

# BROWN & STREZA

ATTORNEYS AT LAW

## Attorneys who have a Unified Approach to Business, Personal and Philanthropic Planning

Brown & Streza LLP is a law firm providing exceptional, integrated legal services in the areas of tax, estate, business, and charitable planning, mergers and acquisitions, business succession planning, trust and estate administration, and real estate. We serve families, businesses, entrepreneurs, investors, philanthropists, and charitable organizations. We provide caring service, deep expertise, innovative solutions, and a stable, professional, and well-respected staff while embracing and communicating that *life is more than wealth*<sup>SM</sup>.

We serve the individual needs of our clients, staff, and professional advisors by investing in technology, education, and long-term relationships based upon loyalty and integrity.



### BUSINESS & REAL ESTATE

- Mergers & Acquisitions
- Business Tax Planning
- Business Representation
- Business Succession Planning
- Real Estate Transactions

### CHARITABLE SECTOR

- Philanthropic Representation
- Religious Institutions
- Nonprofit Organizations

### TAX, TRUSTS, & ESTATES

- Foundational Estate Planning
- Ultra-High-Net-Worth Planning
- Trust & Estate Administration
- Federal & State Income Tax Audits & Appeals

For more information about Brown & Streza and the services we provide, please check out our website.



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TOP  
WORK  
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2023

THE ORANGE COUNTY  
REGISTER

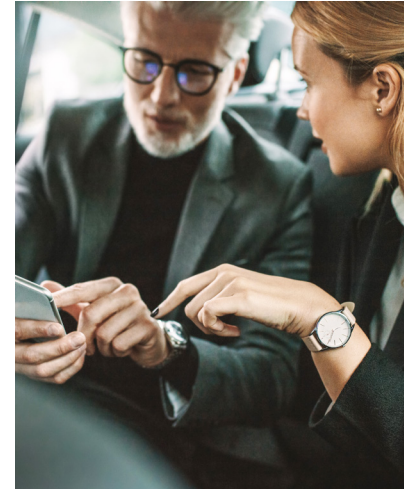
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## Business Representation

Our Business and Real Estate Department offers businesses and entrepreneurs a full range of legal services. Our team of business planning attorneys has the depth and experience in handling all forms of business transactions throughout all stages of the life of a business, from the formation of an entity, legal and regulatory compliance, risk management and structuring the business for sale or transition to the next generation. Our services include:

- Advising entrepreneurs regarding the proper type of entity for their business
- Formation of corporations, limited liability companies and limited partnerships
- Performing corporate and employment law compliance, business planning, and tax planning for existing businesses
- Providing business succession planning to owners who are seeking to sell their business, transfer their interests to the next generation, or transition their business to internal management



Our Business and Real Estate Department strives to be the premier legal source for privately-held companies currently located in or considering relocating their headquarters to California. We represent clients in a wide range of business industries including:

- Manufacturing
- Retail
- Real Estate
- Manufacturers' Representatives
- Service Businesses
- Construction
- Healthcare Professionals

Contact us for more information.

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## Business Tax Planning



Our attorneys provide tax planning for entrepreneurs and closely held businesses across the state of California. From the initial formation through the sale or other transfer of a business, we view every transaction as an opportunity for integrated planning to maximize tax benefits and minimize the impact of applicable federal taxes (income, estate, gift, corporation and/or partnership taxes) and state-level taxes (income, business entity-specific, and/or property taxes).

