

**SUMMARY APPRAISAL REPORT  
DESKTOP VERSION  
OF  
MACHINERY AND EQUIPMENT  
For**

**ABC Body Works**

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Date of Valuation: December 6, 20XX  
Report Date: December 21, 20XX

Performed By

Appraiser One, AIBA, CMEA, ABAR  
Accredited by the Institute of Business Appraisers  
Certified Machinery & Equipment Appraiser  
Accredited in Business Appraisal Review

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# AMERICAN BUSINESS APPRAISERS™

*Certified Business Valuations and Machinery / Equipment Appraisals*

ABC Body Works  
1234 S. Lenwood Ave.  
Phoenix, AZ 85XXX  
Attn: Ben Stone

December 21, 20XX

Dear Mr. Stone:

Per your request, we respectfully submit a 'desktop' summary appraisal report for certain machinery and equipment items located at ABC Body Works, 1234 S. Lenwood Ave., Phoenix, AZ. You have requested a "desktop" summary appraisal, which is a hypothetical determination of value based

**The reader is reminded all useful information has been changed. This is a sample report to give you an idea of our final work product (report). The figures have been distorted, as well as other financial information contained this sample report.**

standard of value for this assignment is *fair market value, in continued use* as of the effective date of December 6, 20XX. Should the Subject's items sell under any other scenario, then different values would be realized. Use of this report signifies your acceptance of Limiting Conditions contained in the report and the limitations outlined in the Professional Service Agreement.

It is the undersigned appraiser's independent unbiased professional opinion, that a summary of all information collected indicates that as of this date, the aggregated estimated fair market value (FMV) and (OLV) of all assets contained in this report would be:

**Fair Market Value of the Capital Equipment \$466,000**  
**Orderly Liquidation Value of the Capital Equipment \$278,000**

This report and conclusions are attached hereto and must be attached to this transmittal letter as an integral part of it. Authorized reports will carry the appraiser's original signature in blue ink. Copies, which do not have the appraiser's signature in blue ink, are unauthorized and incomplete.

Respectfully submitted,

Appraiser One, AIBA, CMEA, ABAR  
Accredited by the Institute of Business Appraisers  
Certified Machinery & Equipment Appraisers  
Accredited in Business Appraisal Review



# Table of Contents

<b>DESCRIPTION OF THE ASSIGNMENT .....</b>	<b>5</b>
Subject of the Appraisal.....	5
Effective Date of Valuation .....	5
Scope of Work.....	5
Degree to Which the Property is Inspected or Identified.....	7
Extent of Research into Physical or Economic Factors That Could Affect Property .....	7
Extent of Data Research.....	7
Type and Extent of Analysis Applied in Arriving at Opinions or Conclusions.....	7
Depth of Onsite Inspection .....	8
Highest and Best Use .....	8
Intended User(s).....	8
Confidentiality and Privacy.....	8
Overall Condition of Equipment.....	8
Intended Use .....	8
Property Interest Appraised.....	8
Statement of Limiting Conditions - Tangible Assets.....	8
Extraordinary Assumptions and/or Hypothetical Conditions .....	12
<b>DEFINITION OF THE STANDARD OF VALUE .....</b>	<b>12</b>
Fair Market Value Definition .....	12
<b>TERMINOLOGY.....</b>	<b>12</b>
Definitions of Condition.....	12
<b>ADDITIONAL CONSIDERATIONS .....</b>	<b>13</b>
Title of Appraised Equipment.....	13
Economic Conditions .....	13
Economic Outlook.....	14
Measurable Marketplace.....	16
Estimated Marketing Time.....	16
<b>VALUATION OF SUBJECT'S MACHINERY &amp; EQUIPMENT.....</b>	<b>16</b>
Principal Sources of Information.....	16
Capital Equipment .....	17
<b>FINAL VALUE SUMMARY AND RECONCILIATION.....</b>	<b>21</b>
<b>APPRAISER'S CERTIFICATION.....</b>	<b>22</b>
<b>STATEMENT OF PROFESSIONAL QUALIFICATIONS .....</b>	<b>23</b>

## Summary of Salient Facts

Identity of Client:	Ben Stone of ABC Body Works
Intended User:	ABC National Bank
Intended Use:	Financial reporting purposes for changing the tax election from a corporation to a LLC, and cannot be used for any other purpose
Property Interest Appraised	Fee Simple
Sales History of Item(s):	The appraiser is not aware of the history of the subject equipment or prior sales thereof
Class of Property:	Automotive Repair
Current Use of Property:	Automotive Repair
Use of Property When Appraised:	Automotive Repair
Effective Date of Appraisal:	December 6, 20XX
Type of Value	Fair Market Value (FMV) Orderly Liquidation Value (OLV)
<b>Final Estimate of Value:</b>	<b>FMV \$466,000</b> <b>OLV \$278,000</b>

## DESCRIPTION OF THE ASSIGNMENT

### *Subject of the Appraisal*

American Business Appraisers has been retained by ABC National Bank, to provide an appraisal of certain machinery/equipment items located at ABC Body Works, 1234 S. Lenwood Ave., Any State.

