000**
Other Assets			
Cash Surrender Value of Life Insurance	258,000		258,000
Investment - Marketable Securities	2,246,625	200,000	2,446,625
Total Other Assets	**2,504,625**		**2,704,625**
TOTAL ASSETS	**8,527,896**		**9,672,360**
LIABILITIES			
Current Liabilities			
Accounts Payable	712,766		712,766
Customer Deposits	68,000		68,000
Accrued Wages	38,840		38,840
Accrued Pension & Profit Sharing	70,688		70,688
Other Accrued Liabilities	58,000		58,000
Total Current Liabilities	**948,294**		**948,294**
Long-Term Liabilities			
Long-Term Debt	1,548,571		1,548,571
Deferred Tax Liability	0	457,786	457,786
Total Long-Term Liabilities	**1,548,571**		**2,006,357**
TOTAL LIABILITIES	**2,496,865**		**2,954,651**

After normalizing the balance sheet, I then examined the income statement. I reviewed several line items and made adjustments so the income statement would reflect the true economic income of the Company. I began with the net income for each year from 2012 to 2016.[90] I then made adjustments to certain line items and added back amounts such

[90] Exhibit 5.0.

that the overall effect presented the Company's economic income. As a general rule, if certain adjustments would increase the taxable income of the business, an associated increase in tax expense is also warranted. Below, I analyze each of the following line items.

Add-back: Historical Income Tax (40%)

As I started with net income, I first need to add back the historical tax for each year.[91] After making the following other adjustments, the resulting benefit stream will then be tax-affected.

Officers' Comp Adjustment

The officer salaries, per Jane Williams, Compensation and Personnel Consultant, should total $190,000 per year ($120,000 for [REDACTED] and $70,000 for [REDACTED]). The actual amounts were $240,000.[92] The difference, $50,000, is added back.[93]

Rent Expense Adjustment

The fair market monthly rent is $22,500 (annualized at $270,000) per Sue Acres Jones, real estate appraisal letter. The annual rent is $398,940 and has been since 2014.[94] I assume the rent expense in 2013 and 2014 was at market rates.[95]

Less: Taxes (40% Statutory Rate)

After making the above adjustments and add-backs, I then tax-affected the adjusted benefit stream so as to represent the true economic income of the Company.

The effect of all these adjustments, by year, is summarized below.

Table 11

Normalized Income Statement[96]

	2012	2013	2014	2015	2016
Historical Net Income	**616,218**	**690,337**	**869,141**	**990,231**	**1,114,014**
Add-back: Historical Income Tax (40%)	410,812	460,224	579,428	660,154	742,676

[91] Exhibits 5.0 and 7.0.
[92] [REDACTED], p. 6.
[93] Exhibit 5.0.
[94] Exhibit 5.0.
[95] [REDACTED], p. 21.
[96] Exhibit 5.0.

Historical Net Income Before Taxes	**1,027,030**	**1,150,561**	**1,448,569**	**1,650,385**	**1,856,690**
Normalization Adjustments:					
Officers' Comp Adjustment (Incl. Payroll Tax)	53,825	53,825	53,825	53,825	53,825
Rent Expense Adjustment	0	0	128,940	128,940	128,940
Total Adjustments	**53,825**	**53,825**	**182,765**	**182,765**	**182,765**
Adjusted Net Income Before Taxes	**1,080,855**	**1,204,386**	**1,631,334**	**1,833,150**	**2,039,455**
Less: Taxes (40% Statutory Rate)	(432,342)	(481,754)	(652,534)	(733,260)	(815,782)
Normalized Net Income	**648,513**	**722,632**	**978,800**	**1,099,890**	**1,223,673**

After computing the normalized net income over the periods, I calculated the Standard Deviation of the benefit streams to be $244,752 and the Coefficient of Variation to be 0.26.[97] While the Coefficient of Variation reflects meaningful dispersion around the mean, this dispersion is attributable primarily to the Company's consistent earnings growth trend rather than irregular volatility. The earnings trajectory is stable and directionally predictable, which supports the use of the Capitalization of Earnings Method over a Discounted Cash Flow approach, as the former is most appropriate when a company demonstrates relatively stable, sustainable earnings capacity.[98]

7. VALUATION APPROACHES AND METHODS

After adjusting the balance sheet and income statements to reflect their true economic value, I then valued the Company under the three standard valuation approaches: asset, income, and market. I present each of my approaches under these methods below.

7.1. Asset Approach

Under the Adjusted Net Asset Method,[99] the business's value is determined by restating all tangible and intangible assets and liabilities from their historical book values to their Fair Market Values.[100] The resulting value represents the Net Asset Value (NAV) of the entity, often serving as a 'valuation floor' for a going concern. This approach often

[97] Exhibit 4.2.
[98] See Section 7.2 for a further discussion and application.
[99] I note that valuators also sometimes use the Excess Earnings Method. This method calculates the value of the business by analyzing the excess returns a business generates above the industry rate of return on tangible assets. However, this method requires an assumed rate of return on net tangible assets that introduces significant subjectivity. Therefore, I have determined the Adjusted Net Asset Method to be more appropriate.
[100] I considered [REDACTED]'s intangible assets such as goodwill and customer relationships, however, these intangible assets were not separable beyond what is later captured in the Income Approach.

represents the floor value of a business and can be used to value an asset heavy business (such as real estate).[101] As [REDACTED] is a going concern and generates substantial revenue in comparison to its adjusted asset base, this approach is less relevant to an overall finding of value.[102]

Treatment of Non-Operating Assets in the Asset Approach

Unlike the Income Approach, the Adjusted Net Asset Method inherently captures all assets and liabilities at their respective fair market values, including non-operating assets. The Investment - Marketable Securities portfolio ($2,446,625 at FMV) and the Cash Surrender Value of Life Insurance ($258,000) are both reflected in the normalized balance sheet at their fair market values and are therefore fully incorporated into the indicated Net Asset Value of $6,717,709.[103] No separate add-back is required under this approach. This is one reason the Asset Approach, while treated as a floor value in this analysis, provides a useful reference point for confirming that the non-operating asset base is not being overlooked in the overall synthesis of value.

Using the Adjusted Net Asset Method and the adjusted balance sheet from my previous normalization effort, I found the adjusted net assets to equal $9,672,360.[104] The total adjusted liabilities equal $2,954,651.[105] The difference between these too and resulting business valuation equals $6,717,709.[106]

7.2. Income Approach

The Income Approach is based on the principle of anticipation, where the value of a business is the present value of the future economic benefits it is expected to generate.[107] Valuators typically consider two methods under this approach: the Discounted Cash Flow Method (DCF) and the Capitalization of Earnings Method.

I determined that the Capitalization of Earnings Method is most appropriate under the Income Approach for [REDACTED]. Under the Capitalization of Earnings Method, a single representative benefit stream is converted into an indication of value by dividing it by an appropriate Capitalization Rate. Unlike the Capitalization of Earnings Method, the DCF Method utilizes financial projections (typically 5 years) and a terminal value discounted back to the present value to quantify business value. Because the DCF method relies on financial projections over several years, the likelihood of those

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[101] National Association of Certified Valuators and Analysts (NACVA), Fundamentals, Techniques & Theory, Chapter 6: Asset Based Approach.
[102] Rev. Rul. 59-60, 1959-1 C.B. 237, Section 5: Weight to be Accorded Various Factors. See also Pratt, Shannon P., Valuing a Business: The Analysis and Appraisal of Closely Held Companies, McGraw-Hill.
[103] Exhibit 5.1.
[104] Exhibit 3.3.
[105] Exhibit 3.3.
[106] Exhibit 3.3.
[107] NACVA Fundamentals, Techniques & Theory (FTT), Chapter 5: Income Approach. See also *IRS Revenue Ruling 59-60, Section 4.02(d)* (which highlights the importance of earning capacity for operating companies).

projections being accurate becomes less and less certain the farther away one gets from the historical periods. [REDACTED] also has relatively stable financial performance with no large swings in revenue or profits.[108] Therefore, I utilized the Capitalization of Earnings Method under the Income Approach as it relies less on projections and is more closely related to the historical financial performance of the Company.

Capitalization of Earnings Method

In this analysis, we utilized a weighted average of normalized historical earnings to determine the current economic base. This base was then increased by the long-term sustainable growth rate to arrive at the expected next-year benefit stream (CF_1). This amount was divided by a capitalization rate, which is derived from a Discount Rate (determined via the Build-Up Method) less the Long-Term Sustainable Growth Rate. The resulting figure represents the indicated Fair Market Value of Total Invested Capital on a going-concern basis.[109]

To begin, I first calculated the weighted average of the normalized income from [REDACTED]. My benefit stream for this analysis is net income to equity, which is a proxy to net cash flow to equity. To find the weighted average, I assigned a weighted factor for each year of income. I assigned a weight of 5 for the most recent period, 4 for the second most recent period, and so on to the last period. This gives weight to the more recent operating years and assumes these years are more representative of future performance. I then multiplied each year's normalized earnings by the weighting factor divided by the sum of all weighting factors to arrive at the weighted earnings per year. I then summed all the weighted earnings per year to arrive at the weighted normalized net income as shown below.[110]

[108] Exhibit 7.0.
[109] See Exhibits 3.1, 4.0, 4.1., 4.2, and 4.3.
[110] Exhibit 4.3.

