

IP TECHNOLOGY SERVICES, INC.

Form 10-Q

May 17, 2010

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**X . QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2010

**. TRANSITION REPORT UNDER SECTION 13 or 15(d) OF THE EXCHANGE ACT**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

*Commission file number 000-53827*

**IP TECHNOLOGY SERVICES, INC.**

(Exact name of small business issuer as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation

or organization)

**26-0378308**

(IRS Employer Identification No.)

**1576 East 21<sup>st</sup> Street**

**New York, New York 11210**

(Address of principal executive offices)

**(212) 363-7500**

(Issuer's telephone number)

Check whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  . No  .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer  . Accelerated filer  .  
Non-accelerated filer  . Smaller reporting company  .

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 2,500,000 shares of Common Stock, as of May 14, 2010.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934) (check one): Yes  . No  .

Transitional Small Business Disclosure Format (check one): Yes  . No  .

**IP TECHNOLOGY SERVICES, INC.**

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**IP TECHNOLOGY SERVICES, INC.**

## Consolidated Balance Sheets

	March 31, 2010 (Unaudited)	September 30, 2009
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 3,587	\$ 26,525
Total Current Assets	3,587	26,525
<b>OTHER ASSETS:</b>		
Patent	28,195	28,195
Accumulated amortization	(4,743)	(3,195)
Patent, net	23,452	25,000
<b>TOTAL ASSETS</b>	<b>\$ 27,039</b>	<b>\$ 51,525</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accrued expenses	\$ 26,050	\$ 33,550
Income taxes payable	-	3,603
Current Liabilities	26,050	37,153
<b>STOCKHOLDERS EQUITY:</b>		
Common stock at \$0.0001 par value; 99,000,000 shares authorized; 2,500,000 shares issued and outstanding	250	250
Additional paid-in capital	34,750	34,750
Retained earnings (deficit)	(34,011)	(20,628)
Noncontrolling interests	-	-
Stockholders Equity	989	14,372
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>\$ 27,039</b>	<b>\$ 51,525</b>

See accompanying notes to the consolidated financial statements.



**IP TECHNOLOGY SERVICES, INC.**

## Consolidated Statements of Operations

(Unaudited)

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Revenue	\$ -	\$ -
Operating expenses		
Professional fees	3,025	1,500
Amortization	774	-
General and administrative expenses	125	2,142
Total operating expenses	3,924	3,642
Loss from operations	(3,924)	(3,642)
Loss before income taxes	(3,924)	(3,642)
Income tax (benefit)	-	(1,457)
Net loss	(3,924)	(2,185)
Net loss attributable to noncontrolling interest	-	-
Net loss attributable to IP Technology	\$ (3,924)	\$ (2,185)
Net income (loss) per common share attributed to IP Technology basic and diluted	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding basic and diluted	2,500,000	2,500,000

See accompanying notes to the consolidated financial statements.





**IP TECHNOLOGY SERVICES, INC.**

## Consolidated Statements of Operations

(Unaudited)

	Six Months Ended March 31, 2010	Six Months Ended March 31, 2009
Revenue	\$ -	\$ 50,000
Operating expenses		
Professional fees	4,650	27,250
Rent	4,500	
Amortization	1,548	-
General and administrative expenses	2,685	2,512
Total operating expenses	13,383	29,762
Income (loss) from operations	(13,383)	20,238
Income (loss) before income taxes	(13,383)	20,238
Income tax	-	8,095
Net income (loss)	(13,383)	12,143
Net income (loss) attributable to noncontrolling interest	-	-
Net income (loss) attributable to IP Technology	\$ (13,383)	\$ 12,143
Net income (loss) per common share attributed to IP Technology basic and diluted	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding basic and diluted	2,500,000	2,500,000

See accompanying notes to the consolidated financial statements.



**IP TECHNOLOGY SERVICES, INC.**

## Statements of Cash Flows

(Unaudited)

	Six Months Ended March 31, 2010	Six Months Ended March 31, 2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ (13,383)	\$ 12,143
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Amortization	1,548	752
Changes in operating assets and liabilities		
Increase (decrease) in accrued expenses	(7,500)	3,750
Decrease in income taxes payable	(3,603)	(15,593)
Net Cash Provided by (Used in) Operating Activities	(22,938)	1,052
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of patent	-	(90,000)
<b>NET CHANGE IN CASH</b>	<b>(22,938)</b>	<b>(88,948)</b>
<b>CASH AT BEGINNING OF PERIOD</b>	<b>26,525</b>	<b>122,728</b>
<b>CASH AT END OF PERIOD</b>	<b>\$ 3,587</b>	<b>\$ 33,780</b>
<b>SUPPLEMENTAL SCHEDULE OF CASH FLOW ACTIVITIES:</b>		
Interest paid	\$ -	\$ -
Taxes paid	\$ 2,560	\$ 23,688

See accompanying notes to the consolidated financial statements.

**IP TECHNOLOGY SERVICES, INC.**

MARCH 31, 2010 and 2009

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited)

**NOTE 1 - NATURE OF OPERATIONS**

IP Technology Services, Inc. ( IP or the Company ) was incorporated on June 6, 2007 under the laws of the State of Delaware. IP provides a range of services to assist inventors to leverage their patents and related intellectual property ( Portfolios ) and formulate a strategy to maximize the revenue and profit generated by the Portfolios.