### *Effective Date of Valuation*

The effective (as of) date of this appraisal is December 6, 20XX. Only information available (known or knowable) as of the effective date is to be considered in the development of an opinion of value.

### *Scope of Work*

The appraiser has been asked to provide a “desktop” summary appraisal effective December 6, 20XX, of assets located at ABC Body Works. A desktop summary appraisal is a hypothetical determination of value based solely upon information provided by the client and conducted without benefit of physical inspection by the appraiser. Desktop summary appraisals are common due to time, travel, and cost considerations.

An appraisal is a type of investigation into the law of probabilities with respect to valuation. Through the appraiser’s experience, training, and integrity we are able to estimate the activities of buyers and sellers in the marketplace into an indication of value. In reaching a conclusion, comparison of assets usually involves adjustments due to the individuality and uniqueness of each asset. Transactions are often influenced by sentiment, bias, specific needs, politics, familiarity, lack of understanding, and other conditions not considered by the impartial appraiser.

Fee simple interest has been reported as an estimation of the fair market value of the items in continued use. It should be noted that if these items should sell under any other scenario, then different values would be realized.

This report is identified as a *Summary Appraisal Report - Desktop Version* that is intended to comply with the reporting requirements as defined under Standards Rule 8-2 (b) of the Uniform Standards of Professional Appraisal Practice (USPAP). As such, it presents only summary discussions of the data, reasoning, and analyses that are used in the processes to develop the appraiser’s opinion of value. Supporting documentation that is not provided with the report concerning data, reasoning, and analyses is retained in the appraiser’s workfile. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated within this report. Not all specific requirements are applicable to every appraisal assignment.

Generally speaking, there are three broad approaches to valuation, which are considered during the appraisal process; (i) Income Approach, (ii) Market Approach, and (iii) Cost Approach.

The Income Approach to value is used only when solid data involving income and expenses for

a particular asset can be established. It is considered hypothetical in most situations involving machinery and equipment, and though while considered, has not been applied in the final value estimate.

Either the Cost Approach and/or the Market Approach have been utilized for the final value estimate of each item or category.

The Cost Approach is defined as a method in which a value of a property is derived by estimating the replacement cost plus any improvements or modifications and deducting estimated depreciation. In an effort to provide a cost less depreciation analysis, this appraiser has used, when possible, the actual manufacturer (or dealers) of the subject equipment. At times, new replacement models are offered when the subject model is no longer being made. When this condition exists, the appraiser endeavors to correlate and adjust for various factors involved.

The appraiser, when implementing the Market Approach, has endeavored to find "sold comparables." That is to say, they are similar items that have actually transferred in the marketplace. These comparable sales provide the best and most reliable information. However, if actual historical sales information is not available, the appraiser will oftentimes look to the current market of similar items currently for sale. This information can be useful in estimating value. In this report, a search has been made for "sold" items and items currently "for sale."

This appraiser has gathered data on ABC Body Works' items from as many sources as practical, including but not limited to the original equipment manufacturer (if possible), dealers and brokers of like equipment, published catalogs and guides of similar equipment as well as the Internet. Upon gathering data regarding new and similar models with characteristics of the Subject's equipment, the appraiser has then analyzed the data in an effort to estimate value.

After conversations with various industry professionals, including the aforementioned, this appraiser endeavored to arrive at a final opinion of value for the Subject's equipment. This written report was then formulated to set forth the findings and conclusions of the appraiser. An extreme effort was made to comply with the Uniform Standards of Professional Appraisal Practice (USPAP) in providing the final opinion of value and this written report.

This is a report estimating value based on reported conditions. If it is the client's desire to verify the physical condition and/or needed repairs of the machinery/equipment, which is the subject of this report, the client should consult a qualified mechanic/technician. To determine actual mechanical condition is outside of the appraiser's expertise and the scope of this assignment.