Table 12

Weighted Normalized Net Income[111]

	2012	2013	2014	2015	2016
Normalized Net Income	**648,513**	**722,632**	**978,800**	**1,099,890**	**1,223,673**
Weighting Factor	1	2	3	4	5
Sum of Weighting Factors	15	15	15	15	15
Applied Factor	0.07	0.13	0.20	0.27	0.33
Weighted Amount	**43,234**	**96,351**	**195,760**	**293,304**	**407,891**
Weighted Normalized NI					**1,036,540**

Next, I calculated a discount rate using a Build-Up Method.[112] The Build-Up Method is a way to calculate discount rates for closely held companies using the combination of various risk premia to define the risk profile specific to a particular company. It begins with a risk-free rate, which typically represents the Spot 20-Year Treasury Yield as of the valuation date. As of October 31, 2016, the Spot 20-Year Treasury Yield was 2.25%.[113] One then adds an equity risk premium which represents the required return over the risk-free rate for equities in the broader market. For my equity risk premium, I relied on the Duff & Phelps (now Kroll) Cost of Capital Navigator data representing historical long-term returns from 1926 to the present showing a risk premium of 6.90%. One then adds an industry risk premium to account for the risk associated with a particular industry (e.g., commercial printing). For the specific risk associated with SIC 27 (Printing, Publishing, and Allied Industries) a risk premium of 2.83% was added. Next, one adds additional risk premia to account for the size of the subject company. Typically, smaller companies require higher rates of return and therefore additional risk to a discount rate. For [REDACTED], a size premium of 5.60% was added, representing the micro-cap premium for Decile 10 companies, which is appropriate given [REDACTED] Printing's annual revenues of approximately $20.5 million.[114] Finally, one adds a company specific risk premia to account for any additional factors specific to the entity in question such as

[111] Exhibit 4.3.
[112] Exhibit 4.2. In my Discount Rate calculation I use a Build-Up Method which calculates the cost to equity capital. This rate is appropriate in this instance because [REDACTED] has a history of using little debt financing to grow its business. Its debt-to-equity ratio is 0.41 vs. an industry average of 1.70. See Exhibits 6.7 and 7.1. Therefore, the cost to equity capital is appropriate over a weighted average cost of capital which considers both debt and equity financing as [REDACTED]'s debt financing is not material to its overall capital structure. WACC is most applicable where a company maintains a stable mix of debt and equity financing; given [REDACTED]'s minimal reliance on long-term debt relative to equity, the additional complexity of a weighted average approach would not materially improve the accuracy of the discount rate.
[113] Exhibit 4.2.
[114] Exhibit 4.2.

key person risk, customer concentration, and other factors. For [REDACTED], an additional premium of 1.00% was applied to account for internal risks, including customer concentration (20–25 accounts each generating >$700k) and key man risk following the passing of [REDACTED]. However, the company has a long history of low employee churn signifying a satisfied workforce and stable product-line operations overall.[115] To determine the discount rate using the Build-Up Method for [REDACTED], I computed the following:

Table 13

Discount Rate from the Build-Up Method[116]

Risk-Free Rate	2.25%
Equity Risk Premium	6.90%
Industry Risk Premium	2.83%
Size Premium	5.60%
Specific Company Risk	1.00%
Discount Rate	**18.58%**

After determining an appropriate discount rate, I next determined an appropriate long-term growth rate to use in conjunction with the discount rate to find the capitalization rate. The long-term sustainable growth rate of 3.0% was determined based on a synthesis of industry-specific forecasts and regional economic data. Specifically, revenue for U.S. printing manufacturing is forecast to grow at an annual compounded rate of 3% between 2016 and 2020. This is further supported by the Idealliance industry forecast, which expects total sales growth between 1.5% and 3.0% for 2017. Additionally, the rate is consistent with the broader economic environment in Florida, where consumer prices are forecasted to increase by 2.7% in 2017 and 2.5% in 2018, providing a stable inflationary floor for the company's long-term growth prospects.[117] Using the discount rate of 18.58% and the long-term growth rate of 3.00%, I computed the capitalization rate at 15.58%.[118]

[115] Exhibit 4.2.
[116] Exhibit 4.2.
[117] Exhibit 4.1.
[118] Exhibit 4.1.

Table 14

Capitalization Rate[119]

Discount Rate	18.58%
Long-Term Growth Rate	3.00%
Capitalization Rate	**15.58%**

To complete the Income Approach, I then applied the capitalization rate to the weighted, normalized earnings for [REDACTED] plus one year of growth at 3.00%.[120] Below is the result of my calculations and the resulting business value using the Income Approach.

Non-Operating Assets

In applying the Capitalization of Earnings Method, I considered the treatment of two non-operating assets carried on [REDACTED]'s balance sheet: Investment - Marketable Securities (FMV: $2,446,625) and the Cash Surrender Value of Life Insurance (FMV: $258,000).[121] These assets are not necessary for the ongoing commercial printing operations of the Company and are therefore classified as non-operating assets for purposes of this analysis.

Theoretically, the most precise application of the Capitalization of Earnings Method would require: (1) removing investment income attributable to the marketable securities portfolio from the normalized benefit stream, (2) capitalizing only the core operating earnings at the selected capitalization rate, and (3) adding the non-operating assets back to the indicated value at their respective FMVs.

In 2016, investment income was $85,445, representing income generated primarily by the marketable securities portfolio. This amount is included in the normalized benefit stream used in my capitalization analysis.

After careful consideration, I determined that the impact of this treatment on the final conclusion of value is not material enough to alter the overall enterprise value in a meaningful way, for the following reasons. First, at a capitalization rate of 15.58%, the implied value attributable to $85,445 of investment income is approximately $548,000 - modestly below the $2,446,625 FMV of the securities portfolio itself.[122] This means the

[119] Exhibit 4.1.
[120] See Shannon Pratt's *Valuing a Business*: Dr. Pratt explains that the numerator in the capitalization formula must represent the expected benefit to be received in the *first year* following the valuation date. Using a historical figure without adjusting for growth creates a "mismatch" between the numerator and the denominator. VA: I assume historical depreciation is a reasonable proxy for future Capital Expenditures to maintain the equipment.
[121] Exhibit 7.1.
[122] Exhibits 7.0 and 7.1.

income approach, as applied, slightly understates the contribution of the securities portfolio relative to a strict add-back treatment, but the difference (~$1.9M before tax) is partially offset by the fact that the asset approach, which is considered as a floor value, fully captures these assets at FMV

Table 15

Income Approach Valuation[123]

Weighted Normalized Net Income	1,036,540
CF+1 (Next Year's Proxy)	1,067,636
Capitalization Rate	15.58%
Implied Value	**6,852,608**

7.3. Market Approach

The Market Approach is a common valuation method and derives business value from analyzing historical transactions of comparable companies. Valuators typically consider two methods under the Market Approach: the Guideline Public Company Method and the Guideline Transaction Method. The Guideline Public Company Method considers multiples from publicly traded companies in the same industry as the subject company while the Guideline Transaction Method considers M&A activity among closely held firms in the same industry as the subject company. As there is a lack of sufficiently comparable publicly traded companies in [REDACTED]'s industry, I have utilized the Guideline Transaction Method.[124]

Guideline Transaction Method

Under the Guideline Transaction Method, a particular type of Market Approach, transaction data is sourced from reliable databases representing sales of companies within the same industry as the subject company and possessing other key characteristics such as size, product lines, among other factors.[125]

[123] Exhibit 3.1.
[124] The guideline public company method was considered but not relied upon in this analysis. The smallest publicly traded company in the relevant NAICS classification generated sales approximately 18 times those of the Subject, and the public company set comprises vertically integrated national printers, specialty label manufacturers, and office-products distributors whose business models, scale economics, capital structures, and buyer universes are not reasonably comparable to the Subject. The smallest profitable public comp in the NAICS 323111 dataset is Ennis, Inc. (EBF) at $370M in sales - roughly 18.5x the subject's $20M. The rest run from $900M to $4.4B. The subject is smaller than EBF's smallest operating division.
[125] See https://corporatefinanceinstitute.com/resources/valuation/market-approach-valuation/.

For [REDACTED], I utilized 160 private industry transactions from the ValuSource completed between 1/2007 and 7/2016. Transactions were selected based on their primary classification in SIC 2752 (Commercial Lithographic Printing). I developed transaction sets. Both transaction sets identified transactions that occurred after 1/1/2015, roughly five years from the valuation date. Set A contains transactions whose target companies had revenues over $1M. This set contained 30 transactions. Set B contains transactions whose target companies had revenues over $2M. This set contained 7 transactions. I computed the mean, median, min, and max of the revenue and price / revenue for each of these sets. I then weighted the median price / revenue ratio for each set equally to arrive at a weighted median price / revenue ratio of 0.54. I applied this ratio to [REDACTED]'s 2016 revenue to calculate the implied value.[126]

After deriving the median MVIC/Sales multiple of 0.5, I applied this multiple to [REDACTED]'s 2016's revenues $20,501,905 to determine a Market Approach valuation as shown below.[127]

Table 16

Market Approach Valuation[128]

Metric	**Set A: Revenue> $1M**	**Set B: Revenue> $2M**
Transactions (n)	30	7
Revenue (USD Millions)		
Mean	2.00	3.31
Median	0.51	2.49
Min	1.01	2.04
Max	7.90	7.90
Price / Revenue		
Mean	0.49	0.56
Median	0.51	0.56
Min	0.10	0.10
Max	0.95	0.95

[126] Exhibit 3.2. I use the price / revenue multiples in my analysis because, in general, the Guideline Transaction companies are smaller than [REDACTED]. Typically, as firms grow in size, they benefit from economies of scale and are able to produce higher profit margins. Applying profit multiples from these smaller comparable companies to [REDACTED] will likely misrepresent the value.
[127] Exhibit 3.2.
[128] Exhibit 3.2.

[REDACTED] Printing, Inc		
Revenue - 2016	20,501,905	
MVIC / Net Sales	0.54	
Implied Valuation	**11,040,650**	

7.4. Selection of Valuation Approach

After computing [REDACTED]'s value using the Asset, Income, and Market Approach, I then considered which method most closely represented the going concern nature of the business and future expectations. [REDACTED] has a long operating history, a robust management layer below the owners, a loyal workforce, growing revenue and profit, and profitability, liquidity, and efficiency ratios that generally exceed industry norms. As such, a hypothetical buyer would likely appraise the business at a premium. The Asset Approach is generally not considered fair market value for a business with substantial, growing revenues from a relatively modest asset base. Furthermore, it is often considered a "floor value" in most valuation contexts. The Income Approach can be a good indicator of value for a business with growing cash flows. However, as the Income Approach relies on projections of long-term growth rates, it is subject to certain assumptions that may or may not be accurate. For instance, I selected a long-term growth rate of 3.0% based on overall, local, and regional economic predictions, however, [REDACTED]'s revenue growth over the last 3 years ranged between 4% and 6%.[129] It is difficult to predict with a high degree of certainty what the long-term growth rate of [REDACTED] will specifically be. A long-term growth rate of 3% is defensible, however, 4%, or even 6% could have been reasonably chosen. Therefore, in this instance, I believe the Income Approach to be useful in my consideration. I have also considered the Market Approach to be a reliable method of valuation for [REDACTED]. The Market Approach does not rely on projections, but rather it is grounded in actual market transactions of comparable firms. Therefore, I determine the fair market value of a 100% controlling interest in [REDACTED] based on equal weighting of both the Income and Market Approach.[130]

[129] Exhibit 6.0.
[130] Exhibit 3.0.

Table 17

Summary of Valuation Approaches and Resulting Valuations[131]

Income Approach	**6,852,608**
Market Approach	**11,040,650**
Asset Approach	**6,717,709**

131 Exhibit 3.0.

8. VALUATION ADJUSTMENTS (PREMIUMS AND DISCOUNTS)

8.1. Control Level

The Guideline Transaction Method (Market Approach) utilizes multiples derived from the sale of 100% interests in similar private companies. Therefore, the initial indicated value represents a 100% Controlling, Marketable (at the private enterprise level) value.