We frequently advise clients on business tax planning items such as:

- Structure of new ventures, including choice of entity and tax ramifications
  - Qualified Small Business Stock gain exclusion
  - Corporate tax
  - Pass-through entities such as Partnerships and Subchapter S Corporations
- Pre-formation ownership planning for reduction of estate taxes and/or California income taxes
- Employee compensation and incentive planning, including issuance of equity, stock options and other techniques
- California-specific state and local taxes and domicile planning for businesses and owners
- Pre-sale income tax planning and re-structuring of businesses and/or ownership prior to sale
- Acquisitions, dispositions, mergers, reorganizations, spin-offs, split-offs, and split-ups
- Sales of equity, assets and/or personal goodwill to co-owners, third parties, employees, ESOPs, or to trusts for the benefit of charities or successive family generations
- Real estate development, acquisitions and dispositions, including structuring and documenting Section 1031 exchanges
- Property tax aspects related to transfers of ownership

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## Business Succession Planning

Succession planning is the process of planning how a business owner will exit or retire from his or her business and how the business will continue to grow and thrive. Your succession plan could involve a sale to an employee(s), a third party buyer or a transfer of the business to your children. Based on your individual goals and the nature of your business, our Business Planning Department can help you prepare to exit your business with a tax efficient structure and a good operational plan. We work with business owners to address the unique needs of the business by: (i) creating a succession plan; (ii) building value for your business, through such vehicles as creating incentive plans for employees and/or the next generation, restructuring the business entity, and working with you and your management teams to increase value in the business; and (iii) executing the succession plan at the right time.



### Creating the Succession Plan

Your succession plan may consist of any one or a combination of the following:



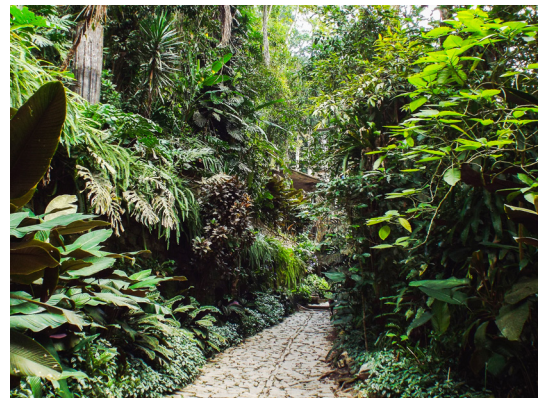
- Sale to an Employee or group of Employees
- Sale by means of an Employee Stock Ownership Plan (ESOP)
- Sale to a Third Party, such as a Strategic Buyer, Private Equity, or Venture Capital firm, for Cash or Promissory Note payments
- Merger or Stock Swap
- Transfer of the Business to your Children or Family Members (Part Sale/Part Gift)

Brown & Streza can help you identify the personal and familial goals that will drive the right exit strategy for you and your family. We work with you, your accountant, business advisor, financial planner, and investment banker to address the current business market and trends, appropriate techniques to add or improve value, and create the legal documents to make your plan a reality.

## Business Succession Planning

### Increasing Value

Once we have created a succession plan, our legal team works with you and your transition team to improve your valuation and prepare your business for a successful transition to the next owner. With every succession plan, the transition phase is crucial to ensure that you receive and keep the most value from your business. Brown & Streza will review the tax, legal and operational consequences of your plan and take steps to reduce taxes and increase value.



### Executing Your Succession Plan

Some succession plans take months to execute, some take years. Most transitions from one generation to the next take a lifetime. We will work with you throughout the transition to determine the right time and method to complete the transfer. The more time we have to work with you, the more money we can put into your pocket (or value to your heirs) at the completion of your succession plan. Contact us early and let our Business Attorneys help turn your dream into a plan of action.

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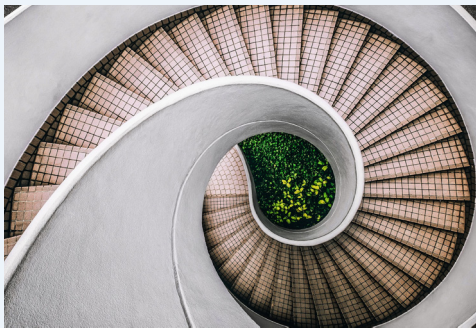
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## Real Estate Transactions

Our real estate attorneys regularly assist clients with transactions involving leases, purchases and sales, and financings. We place particular emphasis on the tax aspects of real estate transactions, and frequently advise clients on property tax issues and tax deferral strategies, such as 1031 exchanges. Real estate is often a key aspect of our clients' overall business and personal strategies, and we regularly work closely with other professionals, including title companies, escrow companies, brokers, environmental consultants, and contractors, to help client achieve their goals. Many of our real estate clients are retail tenants and landlords. Our practice also involves helping our business clients with industrial and office properties. As part of our clients' personal planning, we also assist them with issues relating to their investment properties and family real estate.



