
Six Consulting LLC

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July 17, 2023

Carol Glassman, Esquire
Carol Glassman, P.C.
1790 38th Street, Suite 300
Boulder, Colorado 80301

**Re: Marriage of Bell – Rebuttal to Charles Bell and Alyson Bell Income Analysis
prepared by Jeremy Harkness**

Dear Ms. Glassman:

At your request, we have reviewed an income report prepared by prepared by Jeremy Harkness of Causey Demgen & Moore, PC (the “CDM Income Report”), which addresses Charles Bell and Alyson Bell’s 2021 and 2022 income in accordance with Colorado Revised Statutes (“C.R.S”) 14-10-114 and 14-10-115.

You requested that we prepare a rebuttal report if necessary. We disagree with several assumptions and methodologies contained in the CDM Report.

We are pleased to submit our comments and the results of our findings in the following rebuttal report, which is divided into two sections.

Section I addresses our rebuttal comments and findings related to methodologies and assumptions in the CDM Report.

Section II contains our rebuttal opinions and at your request, a calculation Charles Bell and Alyson Bell’s income during the years ended December 31, 2018 through December 31, 2022 in accordance with Colorado Revised Statutes (“C.R.S”) 14-10-114 and 14-10-115.

On July 17, 2023, we issued a Rebuttal Valuation Report related to the 100% ownership interest in Tool Studios, LLC held by Charles Bell. We incorporate our comments, findings, and rebuttal opinions contained that Rebuttal Valuation Report by reference.

Ms. Bell requested that Mr. Harkness present an alternative calculation of income based on the four-year average methodology he applied in the CDM Valuation Report. We understand that Mr. Harkness declined that request.

I. Rebuttal Comments and Findings

The CDM Report relies only on information related to the year 2022 for the calculation of Charles Bell and Alyson Bell's income.

As it relates to Charles Bell this methodology is inconsistent with the methodology applied in the CDM Valuation Report as of February 28, 2023. In its valuation of Tool Studios, which is the primary source of income received by Mr. Bell, the CDM Valuation Report utilizes information applicable to the years 2018, 2019, 2021, and 2022, to calculate the weighted average income.

It is our opinion that the CDM Income report should have been prepared in a manner consistent with the CDM Valuation Report. If the CDM Income Report had been prepared in a manner consistent with its valuation methodology Mr. Bell's income would total \$145,774 annually or \$12,148 monthly. Ms. Bell's income would have been reasonably stated at \$22,136 per year, or \$1,845 per month utilizing a four-year average of the years 2018, 2019, 2021, and 2022.

Our Rebuttal Valuation found the Company's results of operations to vary significantly from year to year. Mr. Bell's deposition testimony described Tool Studios realizes large projects approximately every three and one-half years.

The CDM Income Report identifies that Alyson Bell has received varying amounts of income from several sources during the period from 2018 through 2022.

These circumstances support the use of a multi-year average for the purposes of determining income expected to be earned in the future.

In 1999, the Colorado Court of Appeals held that "in cases where there is a substantial fluctuation in a spouse's income or some component thereof, the trial court has the discretion to consider, or use an average of, past earnings." In re Marriage of Rice and Foutch, 987 P.2d 947 (Colo. App. 1999).

Based on our findings and considering the Court's guidance on this subject, it is our opinion that a multi-year average would be appropriate to determine Charles Bell and Alyson Bell's income in accordance with Colorado Revised Statutes ("C.R.S") 14-10-114 and 14-10-115.

II. Rebuttal Calculation of Charles Bell and Alyson Bell

We have calculated Charles Bell and Alyson Bell's income in accordance with Colorado Revised Statutes ("C.R.S") 14-10-114 and 14-10-115.

Our Rebuttal Income Calculations are based in part on the Adjusting Income Statement for Tool Studios presented at Rebuttal Schedule 1.

Our Rebuttal Income Calculations are presented at Rebuttal Schedule 2 (Charles Bell) and Rebuttal Schedule 3 (Alyson Bell).

It is our opinion that Mr. Bell's income, adjusted to be presented in accordance with C.R.S 14-10-114 and 14-10-115, is reasonably stated at \$197,200 per year, or \$16,433 per month, utilizing a five-year average of the years 2018 through 2022.

It is our opinion that Ms. Bell's income, adjusted to be presented in accordance with C.R.S 14-10-114 and 14-10-115, is reasonably stated at \$21,310 per year, or \$1,776 per month, utilizing a five-year average of the years 2018 through 2022.