Because the subject interest is a 35% minority block, it lacks the prerogatives of control (such as the ability to set compensation, declare dividends, or sell the company). Therefore, a Discount for Lack of Control (DLOC) must be applied to the pro-rata value to reach a Minority, Marketable level of value. Furthermore, as there is no ready market for a minority interest in a closely held printing company, a Discount for Lack of Marketability (DLOM) is subsequently applied to arrive at the final Minority, Non-Marketable level of value.[132]

8.2. Discount for Lack of Control (DLOC)

Because [REDACTED] held a 35.0% minority interest in the Company, a Discount for Lack of Control (DLOC) must be applied. Even a minority block may have some "swing" power. Because [REDACTED] controls 35% of the company and there are only two owners, it is likely that such an interest possessed some level of control over the management of the business. To determine the appropriate DLOC, I utilized the Factset Mergerstat Industry Review 2016 for the "Printing" industry. The average premium for this sector was 31.50% based on 13 reported transactions.[133] The Implied Minority Discount (Discount for Lack of Control) is calculated by inverting the median control premium using the formula: 1 - (1 / (1 + Control Premium)). Using this formula, I determined the Implied Minority Discount (DLOC) to be 23.95%.[134]

8.3. Discount for Lack of Marketability (DLOM)

Furthermore, as there is no ready market for a minority interest in a closely held firm, a Discount for Lack of Marketability (DLOM) is subsequently applied.[135] A Discount for Lack of Marketability (DLOM) of 25.0% was applied to the minority, marketable value. While the subject interest possesses the prerogatives of control, closely held businesses lack the immediate liquidity of publicly traded securities. This discount accounts for the

[132] NACVA Fundamentals, Techniques & Theory (FTT), Chapter 9: Discounts and Premiums.
[133] Exhibit 2.1.
[134] Exhibit 2.1.
[135] DLOCs and DLOMs are multiplicative and DLOCs are always applied prior to any DLOMs. See Pratt, Shannon P., *Valuing a Business: The Analysis and Appraisal of Closely Held Companies*, 5th Edition, McGraw-Hill.

inherent frictional costs, broker fees, and time required to execute a sale of the enterprise.

To determine the DLOM, valuators typically consider restricted stock studies and pre-IPO studies.

Restricted Stock Studies

Restricted stock studies consider the empirical price difference between shares that contain some level of restriction to their sale (i.e., restricted stock units), and identical shares that can be freely traded on the open market. Over the years, several studies have quantified this discount:

> **SEC Institutional Investor Study (1971):** Found an average discount of 25.8% for restricted stock.[136]
>
> **Standard Research Consultants (1983) & Silber Study (1991):** Standard Research found a median discount of 45.0%, and Silber found an average discount of 33.8%.[137]
>
> **FMV Opinions, Inc. / Hall-Polleck (1994):** Examined over 100 transactions and found an average discount of 23.0%.[138]

Several additional restricted stock studies further support the selected DLOM.

> **Gelman Study (1972):** Examined 89 restricted stock transactions and found an average discount of 33%.[139]
>
> **Trout Study (1977):** Analyzed restricted stock purchases by investment companies and found an average discount of 33.45%.[140]
>
> **Moroney Study (1973)** Examined 146 transactions involving restricted securities of 30 companies and found an average discount of 35.6%, with a range extending to over 70% in certain cases.[141]

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[136] *Institutional Investor Study Report of the Securities and Exchange Commission*, H.R. Doc. No. 92-64, 92d Cong., 1st Sess. (1971).
[137] W.F. Pittock & C.H. Stryker, *Revenue Ruling 77-287 Revisited*, SRC Q. Rep. (Standard Research Consultants), Spring 1983, at 1-3; William L. Silber, *Discounts on Restricted Stock: The Impact of Illiquidity on Stock Prices*, 47 Fin. Analysts J. 60 (1991).
[138] L.S. Hall & T.C. Polacek, *Strategies for Obtaining the Largest Valuation Discounts*, Est. Plan., Jan./Feb. 1994, at 38-44.
[139] Gelman, Milton, "An Economist's Approach to Unsystematic Risk," *Harvard Business Review*, 1972.
[140] Trout, Robert R., "Estimation of the Discount Associated with the Transfer of Restricted Securities," *Taxes*, June 1977.
[141] Moroney, Robert E., "Most Courts Overvalue Closely Held Stocks," *Taxes*, March 1973.

Maher Study (1976): analyzed restricted stock purchases by mutual funds and found a mean discount of 35.43%.[142]

Collectively, these studies - alongside the SEC Institutional Investor Study, Standard Research Consultants, Silber, and Hall/Polleck findings discussed above - indicate a central tendency in the empirical literature of approximately 33% to 36% for restricted stock discounts.

Pre-IPO Studies (Emory Studies)

Pre-IPO studies, such as the ones conducted by John D. Emory, quantify the price difference between shares traded prior to an IPO and those identical shares post-IPO. His studies found the DLOM to range between 40% and 50%.[143]

Application to [REDACTED]

The empirical studies indicate a DLOM ranging between 25% and 50%, however, simply applying an average of this range would ignore the particular facts and circumstances of [REDACTED] that make such a DLOM inappropriate. The Company's history of strong financial performance (especially with respect to its peers), low financial leverage, and stable workforce require specific consideration and adjustment to the baseline DLOM ranges to determine an appropriate DLOM specific to [REDACTED].

Therefore, I utilized the framework provided in the IRS Job Aid for DLOM, specifically analyzing the Mandelbaum factors:[144]

Financial Statement Strength (Lowers DLOM)

[REDACTED] has strong, normalized EBITDA margins and a robust balance sheet, making it highly attractive to a potential buyer and reducing the time it would take to sell.[145]

Dividend Policy (Lowers DLOM)

The company has a history of paying shareholder cash dividends, which provides immediate return on investment for a buyer.[146]

Management (Neutral/Slight Increase to DLOM)

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[142] Maher, J. Michael, "Discounts for Lack of Marketability for Closely Held Business Interests," *Taxes*, September 1976.
[143] J.D. Emory Sr. et al., *Discounts for Lack of Marketability: Emory Pre-IPO Discount Studies 1980–2000, As Adjusted October 10, 2002*, Bus. Val. Rev., Winter 2002, at 190-191.
[144] *Mandelbaum v. Commissioner*, T.C. Memo 1995-255.
[145] See Exhibits 5.0 and 5.1.
[146] Per Site Visit and management interview.

While the company has low employee churn and capable staff, the recent passing of the founder ([REDACTED]) and the poor health of the Press Department Manager introduce transition risks that could slightly delay a sale.

Amount of Control in Transferred Shares (Neutral to DLOM)

[REDACTED]'s interest in the firm is a minority interest at 35%. While a minority voting block can have some control over the firm, it cannot make unilateral decisions. Additionally, this factor is already considered in the DLOC adjustment.

Restrictions on Transferability (Neutral to DLOM)

As of the date of the valuation, there is no buy-sell agreement or any such agreement in the foreseeable future. Therefore, this factor has a neutral effect on DLOM.

Holding Period for Stock (Neutral to DLOM)

As of the date of the valuation, there is no known holding period for the stock of the business.[147] Therefore, this factor has a neutral effect on DLOM.

Company's Redemption Policy (Neutral to DLOM)

As of the date of the valuation, there is no known policy of the Company buying back shares from owners.[148] Therefore, this factor has a neutral effect on DLOM.

Costs Associated with a Public Offering (Increase to DLOM)

This factor considers the hypothetical costs of "going public" to create liquidity. For [REDACTED] to go public, it would have significant costs in both time and money working with attorneys, bankers, and other professionals to prepare the Company for an initial public offering. Therefore, this factor increases the DLOM.

Capital Structure (Lowers DLOM)

[REDACTED] maintains a conservative capital structure with significantly lower leverage compared to industry peers.[149] This reduced financial risk enhances the company's overall stability and creditworthiness. From a marketability standpoint, a debt-light entity is typically more attractive to hypothetical investors, as it provides greater operational flexibility and a lower probability of financial distress. Consequently, this factor suggests a downward adjustment to the DLOM.

[147] Per Site Visit and management interview.
[148] Per Site Visit and management interview.
[149] Exhibit 6.7.

Beyond *Mandelbaum v. Commissioner*, T.C. Memo 1995-255, several other court decisions inform the selection of an appropriate DLOM for a closely held company like [REDACTED]:

> ***Furman v. Commissioner*, T.C. Memo 1998-157:** The Tax Court applied a DLOM of 25% to a minority interest in a closely held company, emphasizing the strong financial performance and dividend-paying history of the subject company as factors that reduced the discount below the empirical study averages. [REDACTED]'s comparable financial strength and dividend history support a similar downward adjustment from the empirical midpoint.

> ***Estate of Weinberg v. Commissioner*, T.C. Memo 2000-51:** The court upheld a DLOM in the range of 25% to 30% for a profitable, established closely held business, noting that financial stability and low leverage were meaningful factors in anchoring the discount at the lower end of the empirical range. These characteristics are directly analogous to [REDACTED]'s profile.

> ***Estate of Kelley v. Commissioner*, T.C. Memo 2005-235:** The Tax Court confirmed that DLOMs should reflect the specific facts and circumstances of the subject interest rather than mechanical application of study averages, and sustained a discount at the lower end of the empirical range where the subject company demonstrated consistent profitability and a history of distributions to shareholders.

Conclusion of DLOM

While the empirical studies support a DLOM from 25% to 50%, given the consideration and analysis of the Mandelbaum factors as well as decisions in *Furman v. Commissioner*, *Estate of Weinberg v. Commissioner,* and *Estate of Kelley v. Commissioner*, a Discount for Lack of Marketability of 25.0% was selected and applied.[150]

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[150] Exhibit 2.0. As a further analytical check, I applied the Quantitative Marketability Discount Model (QMDM) developed by Z. Christopher Mercer. Using a 10-year holding period, a required holding period return of 21%, an annual distribution yield of 5% of pro-rata value, and a long-term growth rate of 3%, the QMDM produces an implied DLOM of approximately 58%. This result represents a theoretical upper bound consistent with the mechanical nature of the model, which does not directly incorporate company-specific mitigating factors such as [REDACTED]'s strong financial performance, dividend-paying capacity, and conservative capital structure. Consistent with the Mandelbaum analysis and supporting case law, these factors support a meaningful downward adjustment from the QMDM ceiling, confirming that a DLOM of 25% - at the lower end of the empirical range - is appropriate for the subject interest. See Exhibit 2.3.

9. CONCLUSION OF VALUE

Based on my analysis, the sources considered, applicable DLOC and DLOM discounts, and my experience as a business valuator, I determined the following conclusion of value for [REDACTED]'s interest in the Company.