Our real estate attorneys are frequently involved in complex transactions, which in the past have involved matters such as:

- Reverse 1031 Exchanges
- Improvement Exchanges
- New Market Tax Credits
- Delaware Statutory Trusts
- Ground Leases
- Hotels
- Mobile Home Parks
- Multi-family Developments
- Commercial Developments
- Construction Lending

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## Mergers & Acquisitions

Our Mergers and Acquisition Department represents business owners and entrepreneurs, large and small, in their quest to sell or acquire operating businesses, including the implementation of business succession planning for business owners. Our firm has successfully completed in excess of 350 mergers and acquisitions in the last 10 years, with sales ranging from \$1M to \$150M. Our work in representing sellers many times includes the formation and implementation of succession plans to family or internal management groups as well as to third party buyers. We represent many of our business planning clients as they acquire new business locations or as they navigate financing and private equity recaps and retain a portion of their company for future growth.



Our Mergers and Acquisition services include:

- Due diligence review of clients and prospective targets
- Negotiation of business broker engagement letters
- Structuring of transaction to reduce liability risks and taxes
- Negotiation and drafting of confidentiality agreements and letters of intent
- Overseeing data rooms and the due diligence process of buyer
- Negotiation and documentation of third party financing
- Negotiation and preparation of all definitive documents for stock and asset sales, mergers, corporate reorganizations, restructuring and recaps
- Issuance of required Legal Opinions
- Overseeing and conducting single to multi-location simultaneous Closings

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## Ultra-High-Net-Worth Planning

### What It Is

With wealth comes a cross-section of business, tax, trust, estate, and charitable issues. These may include protecting key assets, preserving wealth, minimizing income, gift, and estate taxes, effecting successful business succession, and ensuring a family wealth legacy for generations. For over 40 years, we have helped some of California's most successful individuals, families, entrepreneurs, and business-owners identify their priority needs and goals and seize their unique opportunities.



### Our Process

No two individuals, families, or businesses are the same. Our process begins by learning about you and your unique facts. We bring our considerable experience to identifying potential solutions to accomplish your goals. We complete the necessary diligence with you and your other advisors and settle in on the best solutions for your priorities. We then implement those solutions with you and your CPA and trustee to ensure long-term success. If you desire, we meet with you and your advisors regularly to maintain and update your planning for any changes in your needs, goals, and new opportunities.

Contact us for more information.

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## Foundational Estate Planning



Our Estate Planning Group focuses on assisting clients with “foundational” estate planning. At its most fundamental level, this includes the preparation of a revocable living trust, wills, general durable powers of attorney, advance health care directives, and a number of other supporting estate planning documents. But Brown & Streza takes a different approach than most other firms to its foundational estate planning practice. It is an “ordinary” part of our practice that we strive to do extraordinarily well - and for good reason. For many, a person’s foundational estate plan constitutes the largest transaction of their lifetime, effectively transferring most everything they own to their loved ones or charity. For this reason, Brown & Streza takes great care in thoroughly analyzing each client’s unique circumstances, counseling clients on the pros and cons of different decision points, and drafting clear, concise documents. Our goal is to produce a result for our clients that protects their intentions and helps them to feel a sense of peace that they are providing for their loved ones and/or charity in a meaningful and productive way when they are gone.

While the estate planning industry, as a whole, has become increasingly commodified and adopted a cookie-cutter approach to planning, Brown & Streza’s estate planning practice stands out as one that takes a more thoughtful and considered approach.