III. Other Matters

This report may be used only in connection with the matter defined above and is not intended for and may not be used for other purposes or by anyone not directly involved in this matter. It is based solely upon the information received to date, which is believed to be accurate and reliable. To the extent that additional information becomes available, revisions to this report may be appropriate.

We reserve the right to supplement or modify the opinions upon which we expect to testify, add to the bases and reasons for our opinions and supplement the schedules that we may use at trial.

IV. Disclosures

In addition to the above referenced schedules, included with this report is my current resume and Rule 26.2 disclosures. The current hourly rate for Jay E. Freedberg CPA/ABV/CFF is \$270. All billings are based on hours incurred for analysis, preparation, and testimony at trial at my normal and usual hourly rate.

Respectfully submitted,

Six Consulting, LLC

A handwritten signature in black ink, appearing to read "Jay E. Freedberg", written in a cursive style.

Jay E. Freedberg CPA/ABV/CFF

Tool Studios, LLC
Income Statement Adjustments and Normalized Earnings
Income Measures

	2018	2019	2020	2021	2022
Calculation of Adjusted Net Income					
Ordinary Income	\$ 82,975	\$ 92,802	\$ 303,267	\$ (46,381)	\$ (26,772)
Interest Income	3	5	11	25	1,081
Dividends				363	839
Capital Gain/(Loss)					(4,877)
Charitable Contributions					(212)
Section 179 Deduction		(6,749)			
PPP Loan Forgiveness			50,000		
Life Insurance	(2,042)	(1,872)	(1,131)		
Travel and Entertainment	(8,013)	(7,041)	(11,080)	(2,490)	
Net Book Income	<u>72,923</u>	<u>77,145</u>	<u>341,067</u>	<u>(48,483)</u>	<u>(29,941)</u>
Less: Unearned revenue					
Addback: Tax Depreciation	156	6,905	8,399	10,375	156
Less: Economic Depreciation	(3,877)	(4,336)	(4,188)	(4,602)	(5,621)
Addback: Charitable Contributions					212
Addback: Loan Repayments to Rodney Bell and Concise Management			150,000		
Addback: Personal Expenses	28,916	39,748	23,965	18,071	26,943
Adjust Prepaid Rent			47,884		
Less: Actual Rent Expense			(35,641)	(36,439)	
Less: PPP Loan Forgiveness Income			(50,000)		
Addback: Officer Life Insurance Expense	2,042	1,872	1,131		
Addback: Officer's Compensation - Charles Bell	76,337	102,603	121,850	127,277	106,225
Addback: Payroll Taxes on Above	6,221	8,362	9,931	10,373	8,657
Less: Provision for Reasonable Owners' Comp. - Charles Bell	(111,343)	(113,615)	(115,934)	(118,300)	(120,714)
Less: Payroll Taxes on Above	(9,074)	(9,260)	(9,449)	(9,641)	(9,838)
Addback: Compensation Alyson Bell	4,500	5,500	21,667	43,180	33,250
Addback: Payroll Taxes on Above	367	448	1,766	3,519	2,710
Less Provision for Compensation Alyson Bell	(17,294)	(17,647)	(18,008)	(18,375)	(18,750)
Less: Payroll Taxes on Above	(1,409)	(1,438)	(1,468)	(1,498)	(1,528)
Adjusted Net Income	<u>48,465</u>	<u>96,287</u>	<u>492,972</u>	<u>(24,543)</u>	<u>(8,239)</u>
Income Tax	(11,919)	(23,681)	(121,244)	6,036	2,026
After-Tax Net Income (Loss)	<u>\$ 36,546</u>	<u>\$ 72,606</u>	<u>\$ 371,728</u>	<u>\$ (18,507)</u>	<u>\$ (6,213)</u>
EBITDA					
Adjusted Net Income	\$ 36,544	\$ 72,606	\$ 371,729	\$ (18,507)	\$ (6,213)
Addback: Interest	2,444	1,902	820	16	(1,081)
Addback: Taxes	11,919	23,681	121,244	-6,036	-2,026
Addback: Depreciation	3,877	4,336	4,188	4,602	5,621
EBITDA	<u>\$ 54,784</u>	<u>\$ 102,525</u>	<u>\$ 497,981</u>	<u>\$ (19,925)</u>	<u>\$ (3,699)</u>
Seller's Discretionary Earnings ("SDE")					
EBITDA	\$ 54,784	\$ 102,525	\$ 497,981	\$ (19,925)	\$ (3,699)
Addback: Provision for Reasonable Compensation	111,343	113,615	115,934	118,300	120,714
Addback: Payroll Taxes on Above	9,074	9,260	9,449	9,641	9,838
Seller's Discretionary Earnings	<u>\$ 175,201</u>	<u>\$ 225,400</u>	<u>\$ 623,364</u>	<u>\$ 108,016</u>	<u>\$ 126,853</u>