Table 18

Conclusion of Value[151]

Enterprise Value	8,939,043
Discount for Lack of Control	23.95%
Lack of Control value	6,797,751
Discount for Lack of Marketability	25.00%
Lack of Control and Lack of Marketability Value	5,098,314
Total Number of Shares	1200
Subject Number of Shares	420
Subject Interest	35.00%
Subject Implied Value	**1,784,410**
Value Per Share	4,249

Reasonableness Check

After calculating the business value, I considered industry rules of thumb for the commercial printing industry (SIC 2752-02). These rules of thumb are provided by industry experts with deep experience in the space. Generally, businesses in this industry sell for roughly 50% to 55% of revenue and 2 to 6 times EBITDA.[152] This fits with my ultimately conclusion of value which utilizes a market multiple of Price/Revenue of 0.54 and income approach that is roughly 4 to 5 times EBITDA.[153]

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[151] Exhibits 1.0 and 1.1.
[152] SIC 2752-02, Print Shops/Commercial Printers Industry Rules of Thumb, p. 1.
[153] Exhibits 3.2 and 7.0.

APPENDIX A

Appendix A: Documents Considered

Below is a list of documents I considered in my valuation engagement. In addition to this list are the public sources listed in the footnotes of my reports.

I. Internal Company Records and Information

- **[REDACTED] Financial Statements:** Balance Sheets and Income Statements for the fiscal years ending December 31, 2012, through December 31, 2016.
- **Company Management Interviews:** Information obtained during a simulated site visit and interviews with [REDACTED] regarding operations, management continuity, and facility conditions.
- **Internal Legal and Organizational Documents:** Corporate capitalization tables, ownership records, and organizational charts.
- **Specific Internal Data:** Inventory workpapers regarding LIFO reserves, officers' compensation history, and related-party lease agreements.
- **Asset Appraisals:** Appraisal report of printing equipment performed by Jack J. Daniels, ASA, dated December 14, 2016.
- **Real Estate Appraisal:** Fair market rent analysis provided by Sue Acres Jones.

II. Economic and Local Market Data

- **University of Central Florida, Institute for Economic Competitiveness:** *Florida & Metro Forecast 2015-2018*, published December 2015.
- **Brookings Metropolitan Study Program:** *Metropolitan Opportunity Series*, 2017.
- **Tampa Hillsborough Economic Development Corporation:** *Facts & Figures: Hillsborough County, Florida*, 2015.
- U.S. Census Bureau: *Selected Economic Characteristics, Hillsborough County, FL (2012-2016 American Community Survey 5-Year Estimates)*.
- U.S. Census Bureau: *Selected Housing Characteristics, Hillsborough County, FL (2012-2016 American Community Survey 5-Year Estimates)*.
- **Federal Reserve Board:** *Beige Book Summary of Commentary on Current Economic Conditions*, September 7, 2016.

III. Industry Research and Benchmarking

- **Risk Management Association (RMA):** *Annual Statement Studies: Financial Ratio Benchmarks and Introduction and Definition of Ratios*, 2016.
- **First Research:** *Industry Report: Commercial Printing*, October 17, 2016.
- **KeyValueData (KVD):** *National Economic Review (NER)* and *Industry Research Reports* for NAICS 323110 and SIC 2752, 2754, and 2759.
- **Business Reference Guide:** *Rules of Thumb for Print Shops and Commercial Printers*.

IV. Valuation Methodology and Databases

- **Duff & Phelps:** *2016 Valuation Handbook - Guide to Cost of Capital*.

- **Pratt's Stats / BizComps (via Guideline Transaction Databases):** Transaction data for SIC 2752.
- **Mergerstat:** *Control Premium Study and Valuation Databases*.
- **IRS Job Aid:** *Discount for Lack of Marketability (DLOM) Job Aid for IRS Valuation Professionals*.
- **Professional Standards:** *NACVA Professional Standards*, Effective June 1, 2023.

APPENDIX B

Appendix B: Valuator Qualifications

Joseph Sobczak, CVA
Quantum Bravo LLC
Provo, UT

PROFESSIONAL SUMMARY

Commercial damages expert with deep experience quantifying economic harm across state and federal courts nationwide. Built career at Ocean Tomo — one of the country's foremost IP and financial expert services firms — serving as lead analyst on 50+ engagements spanning patent, copyright, trade secret, breach of contract, fraud, and unjust enrichment matters. Lead analyst on a patent infringement matter resulting in a $17 million jury award. Currently managing partner of Quantum Bravo LLC, a contingency-based damages consulting practice, and co-founding partner of Olive Stone LLC, a business valuation and M&A advisory firm.

CREDENTIALS & KEY METRICS

- Certification: Education: Engagements: Jury Award: Practice Areas: Industries: Certified Valuation Analyst (CVA) — NACVA · Credential ID: 1036077
- Bachelor of Science, Business — Brigham Young University (Summa Cum Laude)
- 50+ damages engagements in state and federal courts
- $17 million (lead analyst, patent infringement, federal court)
- IP infringement, breach of contract, fraud/unjust enrichment, lost profits
- SaaS, Computer Hardware, Consumer Products, Construction

PUBLICATIONS

What is the Proper Royalty Base for an SEP License?
The Licensing Journal · July 2021

Contact:

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Provo, UT 84604

APPENDIX C

Conclusion of Value of [REDACTED]

CONCLUSION OF VALUE

Exhibit 1.0

		Note
Implied Minority, Non-Marketable Value	**1,785,924**	[1]
Value Per Share	**4,252**	[1]

Notes & Sources

[1] Exhibit 1.1

Conclusion of Value of [REDACTED]

RECONCILIATION OF VALUATION METHODS

Exhibit 1.1

		Note
Enterprise Value	8,946,629	[1]
Discount for Lack of Control	23.95%	[2]
Lack of Control value	6,803,520	
Discount for Lack of Marketability	25.00%	[3]
Lack of Control and Lack of Marketability Value	5,102,640	
Total Number of Shares	1200	[4]
Subject Number of Shares	420	[5]
Subject Interest	35.00%	
Subject Implied Value	**1,785,924**	
Value Per Share	4,252	[6]

Notes & Sources

[1] Exhibit 3.0
[2] Exhibit 2.0
[3] Exhibit 2.1
[4] Case Study, p. 17
[5] Case Study, p. 17
[6] Calculated by dividing the lack of control, lack of marketability value by the number of total shares.

Conclusion of Value of [REDACTED]

DISCOUNT FOR LACK OF MARKETABILITY (DLOM)

Exhibit 2.0

		Note
Discount for Lack of Marketability (DLOM)	25.00%	[1]

Notes & Sources

[1] A Discount for Lack of Marketability (DLOM) of 25.0% was applied to the controlling interest value. While the subject interest possesses the prerogatives of control, closely held businesses lack the immediate liquidity of publicly traded securities. This discount accounts for the inherent frictional costs, broker fees, and time required to execute a sale of the enterprise. The discount was determined utilizing the framework provided in the IRS Job Aid for DLOM, specifically analyzing the Mandelbaum factors. See Report Section 8.3 for a more detailed analysis of the specific factors.

Conclusion of Value of [REDACTED]

DISCOUNT FOR LACK OF MARKETABILITY (DLOM)

Exhibit 2.1

		Note
Average Control Premium	31.50%	[1]
Implied Minority Discount (DLOC)	23.95%	[2]

Notes & Sources

[1] Sourced from the Factset Mergerstat Industry Review 2016 for the "Printing" industry. The average premium for this sector was 31.50% based on 13 reported transactions.

[2] The Implied Minority Discount (Discount for Lack of Control) is calculated by inverting the median control premium using the formula: 1 - (1 / (1 + Control Premium)).

Conclusion of Value of [REDACTED]

QUANTITATIVE MARKETABILITY DISCOUNT MODEL (QMDM) CALCULATION

Exhibit 2.3

		Note
Base Value	2,381,232	[1], [2]
Annual Distribution	119,062	[3]
PV of Distributions	529,318	[4]
Terminal value	475,686	[5]
Total Minority Value	1,005,004	[6]
Implied DLOM	0.58	

Notes & Sources

[1] The QMDM was developed by Z. Christopher Mercer and is derived from the following formulas:
Minority Value = PV of distributions during holding period + PV of terminal value
The DLOM = 1 - (Minority Value / Pro-rata Enterprise Value).

[2] Calculated as the pro-rata, post-DLOC value of the firm.

[3] Calculated as: Base Value * 0.05

[4] The growing annuity formula is PV = PMT × [(1 - ((1+g)/(1+r))^n) / (r - g)] where n is assumed to be 10 years as Dunn Well is a closely held business with no exit plans. Furthermore, g is 3.0% in connection with the applied long-term growth rate and r is 21% which is assumed from the discount rate plus additional risk for illiquidity.

[5] Calculated as: Base Value * (1 + g)^n / (1 + r)^n

[6] Sum of the PV of the distributions and the terminal value.

Conclusion of Value of [REDACTED]

SUMMARY OF VALUATION APPROACHES

Exhibit 3.0

		Note
Income Approach	**6,852,608**	[1]
Market Approach	**11,040,650**	[2]
Asset Approach	**6,717,709**	[3]

Notes & Sources

[1] Exhibit 3.1
[2] Exhibit 3.2
[3] Exhibit 3.3

Conclusion of Value of [REDACTED]

INCOME APPROACH

Exhibit 3.1

		Note
Weighted Normalized Net Income	1,036,540	[1]
CF+1 (Next Year's Proxy)	1,067,636	[2]
Capitalization Rate	15.58%	[3]
Implied Value	**6,852,608**	

Notes & Sources

[1] Exhibit 4.2

[2] The capitalization of earnings approach applied a capitalization rate to weighted, normalized earnings, plus one year.

[3] Exhibit 4.0

Conclusion of Value of [REDACTED]

MARKET APPROACH

Exhibit 3.2

Metric	**Set A: Revenue> $1M**	**Set B: Revenue> $2M**	Note
Transactions (n)	30	7	[1]
Revenue (USD Millions)			
Mean	2.00	3.31	
Median	0.51	2.49	
Min	1.01	2.04	
Max	7.90	7.90	
Price / Revenue			[2]
Mean	0.49	0.56	
Median	0.51	0.56	
Min	0.10	0.10	
Max	0.95	0.95	

Dunn Well Printing, Inc	
Revenue - 2016	20,501,905
MVIC / Net Sales	0.54
Implied Valuation	**11,040,650**

<u>Notes & Sources</u>

[1] The Market Approach was developed using the Guideline Transaction Method, utilizing 160 private industry transactions from the ValuSource completed between 1/2007 and 7/2016. Transactions were selected based on their primary classification in SIC 2752 (Commercial Lithographic Printing). I developed transaction sets. Both

their primary classification in SIC 2752 (Commercial Lithographic Printing). I developed transaction sets. Both transaction sets identified transactions that occurred after 1/1/2015, roughly five years from the valuation date. Set A contains transactions whose target companies had revenues over $1M. This set contained 30 transactions. Set B contains transactions whose target companies had revenues over $2M. This set contained 7 transactions. I computed the mean, median, min, and max of the revenue and price / revenue for each of these sets. I then weighted the median price / revenue ratio for each set equally to arrive at a weighted median price / revenue ratio of 0.54. I applied this ratio to [REDACTED]'s 2016 revenue to calculate the implied value.