This appraisal assignment has called for certain capital (larger) items owned by the client to be appraised. It is understood that oftentimes there are other smaller, less expensive ancillary/support items that "support" these larger capital items. These items, too, obviously have value but do not in and of themselves merit the time and expense of an individual item appraisal. Therefore, it is agreed by the client's use of this report, if these types of items are mentioned in this report, they will be added under a separate section(s) as opposed to the larger capital items, and the appraiser may apply either the Cost Less Depreciation Method or Market Data Method, but will illustrate the results only as a single 'lot' figure for the less significant items, due to time and cost factors required in researching smaller items.

Further, a request to this appraiser as to the type of report needed was implemented. That is to say, the appraised assets may be valued in place, in use, and as part of a going concern entity; in place, not in use; in place to be removed; not in place, etc. Many types of equipment items are labor intensive in their millwright, installation or removal.

This appraisal report sets forth the findings and conclusions, and is based upon information supplied by others to the appraiser, without independent verification, and is subject to the Statement of Limiting Conditions and Definitions. Without reading the Statement of Limiting Conditions and Definitions, the report cannot be fully understood.

The scope of this assignment as explained has been requested and/or agreed to by the client along with the conditions as stated in American Business Appraisers' Professional Service Agreement signed by the client.

#### *Degree to Which the Property is Inspected or Identified*

In this particular assignment, this appraiser has been requested to provide a desktop summary appraisal. That is to say, the appraiser has not actually inspected the equipment or identified it. Testimony from others as to condition and identity has been relied upon.

#### *Extent of Research into Physical or Economic Factors That Could Affect Property*

The appraiser has had a number of conversations with suppliers of ABC Body Works' assets. The appraiser has not had access to the profit and loss statements or tax returns of ABC Body Works. The purpose of this appraisal report is not to comment on the profit or loss of ABC Body Works. If there are concerns in those areas, the reader or user of this report should conduct further studies.

Economic factors can and do play an important role in estimating value. The user of this report is directed to the "Economic Conditions" section of this report.

#### *Extent of Data Research*

The appraiser, in conversations with all listed sources (see "Principal Sources of Information" section), described to the best of her ability the characteristics of ABC Body Works' assets. It is understood certain assets may be purchased/sold with a variety of peripheral attachments, support items and other amenities, which could affect value. It is not always possible to know of such factors that may or may not exist. Therefore, it is assumed the Subject's assets do in fact have basic qualities needed for operation and would have an expected amount of peripheral amenities associated with the Subject's asset being appraised.

#### *Type and Extent of Analysis Applied in Arriving at Opinions or Conclusions*

Conversations were held with manufacturers, dealers, wholesalers, and retailers who provide similar machinery and equipment items. After conversations with aforementioned and industry professionals, this appraiser formulated an opinion as to values and market conditions.

### *Depth of Onsite Inspection*

As mentioned previously, this appraiser has not personally inspected the Subject's equipment but has relied on the testimony of others as to its existence and condition.

### *Highest and Best Use*

The highest and best use of the machinery and equipment items are best utilized in their income producing capabilities.

### *Intended User(s)*

The use and distribution of the appraisal report is restricted to ABC National Bank and Ben Stone of ABC Body Works. The use of this report and the information contained in it is restricted to the user set forth and cannot be photocopied in whole or part or distributed to others.

### *Confidentiality and Privacy*

This appraiser will maintain the conformity and privacy of client information obtained in the course of this assignment in compliance with USPAP and Regulation Practices, Title V of Gramm, Leach, Bliley Financial Modernization Act.

We do not sell information about our client to others. We protect the security and confidential information about the client. We share information outside of our company only when necessary to administer products or services we provide when we have your written permission, or when required or permitted, by law.

### *Overall Condition of Equipment*

It is understood ABC Body Works' assets are assumed to be in operating condition unless otherwise noted.

### *Intended Use*

It is understood this report is to be used for financial reporting purposes for changing the tax election from a corporation to an LLC, and is restricted to the use set forth and if used for any other application is invalid.

### *Property Interest Appraised*

It is understood that the property interest appraised is the Fee Simple Interest.

### *Statement of Limiting Conditions - Tangible Assets*

This machinery and equipment appraisal is made subject to the following limiting conditions:

1. All facts and data set forth in this report are true and correct to the best of this



appraiser's knowledge.