Charles and Alyson Bell
Analysis of Income
2018 through 2022
Source: Form 1040 Tax Return, Business Valuation of Tool Studios LLC

Reported Tax Income	2018	2019	2020	2021	2022
Charles Bell Salary from Tool Studios	\$ 76,337	\$ 102,603	\$ 121,850	\$ 127,277	\$ 106,225
Alyson Bell Salary from Tool Studios	4,500	5,500	21,667	43,180	33,250
Interest	21	5	22	25	1,095
Dividends	-	158	156	570	1,081
Capital Gain or Loss			347		(3,000)
Schedule C Income: Alyson Bell Consulting					10,100
Schedule E Income:					
Tool Studios, LLC	74,678	77,448	272,940	(46,381)	(26,772)
Total Income	\$ 155,536	\$ 185,714	\$ 416,982	\$ 124,671	\$ 121,979
Capital Loss - Tool Studios	-	-	-	-	(5,482)
Capital Gain - Tool Studios	-	-	-	-	605

Business Income Calculation	2018	2019	2020	2021	2022
Tool Studios Net Book Income	\$ 72,923	\$ 77,145	\$ 341,067	\$ (48,483)	\$ (29,941)
Addback: Tax Depreciation	156	6,905	8,399	10,375	156
Less: Economic Depreciation	(3,877)	(4,336)	(4,188)	(4,602)	(5,621)
Difference between Alyson Bell's Salary and Reasonable Compensation	(13,836)	(13,137)	3,957	26,826	15,682
Addback: Prepaid rent			47,884		
Less: Rent Adjustment			(35,641)	(36,439)	
Less: PPP Loan Forgiveness Income			(50,000)		
Addback: Personal Expenses	28,916	39,748	23,965	18,071	26,943
Addback: Charitable contributions					212
Addback: Loan Repayments to Rodney Bell and Concise Management			150,000		
Addback: Officer life insurance	2,042	1,872	1,131		
Business Income	<u>\$ 86,324</u>	<u>\$ 108,197</u>	<u>\$ 486,574</u>	<u>\$ (34,252)</u>	<u>\$ 7,431</u>

Charles Bell Income Calculation					
Salary from Tool Studios	\$ 76,337	\$ 102,603	\$ 121,850	\$ 127,277	\$ 106,225
Interest Income	21	5	22	25	1,095
Dividend Income	-	158	156	570	1,081
Add: Income/(Loss) from Tool Studios, LLC per Statutes (adjusted)	86,324	108,197	486,574	(34,252)	7,431
Total Income in Accordance with Statutes	\$ 162,682	\$ 210,963	\$ 608,602	\$ 93,620	\$ 115,832
Weighting	2	2	1	2	2
Weighted Income	<u>\$ 325,364</u>	<u>\$ 421,926</u>	<u>\$ 608,602</u>	<u>\$ 187,240</u>	<u>\$ 231,664</u>

Weighted Average (2018 thru 2022)	\$197,200
Monthly	\$16,433

Average (2018, 2019, 2021, 2022)	\$145,774
Monthly	\$12,148

Charles and Alyson Bell**Analysis of Income****2018 through 2022****Source: Form 1040 Tax Return, Business Valuation of Tool Studios LLC**

Reported Tax Income	2018	2019	2020	2021	2022
Alyson Bell Income Calculation					
Provision for Reasonable Compensation - Alyson Bell	\$ 17,294	\$ 17,647	\$ 18,008	\$ 18,375	\$ 18,750
Income from Left Hand Valley Courier					10,100
Income from Rebecca Folsom				2,728	3,648
Total Income in Accordance with Statutes	<u>\$ 17,294</u>	<u>\$ 17,647</u>	<u>\$ 18,008</u>	<u>\$ 21,103</u>	<u>\$ 32,498</u>
Average (2018 thru 2022)					\$21,310
Monthly					\$1,776
Average (2018, 2019, 2021, 2022)					\$22,136
Monthly					\$1,845

EXPERTISE

Family law/Litigation consulting
Business appraisal

RELATED EXPERIENCE

Shuster & Company, PC; Denver, CO; Marital dissolution, business valuation and litigation support services.
Gelfond & Associates, PC; Denver, CO; Marital dissolution, business valuation and litigation support services.