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## Trust and Estate Administration

Our Trust and Estate Administration Department provides complete legal and tax advice to trustees, executors, and personal representatives. The team utilizes experience and in-depth knowledge in working with complicated estate administration issues. Our services include:

- Preparation of estate tax returns
- Preparation of gift tax returns
- Assistance with collecting and valuing trust and estate assets
- Preparation of trust asset allocations
- Preparation of subtrust funding documents
- Preparation of trust accountings
- Coordination of tax matters with accountants and other tax advisors
- Probate and court petitions related to disposition of assets
- Court matters involving trust interpretation or modification
- Representation of clients in audits of estate tax and gift tax returns



### The Process

The estate administration process can be overwhelming. Our Estate Administration Department will assist and counsel you during this difficult and complex time. Upon completion of the administration, the Estate Administration Department also works with the Estate Planning and Business Departments to counsel surviving spouses and other beneficiaries on estate planning and business succession strategies.

Contact us for more information.  
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## Income Tax Planning

Our Income Tax Planning Department has broad experience, with tax lawyers who are nationally recognized because of their published articles and teaching for premiere professional organizations, including the USC Tax Institute, the Hawaii Tax Institute, the Society of Trust and Estate Practitioners, the California Continuing Education of the Bar, the California CPA Foundation, and the Tax Section of the State Bar of California. Our income tax expertise is especially important in helping to guide owners of closely held businesses. Our expertise includes the following:



- Resolution of tax controversies with the Internal Revenue Service
- Resolution of tax controversies with the State of California, including residency, commercial domicile, sales tax, and similar issues
- Tax advice regarding real estate development, acquisitions and dispositions, including structuring and documenting Section 1031 exchanges
- Income tax planning for the acquisition, disposition, merger, spinoff, or restructuring of businesses
- Executive compensation, including stock options and other techniques
- Corporate tax
- Partnership tax
- Advice regarding the structure of new ventures, including choice of entity and other tax planning

### The Process

We pride ourselves on the fact that our income tax planning department is integrated with the rest of our practice. Our tax planning is not provided as an afterthought to your business or real estate transactions, but rather an integrated part of our services to you. Our objective is to alert you to income tax planning opportunities as you plan and conduct your business and investments.

We also pride ourselves on being “team players” who collaborate with your CPAs, financial planners, and other professionals to not only provide you with the best ideas, but to make sure they are properly implemented.

More than any other area, income tax rules are constantly changing. Even when rates stay the same, shifts in enforcement activity, the approaches taken by the IRS and other taxing authorities, and regulatory changes may dictate significant changes in strategy or implementation. We pride ourselves on providing timely, sound advice to our clients to legally minimize their tax liabilities and take advantage of planning opportunities.

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## Federal & State Income Tax Audits & Appeals



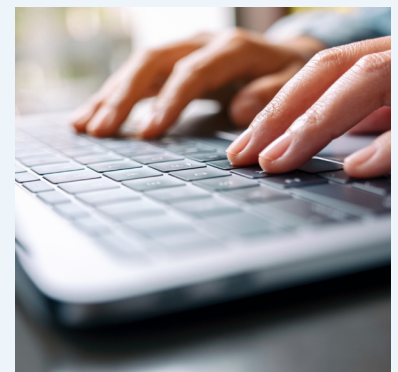
The IRS has announced recent plans to target high net worth individuals for thorough income tax audits. The California Franchise Tax Board (“FTB”) is aggressively targeting individuals who claim to have changed their California residence. For example, many people believe they can avoid California tax by staying out of California for “six months and a day.” This is not true. The right way to minimize California income tax is to consider three factors—the residency rules, domicile rules, and source of income rules.

The FTB also targets certain other transactions, including aggressively trying to disqualify tax deferred exchanges. Due to fiscal and political pressure, IRS and FTB audit budgets are increasing. And practically, the same fiscal and political pressure cause both the IRS and the FTB to take whatever position results in the highest tax.

In some cases, such as exiting California, you have the advantage of knowing in advance the factors you will need to win. Our experience can help you document and plan for a future audit so you are in the strongest position. For example, there are several residency “audit triggers.” One of the biggest is moving just before a large liquidity event. If you anticipate such an event, the sooner you move before the event, the better.