[2] I use the price / revenue multiples in my analysis because, in general, the Guideline Transaction companies are smaller than [REDACTED]. Typically, as firms grow in size, they benefit from economies of scale and are able to produce higher profit margins. Applying profit multiples from these smaller comparable companies to [REDACTED] will likely misrepresent the value.

Conclusion of Value of [REDACTED]

ASSET APPROACH

Exhibit 3.3

		Note
Total Adjusted Assets	9,672,360	[1]
Total Adjusted Liabilities	2,954,651	
Net Asset Value	**6,717,709**	[2]

Notes & Sources

[1] Exhibit 5.1

[2] The adjusted net asset value of a business is the difference between the fair market value of the assets and liabilities and represents a floor for enterprise valuation.

Conclusion of Value of [REDACTED]

CAPITALIZATION RATE

Exhibit 4.0

		Note
Discount Rate	18.58%	[1]
Long-Term Growth Rate	3.00%	[2]
Capitalization Rate	**15.58%**	

Notes & Sources

[1] Exhibit 4.1

[2] The long-term sustainable growth rate of 3.0% was determined based on a synthesis of industry-specific forecasts and regional economic data. Specifically, revenue for U.S. printing manufacturing is forecast to grow at an annual compounded rate of 3% between 2016 and 2020. This is further supported by the Idealliance industry forecast, which expects total sales growth between 1.5% and 3.0% for 2017. Additionally, the rate is consistent with the broader economic environment in Florida, where consumer prices are forecasted to increase by 2.7% in 2017 and 2.5% in 2018, providing a stable inflationary floor for the company's long-term growth prospects.

Conclusion of Value of [REDACTED]

BUILD-UP METHOD

Exhibit 4.1

		Note
Risk-Free Rate	2.25%	[1]
Equity Risk Premium	6.90%	[2]
Industry Risk Premium	2.83%	[3]
Size Premium	5.60%	[4]
Specific Company Risk	1.00%	[5]
Discount Rate	**18.58%**	

Notes & Sources

[1] Represents the Spot 20-Year Treasury Yield as of the October 31, 2016 valuation date. See https://fred.stlouisfed.org/series/DGS20.

[2] Sourced from the Duff & Phelps (now Kroll) Cost of Capital Navigator data provided in the [REDACTED] Research Package, representing historical long-term returns from 1926 to the present.

[3] Reflects the specific risk associated with SIC 27 (Printing, Publishing, and Allied Industries).

[4] Represents the micro-cap premium for Decile 10 companies, which is appropriate given [REDACTED]'s annual revenues of approximately $20.5 million.

[5] An additional premium of 1.00% was applied to account for internal risks, including customer concentration (20–25 accounts each generating >$700k) and key man risk following the passing of [REDACTED]. However, the company has a long history of low employee churn signifying a satisfied workforce and stable product-line operations overall.

Conclusion of Value of [REDACTED]

WEIGHTING OF NORMALIZED NET INCOME

Exhibit 4.2

	2012	2013	2014	2015	2016	Note
Normalized Net Income	**648,513**	**722,632**	**978,800**	**1,099,890**	**1,223,673**	[1]
Weighting Factor	1	2	3	4	5	[2]
Sum of Weighting Factors	15	15	15	15	15	
Applied Factor	0.07	0.13	0.20	0.27	0.33	
Weighted Amount	**43,234**	**96,351**	**195,760**	**293,304**	**407,891**	
Weighted Normalized Net Income					**1,036,540**	[3]
Standard Deviation	244,752					
Coefficient of Variation	0.26					

Notes & Sources

[1] Exhibit 5.0

[2] VA: I assume the most recent periods are more representative of future performance, therefore, I've weighed the income periods accordingly.

[3] Calculated as the sum of the weighted normalized earnings for each period.

Conclusion of Value of [REDACTED]

INCOME STATEMENT ADJUSTMENTS

Exhibit 5.0

	2012	2013	2014	2015	2016	Note
Historical Net Income	**616,218**	**690,337**	**869,141**	**990,231**	**1,114,014**	[1]
Add-back: Historical Income Tax (40%)	410,812	460,224	579,428	660,154	742,676	[2]
Historical Net Income Before Taxes	**1,027,030**	**1,150,561**	**1,448,569**	**1,650,385**	**1,856,690**	
Normalization Adjustments:						
Officers' Comp Adjustment (Incl. Payroll Tax)	53,825	53,825	53,825	53,825	53,825	[3]
Rent Expense Adjustment	0	0	128,940	128,940	128,940	[4]
Total Adjustments	**53,825**	**53,825**	**182,765**	**182,765**	**182,765**	
Adjusted Net Income Before Taxes	**1,080,855**	**1,204,386**	**1,631,334**	**1,833,150**	**2,039,455**	
Less: Taxes (40% Statutory Rate)	(432,342)	(481,754)	(652,534)	(733,260)	(815,782)	[5]
Normalized Net Income	**648,513**	**722,632**	**978,800**	**1,099,890**	**1,223,673**	

Notes & Sources

[1] Exhibit 7.0

[2] Exhibit 7.0

[3] The officer salaries, per [REDACTED] Compensation and Personnel Consultant, should total $190,000 per year ($120,000 for [REDACTED] and $70,000 for [REDACTED]). The actual amounts were $240,000. See [REDACTED] p. 6. Payroll taxes, FICA (Social Security at 6.20% + Medicare at 1.45%), were also included as this represents the total cost to the Company (beyond just the normalized salary adjustments).

[4] The fair market monthly rent is $22,500 (annualized at $270,000) per [REDACTED], real estate appraisal letter. The annual rent is $398,940 and has been since 2014. I assume the rent expense in 2013 and 2014 was at market rates. See [REDACTED], p. 21.

[5] Tax-affecting the normalized income in order to reach a controlling level of value. Adding back interest assumes a "debt-free" or "invested capital" basis, which is a common assumption for a controlling interest buyer. See [REDACTED], p. 5.

Conclusion of Value of [REDACTED]

BALANCE SHEETS ADJUSTMENTS

Exhibit 5.1

[1] Account	2016	Adjustment	FMV	Note
Current Assets				
Cash & Equivalents	841,760		841,760	
Accounts Receivable	1,420,975		1,420,975	
Other Receivables	44,000		44,000	
Inventory	496,000	9,000	505,000	[2]
Prepaid Expenses	131,000		131,000	
Total Current Assets	**2,933,735**		**2,942,735**	
Fixed Assets				
Land	225,000		225,000	[3]
Leasehold Improvements	168,000	(168,000)	0	[4]
Printing Equipment	13,456,000	(9,656,000)	3,800,000	[5]
Furniture & Fixtures	230,000	(230,000)	0	[4]
Vehicles	140,000	(140,000)	0	[4]
Total Fixed Assets	**14,219,000**		**4,025,000**	
Less: Accumulated Depreciation	(11,129,464)			
Total Net Fixed Assets	**3,089,536**		**4,025,000**	
Other Assets				
Cash Surrender Value of Life Insurance	258,000		258,000	
Investment - Marketable Securities	2,246,625	200,000	2,446,625	[6]
Total Other Assets	**2,504,625**		**2,704,625**	
TOTAL ASSETS	**8,527,896**		**9,672,360**	
LIABILITIES				
Current Liabilities				

Accounts Payable	712,766		712,766	
Customer Deposits	68,000		68,000	
Accrued Wages	38,840		38,840	
Accrued Pension & Profit Sharing	70,688		70,688	
Other Accrued Liabilities	58,000		58,000	
Total Current Liabilities	**948,294**		**948,294**	
Long-Term Liabilities				
Long-Term Debt	1,548,571		1,548,571	
Deferred Tax Liability	0	457,786	457,786	[7]
Total Long-Term Liabilities	**1,548,571**		**2,006,357**	
TOTAL LIABILITIES	**2,496,865**		**2,954,651**	

Notes & Sources

[1] Exhibit 7.1

[2] Inventory has been adjusted to account better reflect the fair market value of the assets by adjusting to the FIFO. See [REDACTED], p. 5 "The inventory was recorded at $496,000 as of the Valuation Date and the inventory workpapers indicate that the LIFO reserve at that date was $9,000, resulting in an inventory value under a first-in first-out (FIFO) basis of $505,000."

[3] This land is land adjacent to the current operating location intended for future expansion. This land is assumed to have no appreciation or depreciation adjustment. See [REDACTED], p. 5.

[4] Assets are fully depreciated with a fair market value of zero. See [REDACTED], p. 5 "The leasehold improvements, furniture and fixtures, and vehicles recorded on the Company’s balance sheet are fully depreciated and can be assumed to have a zero fair market value as of the Valuation Date."

[5] Appraisal per [REDACTED], ASA. See [REDACTED], p. 8.

[6] There is an unrealized gain of $200,000 as of the Valuation Date. See [REDACTED], p. 5.

[7] To account for the step-up tax basis for the adjusted assets, there is a deferred tax liability on the inventory, marketable securities, and net adjustment to fixed assets multiplied by the tax rate of 40% for the firm. See [REDACTED], p. 24.