2. The fee for this report is not contingent upon the values reported. There have been no guarantees associated with this fee and no liability can be intimated or assumed in any manner.
3. As the addressee has purchased this report, it is assumed by this appraiser, that it is to be used by the addressee in determination of value at that point in time. Use of this report by others should be done so with the understanding that no risk or guarantees have been purchased by the owner of this report nor through the fee paid to this appraiser. This appraiser reserves the right to recall all copies of this report to correct any omission or error.
4. Physical condition has been determined by others. Any unknown conditions existing at the time of inspection and not reported to this appraiser could alter the value. No responsibility is assumed for latent defects of any nature whatsoever, which may affect value, nor for any expertise required to disclose such conditions. This appraiser must rely on information provided him/her in searching for comparative data. The appraiser disclaims any responsibility if given erroneous information by any party.
5. No consideration has been given to liens or encumbrances, which may be against the property.
6. No investigation of legal fee or title to the property has been made and the claim to the property has been assumed to be valid.
7. Neither this appraiser nor any officer or employee of American Business Appraisers, LLC has any financial interest in the property appraised, unless specifically noted.
8. No additional values or appraisals have been made in regard to such intangibles as patents, rights to manufacture, trademarks, goodwill, any going concern, etc.
9. This report has been prepared in conformity with the Principles of Good Practice and the Code of Ethics of NEBB Institute.
10. Other limitations, if any, are clearly defined and individually set out at that point related to the subject.
11. Neither all nor any part of the contents of this report, or copy thereof, shall be reproduced for any purpose other than stated in the report, nor shall it be made available to the media, another appraiser or anyone else without the written consent of the appraiser.
12. For all appraisals subject to satisfactory completion, repairs, or alterations this report and value conclusions are contingent upon completion of the improvements in a workmanlike manner.
13. Information, estimates and opinions furnished to this appraiser and contained in this report were obtained from sources considered reliable and believed to be true and correct; however, no responsibility for the accuracy of such items furnished to the

appraiser can be assumed by this appraiser. No liability or responsibility is expressed for results from actions taken by anyone as a result of this report. Further, there is no accountability, obligation, or liability to any third party.

14. Matters of legal nature or tax consequences have not necessarily been considered in this report. The reader should consult a competent attorney or CPA for information and opinions in those areas.
15. Machinery and equipment appraisers are called on for valuation and verification for assets from many different fields of business. It is impossible for any appraiser to be an authority in every field of machinery/equipment. Therefore, the appraiser has endeavored to use basic sound, accepted methodologies in any assignment (i.e., Cost New Less Depreciation and Market Data Methods). Conversations with those dealing daily in a specific field were conducted, and all final values are founded on prudence and best effort on the part of the appraiser. "Conclusion of the final opinion of value" is arrived at from years of experience in the appraisal of machinery, equipment, and businesses. The final form of this report is made possible by omitting many details used in estimating, yet not considered essential to the report.
16. This appraiser has endeavored to use due diligence in all market comparisons. If possible, comparisons of similar items sold usually provide substance for final value determination. However, at times it is not possible to find any direct sales comparisons that have actually sold. In these cases, this appraiser has relied heavily on comments and testimony from sources considered reliable (dealers, manufacturers, wholesaler, and others) in arriving at the final value estimate.
17. This appraiser has based an opinion on certain assumptions that have been presented to her. If these basic assumptions should change for any reason, the final valuation could quite likely change. This appraiser reserves the right to make any adjustments considered necessary as additional or more reliable data becomes available.
18. Nomenclature and identification of tangible assets are assumed by this appraiser to be accurate, but no guarantee is made in this regard.
19. An appraisal is an estimate of value. When the amount is considered a reasonable and proper value under the concept of a definition, then it is applied. For this reason, the value is, in many cases, a rounded number. As stated in Engineering Valuation and Depreciation, a textbook published by Iowa State University Press of Ames, Iowa, "*All values are of the nature of forecast of events and are subject to the uncertainties of all prophecies.*"
20. A Desktop Summary Appraisal Report is limited, due to cost constraints. Therefore, capital asset items are itemized in a table format which includes limited information and photographs are not included in the report.
21. It is assumed that all equipment has standard features commensurate with its normal operation. For instance, machine tools would include but not be limited to: belt guards, foot pedals, magnetic or standard starters, switch-gear, safety equipment, wiring, piping and controls, electrical, pneumatic or hydraulic systems, or other peripheral items considered standard for operating the indicated model or type of equipment.

This type of detailed listing is not described for each machine due to repetition, time, cost, and description length within the listing. An attempt is made, however, to indicate any non-standard features at an appropriate point within the study.