EDUCATION

University of Colorado at Boulder, Bachelor of Science in Business Administration

PROFESSIONAL DESIGNATIONS

Certified Public Accountant
Accredited in Business Valuation
Certified in Financial Forensics

PUBLICATIONS AND PRESENTATIONS

Rocky Mountain Paralegal Association, Trusts - Basics to Blasphemy (Sep '16)
Public Accountants Society of Colorado, Valuation and Forensic Accounting Fundamentals (Jul '13)
AXA Advisors, Financial Issues in Divorce (Jun '13)

TESTIFYING EXPERIENCE

Marriage of Lindstrom, La Plata (May '23)
Marriage of Phillips/Robertson, La Plata (April '23)
Marriage of Bailey, Jefferson County (Mar '23)
Marriage of Moran, Denver County (Mar '23)
Marriage of Schweitzer, Arapahoe County (Dec '22)
Marriage of Ford, Post Dissolution, Denver County (Dec '22)
Marriage of Vilate/Heap, Boulder County (Oct '22)
Marriage of Clark, Weld County (July '22)
Marriage of Kark, Denver County (April '22)
Marriage of Bierschenk, El Paso County (Jan '22)
Marriage of Crist/Cavanaugh, Boulder County (Nov '21)
Marriage of Jones – Post Dissolution, JAG Arbitration (May '21)
Marriage of Harper, Larimer County (Jan '21)
In the Interest of Zachary Witta et al., Arapahoe County (Dec '20)
Marriage of Bervaldi, Pitkin County (Oct '20)
Marriage of Hansen, San Miguel County (Sep '20)
Marriage of Smith, Montrose County (October '19)
Marriage of Alhashmi, Douglas County (September '19)
Marriage of Zallaps, Douglas County (August '19)
Marriage of Mazzuca, Mesa County (May '19)

TESTIFYING EXPERIENCE (CONTINUED)

Marriage of Coons, Douglas County (February '19)
Marriage of Glass, Denver County (February '19)
Marriage of Rodgers, Jefferson County (Jan '19)
Marriage of Carlson, Douglas County (Dec '18)
Marriage of Gardener, Mesa County (Oct '18)
Marriage of Villani, Adams County (Oct '18)
Marriage of Taylor, San Miguel County (Jul '18)
Marriage of Rodgers, El Paso County (May '18)
Marriage of Groh, Weld County (May '18)
Marriage of Iovinelli & Raspberger, Arapahoe County (Apr '18)
Marriage of O'Neill, San Miguel County (Jun '17)
Marriage of McMillan & Pankey, Douglas County (Apr '17)
Marriage of Filz, Mesa County (Feb '17)
Marriage of Wilson, Mesa County (Dec '16)
Marriage of Darley, Arapahoe County (Jun '16)
Marriage of Krulish, Douglas County, (Apr '16)
Marriage of Beram, Arapahoe County (Mar '16)
Marriage of Riche, Arapahoe County (Dec '15)
Marriage of Strong Burns and Burns, Douglas County (Sep '15)
Marriage of Gallegos, Mesa County (Dec '14)
Marriage of Lastine, Mesa County (Nov '14)
Marriage of Lowell, Arapahoe County (Oct '14)
Marriage of Adams, Douglas County (Sep '14)
Marriage of Kraemer and Kitman, Denver County (Jun '14)
Marriage of Doemland, San Miguel County (Dec '13)
Marriage of Woerner, Montrose County (Aug '13)
Christou, et al, v. Beatport, et al., U.S. District Court for the District of Colorado (Jan '13), (Jul '13)
Marriage of Wirth, Garfield County (Jun '13)
Lovejoy v. Pollock, et al., Arapahoe County (Apr '13)
Mayo v. Mayo, Jefferson County (Apr '13)
Marriage of Webster, Summit County (Dec '11)
Estate of Hanna, et al, v. Costa, et al., U.S. District Court for the District of Colorado (Aug '11)
Marriage of Leathers, Arapahoe County (Sep '10)