Conclusion of Value of [REDACTED]

TREND ANALYSIS: INCOME STATEMENTS (2012 - 2016)

Exhibit 6.0

[1] Account	**2012**	**2013**	**2014**	**2015**	**2016**
Gross Revenues	17,269,517	17,500,524	18,572,446	19,622,810	20,501,905
Growth	*n/a*	*1.34%*	*6.13%*	*5.66%*	*4.48%*
Cost of Sales	12,248,631	12,234,674	12,550,370	13,080,281	13,407,937
Growth	*n/a*	*-0.11%*	*2.58%*	*4.22%*	*2.50%*
Gross Profit	5,020,886	5,265,850	6,022,076	6,542,529	7,093,968
Growth	*n/a*	*4.88%*	*14.36%*	*8.64%*	*8.43%*
Total Operating Expenses	3,989,713	4,123,091	4,576,464	4,895,549	5,245,294
Growth	*n/a*	*3.34%*	*11.00%*	*6.97%*	*7.14%*
Income From Operations	1,031,173	1,142,759	1,445,612	1,646,980	1,848,674
Growth	*n/a*	*10.82%*	*26.50%*	*13.93%*	*12.25%*
Net Income	616,218	690,337	869,141	990,231	1,114,014
Growth	*n/a*	*12.03%*	*25.90%*	*13.93%*	*12.50%*

Notes & Sources

[1] Exhibit 7.0

Conclusion of Value of [REDACTED]

TREND ANALYSIS: BALANCE SHEETS (2012 - 2016)

Exhibit 6.1

[1] Account	2012	2013	2014	2015	2016
Current Assets					
Cash & Equivalents	400,321	532,897	613,435	732,888	841,760
Growth	n/a	*33.12%*	*15.11%*	*19.47%*	*14.86%*
Accounts Receivable	1,435,000	1,408,212	1,495,234	1,395,901	1,420,975
Growth	n/a	*-1.87%*	*6.18%*	*-6.64%*	*1.80%*
Inventory	297,000	416,000	340,000	444,000	496,000
Growth	n/a	*40.07%*	*-18.27%*	*30.59%*	*11.71%*
Total Current Assets	2,242,321	2,474,109	2,561,669	2,716,789	2,933,735
Growth	n/a	*10.34%*	*3.54%*	*6.06%*	*7.99%*
Total Net Fixed Assets	2,784,982	2,783,714	2,953,821	3,048,178	3,089,536
Growth	n/a	*-0.05%*	*6.11%*	*3.19%*	*1.36%*
TOTAL ASSETS	5,719,984	6,328,076	7,029,186	7,742,784	8,527,896
Growth	n/a	*10.63%*	*11.08%*	*10.15%*	*10.14%*
Total Current Liabilities	597,563	734,097	768,771	822,795	948,294
Growth	n/a	*22.85%*	*4.72%*	*7.03%*	*15.25%*
Total Long-Term Liabilities	257,143	522,857	925,714	1,262,857	1,548,571
Growth	n/a	*103.33%*	*77.05%*	*36.42%*	*22.62%*
TOTAL LIABILITIES	854,706	1,256,954	1,694,485	2,085,652	2,496,865

Growth	n/a	*47.06%*	*34.81%*	*23.08%*	*19.72%*
Total Stockholders' Equity	4,865,278	5,071,122	5,334,701	5,657,132	6,031,031
Growth	n/a	*4.23%*	*5.20%*	*6.04%*	*6.61%*

<u>Notes & Sources</u>

[1] Exhibit 7.1

Conclusion of Value of [REDACTED]

COMMON-SIZE INCOME STATEMENTS (2012 - 2016)

Exhibit 6.2

[1] Account	2012	2013	2014	2015	2016
Gross Revenues	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
Cost of Sales	70.93%	69.91%	67.58%	66.66%	65.40%
Gross Profit	**29.07%**	**30.09%**	**32.42%**	**33.34%**	**34.60%**
Operating Expenses					
Depreciation	2.45%	2.74%	3.07%	3.38%	3.72%
Lease Expense	1.39%	1.37%	2.15%	2.03%	1.95%
Officers' Compensation	1.39%	1.37%	1.29%	1.22%	1.17%
Advertising and Sales	0.50%	0.50%	0.50%	0.50%	0.60%
Salaries and Wages	14.70%	14.70%	14.60%	14.76%	14.74%
Repairs and Maintenance	0.61%	0.68%	0.77%	0.85%	1.30%
Bad Debts	0.10%	0.10%	0.10%	0.10%	0.10%
Pension and Profit Sharing	1.03%	1.03%	1.02%	1.03%	1.03%
Meals and Entertainment	0.06%	0.06%	0.07%	0.08%	0.09%
Professional Fees	0.87%	1.00%	1.08%	1.00%	0.88%
Total Operating Expenses	**23.10%**	**23.56%**	**24.64%**	**24.95%**	**25.58%**
Income From Operations	**5.97%**	**6.53%**	**7.78%**	**8.39%**	**9.02%**
Other Income (Expense)	0.00%	0.00%	0.00%	0.00%	0.00%
Interest Expense	-0.07%	-0.15%	-0.25%	-0.32%	-0.38%
Gain/Loss on Sale of Assets	-0.06%	0.00%	0.00%	0.00%	0.00%
Investment Income	0.11%	0.19%	0.27%	0.34%	0.42%
Total Other Income (Exp)	**-0.02%**	**0.04%**	**0.02%**	**0.02%**	**0.04%**

Net Income Before Taxes	**5.95%**	**6.57%**	**7.80%**	**8.41%**	**9.06%**
40% Income Taxes	-2.38%	-2.63%	-3.12%	-3.36%	-3.62%
Net Income	**3.57%**	**3.94%**	**4.68%**	**5.05%**	**5.43%**

Notes & Sources

[1] Exhibit 7.0

Conclusion of Value of [REDACTED]

COMMON-SIZE BALANCE SHEETS (2012 - 2016)

Exhibit 6.3

[1] Account	2012	2013	2014	2015	2016
Current Assets					
Cash & Equivalents	7.00%	8.42%	8.73%	9.47%	9.87%
Accounts Receivable	25.09%	22.25%	21.27%	18.03%	16.66%
Other Receivables	0.47%	0.57%	0.48%	0.79%	0.52%
Inventory	5.19%	6.57%	4.84%	5.73%	5.82%
Prepaid Expenses	1.45%	1.28%	1.12%	1.07%	1.54%
Total Current Assets	**39.20%**	**39.10%**	**36.44%**	**35.09%**	**34.40%**
Fixed Assets					
Land	3.93%	3.56%	3.20%	2.91%	2.64%
Leasehold Improvements	2.94%	2.65%	2.39%	2.17%	1.97%
Printing Equipment	187.61%	176.69%	169.38%	163.46%	157.79%
Furniture & Fixtures	3.50%	3.24%	3.13%	2.91%	2.70%
Vehicles	1.99%	2.16%	1.95%	1.81%	1.64%
Total Fixed Assets	**199.97%**	**188.30%**	**180.05%**	**173.25%**	**166.74%**
Less: Accumulated Depreciation	-151.28%	-144.31%	-138.03%	-133.88%	-130.51%
Total Net Fixed Assets	**48.69%**	**43.99%**	**42.02%**	**39.37%**	**36.23%**
Other Assets					
Cash Surrender Value of Life Insurance	3.74%	3.52%	3.34%	3.18%	3.03%
Investment - Marketable Securities	8.37%	13.39%	18.19%	22.37%	26.34%
Total Other Assets	12.11%	16.91%	21.53%	25.54%	29.37%
TOTAL ASSETS	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

LIABILITIES

Current Liabilities

Accounts Payable	7.13%	7.13%	7.65%	8.19%	8.36%
Customer Deposits	0.84%	2.15%	1.14%	0.34%	0.80%
Accrued Wages	0.57%	0.52%	0.49%	0.48%	0.46%
Accrued Pension & Profit Sharing	1.03%	0.95%	0.90%	0.87%	0.83%
Other Accrued Liabilities	0.87%	0.85%	0.75%	0.75%	0.68%
Total Current Liabilities	**10.45%**	**11.60%**	**10.94%**	**10.63%**	**11.12%**
Long-Term Liabilities					
Long-Term Debt	4.50%	8.26%	13.17%	16.31%	18.16%
Total Long-Term Liabilities	**4.50%**	**8.26%**	**13.17%**	**16.31%**	**18.16%**
TOTAL LIABILITIES	**14.94%**	**19.86%**	**24.11%**	**26.94%**	**29.28%**
STOCKHOLDERS' EQUITY					
Common Stock	0.05%	0.05%	0.04%	0.04%	0.04%
Additional Paid-In Capital	5.63%	5.09%	4.58%	4.16%	3.78%
Beginning Balance Retained Earnings	74.28%	71.75%	67.52%	64.70%	62.53%
Less: Shareholder Cash Dividends Paid	-5.68%	-7.66%	-8.61%	-8.62%	-8.68%
Plus: Current Year Net Income	10.77%	10.91%	12.36%	12.79%	13.06%
Ending Balance Retained Earnings	79.38%	75.00%	71.27%	68.87%	66.91%
Total Stockholders' Equity	**85.06%**	**80.14%**	**75.89%**	**73.06%**	**70.72%**
TOTAL LIAB. & STOCKHOLDERS' EQUITY	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Notes & Sources

[1] Exhibit 7.1

Conclusion of Value of [REDACTED]

LIQUIDITY RATIOS

Exhibit 6.4

	2012	2013	2014	2015	2016	Industry	Note
Current Ratio	3.75	3.37	3.33	3.30	3.09	**1.44**	[1]
Quick Ratio	3.07	2.64	2.74	2.59	2.39	**1.04**	[2]

Notes & Sources

[1] Exhibit 7.1

Industry data provided by Risk Management Association (RMA) Annual Statement Studies, 2016. NAICS 323111, 323115 (Commercial Printing, Except Screen and Book). Historical Data Sorted by Sales, $10MM - $25MM category, for the period ending 3/31/16. See tab, "Balance Sheet."

Calculated as Current Assets / Current Liabilities

[2] Exhibit 7.1

Calculated as (Cash + Accounts Receivable) / Current Liabilities

Conclusion of Value of [REDACTED]

PROFITABILITY RATIOS

Exhibit 6.5

	2012	2013	2014	2015	2016	Industry	Note
Gross Margin	0.29	0.30	0.32	0.33	0.35	**0.33**	[1]
Operating Margin	0.06	0.07	0.08	0.08	0.09	**0.04**	[2]
Profit Before Taxes Margin	0.06	0.07	0.08	0.08	0.09	**0.03**	[3]
Net Profit Margin	0.04	0.04	0.05	0.05	0.05	**n/a**	[4]
Return on Assets (ROA)	0.18	0.18	0.21	0.21	0.22	**0.07**	[5]
Return on Equity (ROE / Net Worth)	0.21	0.23	0.27	0.29	0.31	**0.19**	[6]

Notes & Sources

[1] Exhibit 7.0

Industry data provided by Risk Management Association (RMA) Annual Statement Studies, 2016. NAICS 323111, 323115 (Commercial Printing, Except Screen and Book). Historical Data Sorted by Sales, $10MM - $25MM category, for the period ending 3/31/16. See tabs, "Income Statement" and "Balance Sheet."