22. Description of items made as part of this report is believed correct. Any errors or omissions were unintentional and should not affect the value assignment. Description is made with the attempt of allowing reasonable identification although it may not allow specific item identification in all cases unless company number tagging is utilized. Examples of this would be in such areas as cabinets, shelving, file cabinets, various hand tools, and un-serialized equipment or equipment without justification for serial number search due to associated value and/or time consideration. In some cases, identification numbers cannot be located.
23. The Subject's assets may or may not conform to OSHA standards (Occupational Safety & Health Administration). The sole responsibility for conforming rests with the owner and may not necessarily affect the final estimate of value reported herein.
24. Any controversy arising out of or relating to this report shall be settled by arbitration in accordance with the rules, then in effect, of the American Arbitration Association in Phoenix, Arizona. In the unlikely event that differences concerning our services or fees should arise, that are not resolved by mutual agreement, the liability of American Business Appraisers to Client(s) under any and all circumstances in connection with those services is limited to the lesser or the amount of the fees actually paid or \$25,000. Client(s) agree that in order to recover any amount from American Business Appraisers, Client(s) must prove that American Business Appraisers committed fraud or willful misconduct in its duties to Client(s). Under no circumstances shall the undersigned appraiser nor any contractor, agent, or employee of American Business Appraisers have any personal or other liability to Client(s). Payment of all fees billed by American Business Appraisers is a mandatory precedent to suit by Client(s).
25. Since the conclusions by the appraiser are based upon judgments, isolation of any single element as the sole basis of comparison to the whole appraisal may be inaccurate.
26. As stated, this is a report estimating value based on "reported" condition. If it is the client's desire to verify physical condition and/or needed repair of the items, which are the subject of this report, the client should consult a qualified mechanic/technician. To determine actual mechanical condition is outside of this appraiser's expertise and the scope of this assignment. If the condition of the equipment is other than as reported to this appraiser, the estimated value could be unreliable. This appraiser reserves the right to change the value estimate if additional information comes forward as to condition or other factors, which could affect value.
27. This is a Desktop Summary Appraisal Report. Additional information may be necessary for specific assets and must be provided to the appraiser upon request (i.e.; maintenance records, equipment modification documentation, etc.).
28. This report is not to be used for insurance purposes.
29. It should be noted that the term "certified," or "certified appraisal" as used in this

report refers to certification from various recognized appraisal and consulting societies, organizations or institutes.

### *Extraordinary Assumptions and/or Hypothetical Conditions*

- It is assumed there are no hidden defects which are not discernable from a visual inspection and which could affect value.
- If any information from any source comes forward indicating that a change in estimated value for any particular item(s) is warranted, the appraiser reserves the right to change the value estimate in this report.
- Issues resulting from either of the above conditions could affect the assignment results.

## **DEFINITION OF THE STANDARD OF VALUE**

### *Fair Market Value Definition*

The following definition is promulgated by the federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 by the Federal Reserve System (FRS), National Credit Union Administration (NCUA), Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the Office of Comptroller of the Currency (OCC). This definition is also referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on June 7, 1994, and in the Interagency Appraisal and Evaluation Guidelines, dated October 27, 1994:

“The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeable, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

## **TERMINOLOGY**

### *Definitions of Condition*

**Very Good (VG)** This term describes an item of equipment in excellent condition capable of

being used to its fully specified utilization for its designated purpose without being modified and not requiring any repairs or abnormal maintenance at the time of inspection or within the foreseeable future.

**Good Condition (GC)** This term describes those items of equipment which have been modified or repaired and are being used at or near their fully specified utilization but the effects of age and/or utilization indicate that some minor repairs may have to be made or that the item may have to be used to some slightly lesser degree than its fully specified utilization in the foreseeable future.

**Fair Condition (FC)** This term describes those items of equipment which are being used at some point below their fully specified utilization because of the effects of age and/or application and which require general repairs and some replacement of minor elements in the foreseeable future to raise their level of utilization to or near their original specifications.

**Poor Condition (PC)** This term is used to describe those items of equipment which can only be used at some point well below their fully specified utilization and it is not possible to realize full capability in their current condition without extensive repairs and/or replacement of major elements in the very near future.

**Scrap Condition (X)** This term is used to describe those items of equipment which are no longer serviceable and which cannot be utilized to any practical degree regardless of the extent of the repairs or modifications to which they may be subjected. This condition applies to items of equipment which have been used for 100% of their useful life or which are 100% technologically or functionally obsolescent.

## **ADDITIONAL CONSIDERATIONS**

### *Title of Appraised Equipment*

It is understood the items listed in this report are owned and belong to ABC Body Works. However, no guarantee is made by this appraiser nor American Business Appraisers concerning ownership or clear title.

This appraisal sets forth the findings and conclusions of the appraiser and is based upon testimony of others as to the conditions effecting value and is subject to the Statement of Limiting Conditions and Definitions. Without reading the Statement of Limiting Conditions and Definitions, the report cannot be fully understood.

