



Who is Calibre CPA Group?

Founded on a mission to provide services of a superior calibre, Calibre CPA Group was established by several CPAs whose careers have focused on providing a comprehensive array of audit, accounting, tax, and consulting services. We're now one of the major "niche" CPA firms in the country that has devoted part of our practice to royalty audits and licensing compliance services.

Royalty Audits Case Histories

Using our Royalty Profit Maximization strategies (RPMs), Calibre CPA Group's professionals have performed hundreds of licensing agreement audits for the apparel, interactive games, toys and collectibles, trading card, and many other industries. The following case histories provide examples of the results of our RPMs audit program.

For the histories presented, the overall fees for performing the audits were recovered by audit findings as a result of noncompliance by the licensees.

CASE HISTORY 1

Industry: Interactive Entertainment
Period of Review: Three years

- During our audit, we noted the licensee was not using actual amounts for returns and was estimating returns based on industry statistics. This was not in adherence to the licensing agreement that required the reporting of actual returns. The appropriate amounts were then recalculated by the licensee resulting in an audit finding of over \$250,000.

CASE HISTORY 2

Industry: Electronic Game
Period of review: Three years

- During our audit, we noted the licensee was not reporting all transactions surrounding an

electronic sports game as required by the licensing agreement. The appropriate royalty amounts were then recalculated using all transactions and resulted in an audit finding of over \$700,000, including accrued interest.

CASE HISTORY 3

Industry: Collectibles

Period of review: Three years

- During our audit, we noted packages containing "free" sets of licensed collectibles at a retail value of \$79.00. We calculated that 14,344 packages were sold with sales totaling \$1,133,176. Co-mingling non-licensed and licensed products within the package was restricted by the license agreement. This resulted in royalty recovery and a discontinuance of the current practice.

CASE HISTORY 4

Industry: Screw manufacturer

Period of Review: Three years

- Royalty audit fieldwork at the licensing site uncovered significant under-reporting of royalties resulting from the breakdown of an internal control process in which the patented product was originally included in the shop drawings but mislabeled in a revised version of the drawings. Further, there were several different parts and tools for which the client was receiving minimal royalties. This situation was resolved and the audit fee was paid by the licensee.

Want to Know More?

Contact us toll-free at 866.464.2839, drop a line to our company email (info@calibrecpa.com), or visit our



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