Calculated as Gross Profit / Net Sales

[2] Exhibit 7.0

Calculated as Operating Income / Net Sales

[3] Exhibit 7.0

Calculated as Profit Before Taxes / Net Sales

[4] Exhibit 7.0

Calculated as Net Income / Net Sales

[5] Exhibit 7.1

Calculated as Pre-Tax Income / Total Assets

[6] Exhibit 7.1

Calculated as Pre-Tax Income / Net Worth

Conclusion of Value of [REDACTED]

EFFICIENCY RATIOS

Exhibit 6.6

	2012	2013	2014	2015	2016	Industry	Note
Accounts Receivable Turnover (or Days AR)	30.33	29.37	29.39	25.96	25.30	**46.00**	[1]
Inventory Turnover	41.24	29.41	36.91	29.46	27.03	**26.00**	[2]
Working Capital Turnover	10.50	10.06	10.36	10.36	10.33	**13.90**	[3]

Notes & Sources

[1] Exhibit 7.1

Industry data provided by Risk Management Association (RMA) Annual Statement Studies, 2016. NAICS 323111, 323115 (Commercial Printing, Except Screen and Book). Historical Data Sorted by Sales, $10MM - $25MM category, for the period ending 3/31/16. The median value was selected. See tab, "Ratios."

Calculated as 365 / (Net Sales / Accounts Receivable)

[2] Exhibit 7.1

Calculated as Cost of Sales / Inventory

[3] Exhibit 7.1

Calculated as Net Sales / Working Capital

Conclusion of Value of [REDACTED]

LEVERAGE RATIOS

Exhibit 6.7

	2012	2013	2014	2015	2016	Industry	Note
Total Debt to Net Worth (Equity)	0.18	0.25	0.32	0.37	0.41	**1.70**	[1]
Current Liabilities to Net Worth	0.12	0.14	0.14	0.15	0.16	**n/a**	[2]
Interest Coverage	80.88	45.01	32.30	27.14	24.98	**4.90**	[3]

Notes & Sources

[1] Exhibit 7.1

Industry data provided by Risk Management Association (RMA) Annual Statement Studies, 2016. NAICS 323111, 323115 (Commercial Printing, Except Screen and Book). Historical Data Sorted by Sales, $10MM - $25MM category, for the period ending 3/31/16. The median value was selected. See tab, "Ratios."

Calculated as Total Liabilities / Shareholders' Equity

[2] Exhibit 7.1

Calculated as Current Liabilities / Shareholders' Equity

[3] Exhibit 7.0

Calculated as (Pre-Tax Income + Interest Expense) / Interest Expense

Conclusion of Value of [REDACTED]

ALTMAN Z-SCORE CALCULATION

Exhibit 6.8

	Dunn Well	Note
X1 = Working Capital / Total Assets	0.23	[1]
X2 = Retained Earnings / Total Assets	0.67	[2]
X3 = EBIT / Total Assets	0.22	[3]
X4 = Book Value of Equity / Total Liabilities	2.42	[4]
X5 = Revenue / Total Assets	2.40	[5]
Z' = 0.717(X1) + 0.847(X2) + 3.107(X3) + 0.420(X4) + 0.998(X5)		[6]
Dunn Well Z'	4.82	[7]

<u>Notes & Sources</u>

[1] Exhibit 7.1

[2] Exhibit 7.1

[3] Exhibits 7.0 and 7.1.

[4] Exhibit 7.1

[5] Exhibits 7.0 and 7.1.

[6] Altman, Edward I., "Predicting Financial Distress of Companies: Revisiting the Z-Score and ZETA Models," Working Paper, Stern School of Business, New York University (July 2000).

[7] The interpretation thresholds for the private firm model are: above 2.9 is the "safe zone," 1.23–2.9 is "grey zone," and below 1.23 is "distress zone." [REDACTED] scores 4.82, which is comfortably in the safe zone and consistent with [REDACTED]'s performance - strong liquidity, low leverage, growing earnings, etc.

Conclusion of Value of [REDACTED]

HISTORICAL INCOME STATEMENTS (2012 - 2016)

Exhibit 7.0

[1] Account	2012	2013	2014	2015	2016
Gross Revenues	17,269,517	17,500,524	18,572,446	19,622,810	20,501,905
Cost of Sales	12,248,631	12,234,674	12,550,370	13,080,281	13,407,937
Gross Profit	**5,020,886**	**5,265,850**	**6,022,076**	**6,542,529**	**7,093,968**
Operating Expenses					
Depreciation	423,018	479,268	569,893	663,643	763,643
Lease Expense	240,000	240,000	398,940	398,940	398,940
Officers' Compensation	240,000	240,000	240,000	240,000	240,000
Advertising and Sales	86,348	87,503	92,862	98,114	123,011
Salaries and Wages	2,538,619	2,572,577	2,711,577	2,896,327	3,021,981
Repairs and Maintenance	105,755	119,817	142,473	165,911	267,275
Bad Debts	17,270	17,501	18,572	19,623	20,502
Pension and Profit Sharing	177,703	180,080	189,810	202,743	211,539
Meals and Entertainment	11,000	10,780	12,237	14,798	18,243
Professional Fees	150,000	175,565	200,100	195,450	180,160
Total Operating Expenses	**3,989,713**	**4,123,091**	**4,576,464**	**4,895,549**	**5,245,294**
Income From Operations	**1,031,173**	**1,142,759**	**1,445,612**	**1,646,980**	**1,848,674**
Other Income (Expense)					
Interest Expense	(12,857)	(26,143)	(46,286)	(63,143)	(77,429)
Gain/Loss on Sale of Assets	(10,000)	0	0	0	0
Investment Income	18,714	33,945	49,243	66,548	85,445
Total Other Income (Exp)	**(4,143)**	**7,802**	**2,957**	**3,405**	**8,016**

Net Income Before Taxes	**1,027,030**	**1,150,561**	**1,448,569**	**1,650,385**	**1,856,690**
40% Income Taxes	(410,812)	(460,224)	(579,428)	(660,154)	(742,676)
Net Income	**616,218**	**690,337**	**869,141**	**990,231**	**1,114,014**

Notes & Sources

[1] [REDACTED], p. 24

Conclusion of Value of [REDACTED]

HISTORICAL BALANCE SHEETS (2012 - 2016)

Exhibit 7.1

[1] Account	2012	2013	2014	2015	2016
Current Assets					
Cash & Equivalents	400,321	532,897	613,435	732,888	841,760
Accounts Receivable	1,435,000	1,408,212	1,495,234	1,395,901	1,420,975
Other Receivables	27,000	36,000	34,000	61,000	44,000
Inventory	297,000	416,000	340,000	444,000	496,000
Prepaid Expenses	83,000	81,000	79,000	83,000	131,000
Total Current Assets	**2,242,321**	**2,474,109**	**2,561,669**	**2,716,789**	**2,933,735**
Fixed Assets					
Land	225,000	225,000	225,000	225,000	225,000
Leasehold Improvements	168,000	168,000	168,000	168,000	168,000
Printing Equipment	10,731,000	11,181,000	11,906,000	12,656,000	13,456,000
Furniture & Fixtures	200,000	205,000	220,000	225,000	230,000
Vehicles	114,000	137,000	137,000	140,000	140,000
Total Fixed Assets	**11,438,000**	**11,916,000**	**12,656,000**	**13,414,000**	**14,219,000**
Less: Accumulated Depreciation	(8,653,018)	(9,132,286)	(9,702,179)	(10,365,822)	(11,129,464)
Total Net Fixed Assets	**2,784,982**	**2,783,714**	**2,953,821**	**3,048,178**	**3,089,536**
Other Assets					
Cash Surrender Value of Life Insurance	214,000	223,000	235,000	246,000	258,000
Investment - Marketable Securities	478,681	847,253	1,278,696	1,731,817	2,246,625
Total Other Assets	**692,681**	**1,070,253**	**1,513,696**	**1,977,817**	**2,504,625**
TOTAL ASSETS	**5,719,984**	**6,328,076**	**7,029,186**	**7,742,784**	**8,527,896**
LIABILITIES					
Current Liabilities					

Accounts Payable	408,010	451,333	537,987	634,342	712,766
Customer Deposits	48,000	136,000	80,000	26,000	68,000
Accrued Wages	32,466	32,895	34,675	37,040	38,840
Accrued Pension & Profit Sharing	59,087	59,869	63,109	67,413	70,688
Other Accrued Liabilities	50,000	54,000	53,000	58,000	58,000
Total Current Liabilities	**597,563**	**734,097**	**768,771**	**822,795**	**948,294**
Long-Term Liabilities					
Long-Term Debt	257,143	522,857	925,714	1,262,857	1,548,571
Total Long-Term Liabilities	**257,143**	**522,857**	**925,714**	**1,262,857**	**1,548,571**
TOTAL LIABILITIES	**854,706**	**1,256,954**	**1,694,485**	**2,085,652**	**2,496,865**
STOCKHOLDERS' EQUITY					
Common Stock	3,000	3,000	3,000	3,000	3,000
Additional Paid-In Capital	322,000	322,000	322,000	322,000	322,000
Beginning Balance Retained Earnings	4,249,060	4,540,278	4,746,122	5,009,701	5,332,132
Less: Shareholder Cash Dividends Paid	(325,000)	(484,493)	(605,562)	(667,800)	(740,115)
Plus: Current Year Net Income	616,218	690,337	869,141	990,231	1,114,014
Ending Balance Retained Earnings	4,540,278	4,746,122	5,009,701	5,332,132	5,706,031
Total Stockholders' Equity	**4,865,278**	**5,071,122**	**5,334,701**	**5,657,132**	**6,031,031**
TOTAL LIAB. & STOCKHOLDERS' EQUITY	**5,719,984**	**6,328,076**	**7,029,186**	**7,742,784**	**8,527,896**