### *Economic Conditions<sup>1</sup>*

As the U.S. economy continues to climb out of the deepest recession since World War II, the growth remains remarkably slow, suggesting that the emergence from the recession will

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<sup>1</sup> Source: "All of the contents of the economic conditions section of this appraisal report are quoted from the Economic Outlook Update™ 3Q 20XX published by Business Valuation Resources, LLC, © 20XX, reprinted with permission. The editors and Business Valuation Resources, LLC, while considering the contents to be accurate as of the date of publication of the Update, take no responsibility for the information contained therein. Relation of this information to this appraisal engagement is the sole responsibility of the author of this appraisal report."

continue to be a long and difficult struggle.

The gross domestic product (GDP), the broadest measure of the U.S. economy, grew at an annual rate of 2.0% in the third quarter of 20XX. This came after a downwardly revised rate of 1.7% in the second quarter and 3.7% in the first quarter of 20XX. According to the initial report, growth in the third quarter stemmed primarily from consumer spending and business inventory buildup.

Exports continued to rise faster than imports, resulting in the trade deficit subtracting two percentage points from the third quarter's GDP. Josh Bivens, an economist at the Economic Policy Institute, expects this to be a problem going forward. "While trade flows were less of a drag on growth compared to the previous quarter, it seems clear that the trade deficit is poised to quickly regain its pre-recession level unless policy changes are made to allow the U.S. dollar to gain competitiveness against major trading partners," said Bivens.

"Given that a rising trade deficit will slow economic growth and job-growth over the next couple of years and is undesirable over the longer-run as well, this is a very troubling sign in the current recovery," continued Bivens.

The Council of Economic Advisers, an agency within the Executive Office of the President, acknowledged that "faster growth is needed to bring down the unemployment rate more quickly." The Council went on to state, "Given the depth and severity of the recession, considerable work remains before our economy is fully recovered."

Bivens noted that, at the end of the third quarter of 20XX, the "GDP remains 0.8% lower than it was in the fourth quarter of 20XX, the pre-recession peak. On average, the economy is 8.6% larger 11 quarters after a recession begins. While this historically low GDP recovery is largely a function of the severity of the recession, the GDP is now five quarters into recovery, and these five quarters have seen exceptionally slow growth—beating only the performance following the trough of the 20XX recession (among recoveries that lasted five quarters or more)."

### *Economic Outlook*

The economy has grown for five consecutive quarters, but most economists are now pointing pessimistically at the inadequate rate of GDP growth. The GDP remains below its pre-recession peak. The Institute for Supply Management's Manufacturing Index (PMI) fell at the end of the third quarter, as did The Conference Board's Consumer Confidence Index. The Mortgage Bankers Association® revised their previous forecasts downwards for housing starts, building permits, and home prices. Unemployment remains nearly unchanged from last quarter, and will likely remain unchanged until economic growth quickens its pace.

Lynn Franco, Director of The Conference Board Consumer Research Center, believes "Overall, consumers' confidence in the state of the economy remains quite grim. And, with so few expecting conditions to improve in the near term, the pace of economic growth is not likely to pick up in the coming months."

According to Consensus Economics, Inc., publisher of *Consensus Forecasts - USA*, real GDP is forecasted to increase at a seasonally adjusted annual rate of 2.2% in the fourth quarter of 20XX, then at a rate of 2.3% in the first quarter of 20XX. They reported that GDP is forecasted

to grow 2.7% in 20XX, 2.4% in 20XX, and 3.3% in 20XX. In the long term, they report that the consensus is that real GDP will grow by an average annual rate of 2.6% between 20XX and 20XX. Every month, Consensus Economics surveys a panel of 28 prominent U.S. economic and financial forecasters for their predictions on a range of variables including future growth, inflation, current account and budget balances, and interest rates.

The survey reports that unemployment is forecasted to average 9.7% in 20XX, before averaging 9.4% in 20XX.

According to the survey, consumer prices will increase 1.6% in 20XX, 1.5% in 20XX, and 2.0% in 20XX. In the long term, the survey finds that consumer prices are forecasted to grow at an average annual rate of 2.3% between 20XX and 20XX. In addition, producer prices are forecasted to increase 3.9% in 20XX and 1.2% in 20XX. Real disposable personal income is expected to grow 1.3% in 20XX and 1.8% in 20XX.