Brown and Streza attorneys are experienced in achieving the favorable resolution of civil tax controversies and disputes with federal and state tax authorities. There are multiple administrative venues in which certain issues which can’t be resolved at the audit level can be successfully won. Brown and Streza has successfully resolved complex, high dollar federal and state tax disputes for its clients.

We work along with your CPA or tax preparer so the issues and risks are understood and addressed before the audit starts. We help you establish the strongest record in case administrative appeals or even litigation are needed to win. If we’re not involved with the audit, we can help you assess the result and see if an appeal is warranted. And based on our experience (including involvement in several high profile cases against the FTB where our clients were granted attorneys’ fees), we will advise you about the risks, costs, and benefits at every stage of an audit or appeal.



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## Philanthropist Representation

In addition to representing religious and other nonprofit organizations that benefit from the financial generosity, vision, and leadership of philanthropists who support their mission, we also advise successful individuals and their families in developing philanthropic structures that can offer tax benefits to the donor while providing a meaningful vehicle for effectuating cultural or social change, impacting lives, and communicating their values and goals to their descendants, their communities, and the world for generations. In collaboration with our business, tax, and estate planning colleagues, we structure sophisticated, tax-efficient business sales to third parties and intergenerational family business transfers with a charitable component; complex gifts of noncash assets such as real estate, business interests, artwork, and collectibles; and representation of successful authors and artists with significant philanthropic goals.



Additionally, we regularly counsel clients regarding other philanthropic matters, including:

Integration of planned giving into the overall family legacy planning

- Pre-transaction analysis of potential charitable structures
- Post-transaction controversy work with the IRS, FTB, and California Attorney General
- Implementation and ongoing administration of complex, multigenerational estate plans with charitable components

Negotiation and documentation of:

- Major gifts to educational institutions, hospitals, and other public charities
- Endowments and other restricted gifts
- Charitable bequests

Formation and operation of:

- Family foundations, including private non-operating foundations, private operating foundations, and supporting organizations
- Donor-advised funds and fiscal sponsorships
- Structures with retained income or remainder interests, such as charitable remainder trusts, gift annuities, pooled income funds, and charitable lead trusts



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## Nonprofit Organizations

Nonprofit organizations must maneuver through a complex labyrinth of federal, state, and local laws and regulations during each stage of their life cycle. Our creative and pragmatic attorneys guide founders, boards of directors, and executive leaders of start-up and well-established private foundations, public charities, supporting organizations, and other nonprofit organizations through this legal maze.



Representative engagements include:

General Counsel Representation

Formation and operation of:

- Start-up nonprofit organizations, including proper entity selection, structure, and governance
- Subsidiary entities
- Nonprofit relationships, affiliations, and joint ventures

Obtaining and maintaining:

- Federal and state income tax exemption
- Property tax exemption
- Sales tax exemption

Corporate, business, and other transactions:

- Mergers and acquisitions
- Revenue-generating activities (UBTI/UDFI)
- Real estate acquisitions, finance, leases, and use agreements

Charitable giving and compliance:

- International grantmaking
- Donor advised funds, fiscal sponsorships, and endowments
- Donations and fundraising activities

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## Religious Institutions



Churches, religious orders and other intentional communities, dioceses, denominations, private religious schools, missions organizations, and other religious institutions operate in an environment of increasing governmental regulations and public scrutiny. Our clients come in all sizes — from start-ups to well-established institutions with multimillion dollar budgets, earned-income activities, and international outreach.

In our role as outside general counsel, we help our clients navigate the unique corporate, legal, and tax issues religious institutions face carrying out their mission.

Other client projects include:

Formation and operation of:

- Start-up religious organizations, including proper entity selection, structure, and governance
- Subsidiary entities
- Integrated auxiliaries of a church

Obtaining and maintaining:

- Federal and state income tax exemption
- Property tax exemption
- Sales tax exemption

Corporate, business, and other transactions:

- Mergers and acquisitions
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