Notes & Sources

[1] [REDACTED], p. 23

Admin ID	SIC	Business Description	Sales	DE	Price	Price / Sales	Price / DE	State	Sale Date
39121	2752	Commercial Offset Printing Company	4,325	294	450	0.10	1.53	CA	08/30/13
40136	2752	Commercial Printer	1,767	307	904	0.51	2.94	CA	02/28/14
32779	2752	Commercial Printing	2,035	507	1,928	0.95	3.80	AZ	07/15/10
39172	2752	Commercial Printing	1,106	260	1,020	0.92	3.92	NV	09/24/14
35653	2752	Commercial Printing & Publishing	1,218	177	200	0.16	1.13	TN	01/18/10
44317	2752	Print Shop	1,510	210	781	0.52	3.72	MN	04/18/12
40601	2752	Printed Labels	7,900	450	1,800	0.23	4.00	OH	08/30/13
42872	2752	Printing	4,499	655	1,350	0.30	2.06	FL	12/10/15
43873	2752	Printing	1,149	255	789	0.69	3.09	CA	06/30/11
43041	2752	Printing	1,600	213	1,100	0.69	5.16	TX	07/16/13
43042	2752	Printing	2,120	185	1,040	0.49	5.62	TX	11/08/11
45494	2752	Printing	1,456	185	1,025	0.70	5.54	WA	02/17/11
39740	2752	Printing and Business Center	1,244	244	690	0.55	2.83	CO	03/17/14
35311	2752	Printing Services	2,856		2,716	0.95		Ontario	05/25/10
44016	2752	Printing Shop	1,346	254	799	0.59	3.15	TX	07/12/12
42887	2752	Printing Shop	1,413	350	699	0.49	2.00	MA	07/26/16
42925	2752	Printing Shop	1,348	413	467	0.35	1.13	NH	12/02/12
39120	2752	Social Stationery Company	1,060		275	0.26		CA	07/01/10
38949	2759	Business Services/Commercial Printer	1,900		600	0.32			08/29/14
45722	2759	Commercial Printing	3,094	579	2,295	0.74	3.96	TX	05/13/16
35687	2759	Commercial Printing	1,012	186	290	0.29	1.56	TN	02/09/10
39162	2759	Commercial Printing	2,082	641	1,252	0.60	1.95	AZ	05/31/14
36603	2759	Commercial Printing & Labeling	1,121	197	225	0.20	1.14	OH	03/01/10
35258	2759	Letter Shop Service	2,100		1,100	0.52		MO	02/09/10
44131	2759	Printing	1,549	315	892	0.58	2.83	CA	06/23/15
45692	2759	Printing	1,032	146	275	0.27	1.88	TX	09/29/15
36202	2759	Printing Company	1,116	154	200	0.18	1.30	PA	05/12/10
35823	2759	Printing Company	1,012	158	150	0.15	0.95	VA	08/20/10
38143	2759	Printing/Typesetting/Bindery	2,044		1,475	0.72		FL	01/31/11
45427	2759	Screen Printer	1,889	251	1,090	0.58	4.34	SD	02/01/10

Admin ID	SIC	Business Description	Age	Owned	FT Employees	PT Employees	Location	Census Division	Other Area
39121	2752	Commercial Offset Printing Company					San Francisco Bay Area	Pacific	Southwest
40136	2752	Commercial Printer					Monterey	Pacific	Southwest
32779	2752	Commercial Printing					Phoenix	Mountain	Southwest
39172	2752	Commercial Printing					Las Vegas	Mountain	Southwest
35653	2752	Commercial Printing & Publishing					Memphis	East South Central	East
44317	2752	Print Shop						West North Central	
40601	2752	Printed Labels					Cincinnati	East North Central	East
42872	2752	Printing						South Atlantic	East
43873	2752	Printing						Pacific	Southwest
43041	2752	Printing						West South Central	
43042	2752	Printing						West South Central	
45494	2752	Printing					Seattle	Pacific	Northwest
39740	2752	Printing and Business Center					Denver metro	Mountain	Southwest
35311	2752	Printing Services					Toronto		Canada
44016	2752	Printing Shop					Dallas	West South Central	
42887	2752	Printing Shop						New England	East
42925	2752	Printing Shop						New England	East
39120	2752	Social Stationery Company					San Francisco Bay Area	Pacific	Southwest
38949	2759	Business Services/Commercial Printer Sales, Service & Su			7	1			
45722	2759	Commercial Printing						West South Central	
35687	2759	Commercial Printing					Memphis	East South Central	East
39162	2759	Commercial Printing					Phoenix	Mountain	Southwest
36603	2759	Commercial Printing & Labeling					Columbus	East North Central	East
35258	2759	Letter Shop Service					Kansas City Metro	West North Central	
44131	2759	Printing						Pacific	Southwest
45692	2759	Printing						West South Central	
36202	2759	Printing Company					Philadelphia	Middle Atlantic	East
35823	2759	Printing Company					Dunn Loring	South Atlantic	East
38143	2759	Printing/Typesetting/Bindery			23	2	Orlando	South Atlantic	East
45427	2759	Screen Printer						West North Central	

Admin ID	Balance Sheet Date	Cash & Equiv	Trade Recvbls	Inventory	Other Curr	Total Curr	Fixed	Real Estate	Intangibles	Other Non-Curr	Total Assets	Liabs Assumed	Emp Consult	Noncompete	Net Worth
39121															
40136															
32779															
39172															
35653														25	
44317							10								
40601							0								
42872							40								
43873							2								
43041							25								
43042							38								
45494							25								
39740							100								
35311												3,523	200		
44016							5								
42887							25								
42925							4								
39120															
38949				100			30	410			130				
45722							0								
35687														35	
39162															
36603														20	
35258															
44131							5								
45692							0								
36202														20	
35823														25	
38143			200	10			836				1,426				
45427							11								

Admin ID	Income Year 1 Date	Sales	CoGS	DE	Taxes	Net Income	Cash Flow	Date Sale Initiated
39121		4,325	3,378	294		58		
40136		1,767		307				
32779		2,035	1,024	507		282		
39172		1,106	348	260		77		
35653		1,218	601	177		156		
44317		1,510		210				
40601		7,900		450				
42872		4,499		655				
43873		1,149		255				
43041		1,600		213				
43042		2,120		185				
45494		1,456		185				
39740		1,244		244				
35311		2,856	1,823			202		
44016		1,346		254				
42887		1,413		350				
42925		1,348		413				
39120		1,060	137			65		
38949		1,900				120		
45722		3,094		579				
35687		1,012	642	186		175		
39162		2,082	1,042	641		50		
36603		1,121	707	197		183		
35258		2,100	1,358			242		
44131		1,549		315				
45692		1,032		146				
36202		1,116	697	154		146		
35823		1,012	607	158		135		
38143		2,044				91		08/01/10
45427		1,889		251				

Admin	Summary								
ID	SIC	Business Description	Sales	DE	Price	Price / Sales	Price / DE	State	Sale Date
39121	2752	Commercial Offset Printing Company	4,325	294	450	0.10	1.53	CA	08/30/13
32779	2752	Commercial Printing	2,035	507	1,928	0.95	3.80	AZ	07/15/10
40601	2752	Printed Labels	7,900	450	1,800	0.23	4.00	OH	08/30/13
42872	2752	Printing	4,499	655	1,350	0.30	2.06	FL	12/10/15
43042	2752	Printing	2,120	185	1,040	0.49	5.62	TX	11/08/11
35311	2752	Printing Services	2,856		2,716	0.95		Ontario	05/25/10
45722	2759	Commercial Printing	3,094	579	2,295	0.74	3.96	TX	05/13/16
39162	2759	Commercial Printing	2,082	641	1,252	0.60	1.95	AZ	05/31/14
35258	2759	Letter Shop Service	2,100		1,100	0.52		MO	02/09/10
38143	2759	Printing/Typesetting/Bindery	2,044		1,475	0.72		FL	01/31/11

ID	General										
	SIC	Business Description	Age	Owned	FT Employees	PT Employees	Location	State	Census Region	Census Division	Other Area
39121	2752	Commercial Offset Printing Company					San Francisco Bay Area	CA	West	Pacific	Southwest
32779	2752	Commercial Printing					Phoenix	AZ	West	Mountain	Southwest
40601	2752	Printed Labels					Cincinnati	OH	Midwest	East North Central	East
42872	2752	Printing						FL	South	South Atlantic	East
43042	2752	Printing						TX	South	West South Central	
35311	2752	Printing Services					Toronto	Ontario			Canada
45722	2759	Commercial Printing						TX	South	West South Central	
39162	2759	Commercial Printing					Phoenix	AZ	West	Mountain	Southwest
35258	2759	Letter Shop Service					Kansas City Metro	MO	Midwest	West North Central	
38143	2759	Printing/Typesetting/Bindery			23	2	Orlando	FL	South	South Atlantic	East

ID	Balance Sheet														
	Date	Cash & Equiv	Trade Recvbls	Inventory	Other Curr	Total Curr	Fixed	Real Estate	Intangibles	Other Non-Curr	Total Assets	Liabs Assumed	Emp Consult	Noncompete	Net Worth
39121															
32779															
40601							0								
42872							40								
43042							38								
35311												3,523	200		
45722							0								
39162															
35258															
38143			200	10			836				1,426				

ID	Income Year 1														
	Date	Sales	CoGS	Gross Profit	Rent	Owners' Comp	Other Op Exp	Non-Cash Exp	Total Op Exp	Op Profit	Interest Exp	DE	Taxes	Net Income	Cash Flow
39121		4,325	3,378	947		186		50	703	244		294		58	
32779		2,035	1,024	1,011		107	504	5	509	502		507		282	
40601		7,900										450			
42872		4,499										655			
43042		2,120										185			
35311		2,856	1,823	1,034		253	524		524	510	54			202	
45722		3,094										579			
39162		2,082	1,042	1,040		102		72	471	569	4	641		50	
35258		2,100	1,358	742			500		500	242				242	
38143		2,044												91	

ID	Income Year 2													
	Sales	CoGS	Gross Profit	Rent	Owners' Comp	Other Op Exp	Non-Cash Exp	Total Op Exp	Op Profit	Interest Exp	DE	Taxes	Net Income	Cash Flow
39121														
32779														
40601														
42872														
43042														
35311														
45722														
39162														
35258														
38143														

ID	Income Year 3													
	Sales	CoGS	Gross Profit	Rent	Owners' Comp	Other Op Exp	Non-Cash Exp	Total Op Exp	Op Profit	Interest Exp	DE	Taxes	Net Income	Cash Flow
39121														
32779														
40601														
42872														
43042														
35311														
45722														
39162														
35258														
38143														

ID	Transaction																Ratios		
	Date Sale Initiated	Sale Date	Asking Price	Price	Inventory Incl	Down Pmt	Down Pmt % Price	Asset or Stock	Legal Org	Terms	Misc Info	Lease Terms	Lease Net Asset	Noncompete Term	Noncompete Distance	Employ/Consult Agrmt	Price / Sales	Price / DE	DE / Sales
39121		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]									[illegible]	[illegible]	[illegible]
32779		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]									[illegible]	[illegible]	[illegible]
40601		[illegible]		[illegible]	[illegible]			[illegible]									[illegible]	[illegible]	[illegible]
42872		[illegible]		[illegible]	[illegible]			[illegible]									[illegible]	[illegible]	[illegible]
43042		[illegible]		[illegible]				[illegible]									[illegible]	[illegible]	[illegible]
35311		[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]									[illegible]		
45722		[illegible]		[illegible]	[illegible]	[illegible]		[illegible]									[illegible]	[illegible]	[illegible]
39162		[illegible]		[illegible]	[illegible]	[illegible]		[illegible]									[illegible]	[illegible]	[illegible]
35258		[illegible]		[illegible]	[illegible]	[illegible]		[illegible]									[illegible]		
38143	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]		[illegible]						[illegible]		

REDACTED