Interest rates on three-month Treasury bills and 10-year Treasury bonds are expected to rise over the next year. According to the survey, the three-month Treasury bill rate will rise to 0.2% by the end of January 20XX, and then to 0.4% by the end of October 20XX. The yield on the 10-year Treasury bond will rise to 2.7% by the end of January 20XX, and then to 3.5% by the end of October 20XX.

The 40 participants in *The Livingston Survey* released their newest predictions in June. The forecasters, who are surveyed by the Federal Reserve Bank of Philadelphia twice a year, project real GDP to grow at an annual rate of 3.3% between 2Q 20XX and 4Q 20XX (this is up from their previous estimate of 3.0%). They then expect GDP to increase at an annual rate of 3.0% between 4Q 20XX and 2Q 20XX. They believe GDP will grow 2.8% annually over the next 10 years.

The survey also noted that forecasts for the unemployment rate have been revised downward for 20XX, though unemployment is still expected to remain above 9% into the middle of 20XX. The forecasters expect the unemployment rate will decrease to 9.5% by December 20XX, down from their previous estimate of 9.9%. They expect unemployment to drop to 9.1% by June 20XX.

The forecasters in *The Livingston Survey* have lowered their predictions for consumer price (CPI) inflation. They expect CPI inflation to average 1.8% in 20XX, down from the previous estimate of 2.2%. They predict CPI inflation will be 1.7% in 20XX. Inflation (as measured by the consumer price index) is predicted to average 2.3% over the next 10 years, slightly lower than the forecast of 2.4% estimated in the prior *Survey*. The *Survey* expects that producer price (PPI) inflation will average 4.1% in 20XX—up from the previous estimate of 2.4%—before averaging 2.4% in 20XX.

The forecasters from the *Survey* have decreased their previous projections for future S&P 500 values. They expect the S&P to rise to 1,187.69 by the end of 20XX before climbing to 1,243.5 by June 31, 20XX. They believe the S&P will end 20XX at 1,280.0.

The EIA projects that the WTI crude oil spot price will average \$77 per barrel in the fourth quarter of 20XX and \$82 per barrel for 20XX.

The EIA forecasts that regular-grade gasoline retail prices will average \$2.69 per gallon over

the second half of 20XX. Average annual motor gasoline prices are expected to increase to \$2.90 per gallon in 20XX.

### *Measurable Marketplace*

There are distinct levels of trade and each may have its own market value. The market for ABC Body Works' equipment appears to be limited. This appraiser is under the opinion that other companies, similar to ABC Body Works, who provide similar services or someone who is anticipating starting an automotive repair business would be the most appropriate market.

### *Estimated Marketing Time*

The appraiser believes that if properly exposed to the open market the subject equipment should sell in approximately 180 days.

## **VALUATION OF SUBJECT'S MACHINERY & EQUIPMENT**

American Business Appraisers has been retained by ABC National Bank and Ben Stone of ABC Body Works to provide a Desktop Summary Appraisal reporting the fair market value, in continued use as of the effective date of December 6, 20XX of certain assets located at ABC Body Works.

### *Principal Sources of Information*

While the appraiser has been diligent in preparing this appraisal, it is important to all concerned the appraiser relied heavily upon information given by others. For those persons who may review this appraisal report now and in the future, this appraiser has endeavored to clearly identify the information sources. The principal sources of information used to form an opinion of value include the following:

- craigslist
- listown.com
- garagegadgetsinc.com
- bestbuyautoequipment.com
- proxibid.com
- ebay
- Northern Tool
- Marathon
- Garmat USA
- Celette North America
- Auto Robot of Arizona
- Blackhawk

In all cases, the appraiser has relied upon the referenced information without independent verification. This report is, therefore, dependent upon the information provided. A material change in critical information relied upon in this report would be cause for a reassessment in order to determine the effect, if any, on this appraiser's conclusion of value.



### *Capital Equipment*

The appraiser has attempted to analyze all subject sales comparisons, offers, options and listings in accordance with USPAP Standards Rule 7-5.

Total estimated Fair Market Value of Capital Equipment (*rounded*): \$466,000

Capital Equipment items contained in this report may have been photographed. These photographs are kept in the appraiser's work file and are not illustrated in detail in a desktop summary appraisal report. Details such as manufacturer, model/serial numbers, age, and current condition, as provided by the client, are displayed in the following tables.

SAMPLE

Capital Equipment									
Item No.	Qty.	Type	Manufacturer	Model/Description	Year/Age	Condition	Comments	Estimated Fair Market Value	Methods Used
1	2	Unibody Frame Machine	Celette	M8.S	1990 & 1991	Poor	Needs major clean-up and repair; Celette does not make these any more and does not support; Worth only the value of the scrap steel; Value reported is for the lot of two	\$ 228	Market
2	1	2 Post Auto Lift	Ben Pearson	NDL7	20 Years	Poor	7,000 LBS Capacity; Rams leak; Manufacturer is out of business and cannot buy parts	\$ 300	Cost
3	1	Ladder bar frame measurement system	Unknown	Unknown	25 Years	Scrap	Only have a few miscellaneous parts. Has not been used in ten years. Not enough information to estimate a value.	None	
4	1	Frame Unibody Machine	Auto Robot	XLS7C+	15 Years	Good	SN # 1727	\$ 6,000	Market
6	1	Spot Welder	Pro Spot	PR-10	16 Years	Scrap	Sitting in Storage. Machine is Out of Date.	\$ 1,000	Market

continued

		Office Equipment: Various desks, task chairs, computers, printers	Various	N/A	All 6 years or older	Unreported	Value is report for the lot	\$	Market
7								\$ 1,500	Market
9	1	Tire Balancer	Hunter	DSP9000	20 Years	Poor	Purchased used	\$ 1,200	Market
12	2	Paint Booth	Garmat	99770	15 Years	Fair	27' Long x 13' Wide x 11' Tall; SN # 3399 and # 3400. Value reported is for the lot	\$ 14,000	Cost
12	1	Paint Mixing Room	Garmat	99935	15 Years	Poor	13' Long x 8' Wide x 11' Tall; SN # DO496f001368; Fresh Air Motors Need Replacing	\$ 3,500	Market
13	1	Mechanical Frame Measuring System	Auto Robot	Unknown	14 Years	Poor	Use 3-4 time per year.	\$ 8,000	Market
14	1	Computerized Frame Measurement System	Blackhawk / Shark	Unknown	14 Years	Good	SN # C99G3008	\$ 7,000	Market
15	2	2 Post Auto Lift	Benwil	GPOA-9	1996	Good	SN # E966933 & E966934; 9,000 Capacity; Value reported is for the lot	\$ 2,000	Cost
15 B	1	4 Post Auto Lift	Benwil	FP-12	1996	Poor	SN # E966868 12,000 LBS. Capacity. Needs repair and service.	\$ 2,800	Cost & Market

continued

16	1	Alignment Machine	Hunter	P411	17 Years	Scrap	SN # EG8725. Purchased used in 1997. System measurements are 4 years out of date. Computer is too old to update. Needs approx. \$6,000 upgrade.	\$ 1,400	Market
17	1	Frame Machine	Black Hawk	4000L	12 Years	Fair	SN # SYS4L04009; 7' Wide x 21' Long; Leaking rams; Needs Servicing	\$ 6,000	Market
18	1	Spot Welder	Pro Spot	I4	4-5 Years	Good	SN # I4-4535	\$ 7,000	Market
19	1	Rotary Screw Air Compressor	Quincy	QSB25HP	2003	Very Good	13,900 Hours; 25 HP	\$ 2,500	Cost & Market
20	1	Small Parts Paint Booth	Generic	Unknown	2003	Good	15' Long x 12' Wide x 8' Tall; 15,000 Hours	\$ 2,000	Cost
Capital Equipment Estimated FMV:								\$ 66,428	

## FINAL VALUE SUMMARY AND RECONCILIATION

It is this appraiser's independent unbiased professional opinion, using the valuation approaches and methods contained in this report, which are subject to the assumptions and limiting conditions, the total estimated fair market value of certain capital equipment items of ABC Body Works described in this desktop summary appraisal report, dated December 21, 20XX is:

	<u>FMV</u>
Capital Equipment Items <i>(rounded)</i>	\$ 466,000

## APPRAISER'S CERTIFICATION

I certify to the best of my knowledge and belief that:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting pre-determined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
8. I have not made a personal inspection of the property that is the subject of this report. I have relied on data (i.e., manufacturer, model/serial numbers, current condition, and other identifying facts) of equipment contained in this report as reported from the client.
9. No one provided significant personal property appraisal assistance to the person signing this certification.
10. American Business Appraisers has not performed any services regarding the subject property within the prior three years, as an appraiser or in any other capacity.

### Non-Discrimination

In arriving at the estimated reasonable value, the appraiser has not been improperly influenced in any manner by the race, religion, or national origin of any person.

\_\_\_\_\_  
Appraiser One, AIBA, CMEA, ABAR

\_\_\_\_\_  
Date

**STATEMENT OF PROFESSIONAL QUALIFICATIONS**

*Statement of Professional Qualifications Omitted from Sample Report*

SAMPLE