On June 9, 2008, the company formed Mural Comm LLC ( LLC ) under the laws of the State of Delaware. The LLC, of which the Company is a 75% member, was formed to provide the same services as IP and is currently inactive.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of presentation*

The accompanying unaudited interim consolidated financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America ( U.S. GAAP ) for interim financial information, and with the rules and regulations of the United States Securities and Exchange Commission ( SEC ) to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The unaudited interim financial statements furnished reflect all adjustments (consisting of normal recurring accruals) which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. Interim results are not necessarily indicative of the results for the full year. These unaudited interim financial statements should be read in conjunction with the consolidated financial statements of the Company for the fiscal year ended September 30, 2009 and notes thereto contained in the Company s Annual Report on Form 10-K filed with the SEC on December 29, 2009.

The consolidated financial statements include all accounts of IP and LLC as of March 31, 2010 and 2009 and for the interim periods then ended. All inter-company balances and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Fiscal year end

The Company elected September 30 as its fiscal year ending date.

Cash equivalents

The Company considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents.

Patent

The Company follows the guidelines as set out in paragraph 350-30-25-3 and paragraph 350-30-35-6 of the FASB Accounting Standards Codification for patent. Under the requirements as set out in paragraph 350-30-25-3 and paragraph 350-30-35-6 of the FASB Accounting Standards Codification, the Company amortizes the costs of acquired patent over its remaining legal lives, or estimated useful life, or the term of the contract, whichever is shorter. Upon becoming fully amortized, the related cost and accumulated amortization are removed from the accounts.

Impairment of long-lived assets

The Company follows paragraph 360-10-35-17 of the FASB Accounting Standards Codification for its long-lived assets. The Company's long-lived asset, which includes patent, is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The Company assesses the recoverability of its long-lived assets by comparing the projected undiscounted net cash flows associated with the related long-lived asset or group of long-lived assets over their remaining estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. Fair value is generally determined using the asset's expected future discounted cash flows or market value, if readily determinable. If long-lived assets are determined to be recoverable, but the newly determined remaining estimated useful lives are shorter than originally estimated, the net book values of the long-lived assets are depreciated over the newly determined remaining estimated useful lives. The Company determined that there was an impairment of the patent as of September 30, 2009 and recorded an impairment charge of \$61,805 to operations.

*Fair value of financial instruments*

The Company follows paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments and paragraph 820-10-35-37 of the FASB Accounting Standards Codification ( Paragraph 820-10-35-37 ) to measure the fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America (U.S. GAAP), and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three (3) levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

Level 1

Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2

Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.

Level 3

Pricing inputs that are generally observable inputs and not corroborated by market data.

The carrying amounts of the Company's financial assets and liabilities, such as cash, accrued expenses and income tax payable, approximate their fair values because of the short maturity of these instruments.

The Company does not have any assets or liabilities measured at fair value on a recurring or a non-recurring basis, consequently, the Company did not have any fair value adjustments for assets and liabilities measured at fair value at March 31, 2010, nor gains or losses are reported in the statement of operations that are attributable to the change in unrealized gains or losses relating to those assets and liabilities still held at the reporting date for the interim period ended March 31, 2010 or 2009.

Noncontrolling interests

The Company follows paragraph 810-10-65-1 of the FASB Accounting Standards Codification to include non-controlling interests in Mural Comm LLC, its majority owned subsidiary in the equity section of the consolidated balance sheets. Noncontrolling interests represent 25% of the equity of the Company's majority-owned subsidiary, Mural Comm LLC. Noncontrolling interests are adjusted for the noncontrolling interest holders' proportionate share of the earnings or losses of Mural Comm LLC to the extent of the noncontrolling interest holders' contributed capital of nil. Mural Comm LLC incurred recurring losses for the interim period ended March 31, 2010 no adjustments had been made to the noncontrolling interests for noncontrolling interest holders' proportionate share of losses of Mural Comm LLC for respective periods.

Revenue recognition

The Company's revenues are derived principally from commissions earned through retaining a buyer or licensee(s) or obtaining product development funding for the Portfolios holder the Company represents. The Company follows the guidance of paragraph 605-10-S99-1 of the FASB Accounting Standards Codification for revenue recognition. The Company recognizes revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when it has persuasive evidence of an arrangement that the product has been shipped or the services have been rendered to the customer, the sales price is fixed or determinable, and collectability is reasonably assured. In addition to the aforementioned general policy, the following are the specific revenue recognition policies for each category of revenues:



*Licensing revenues:* Licensing revenues, net of licensor participations, are recognized when the underlying royalties from the sales of the related products are earned. The Company recognizes guaranteed royalties, net of licensor participations, at the time the arrangement becomes effective if the Portfolios holder has signed a non cancelable contract, has agreed to a fixed fee, has delivered the rights to the licensee who is free to exercise them, and the Portfolios holder and the Company, as a licensing agent has no remaining significant obligations with the underlying Portfolios or obligation to the licensee, and collectability of the full fee is reasonably assured. Where the Company has significant continuing direct involvement with the underlying Portfolios or obligation to the licensee, guaranteed minimum royalties, net of licensor participations, are recognized ratably over the term of the license or based on sales of the related products, if greater. Licensing advances and guaranteed payments collected but not yet earned by the Company are classified as deferred revenue in the accompanying consolidated balance sheets.

*Commission income:* Commission income, net of licensor participations, is recognized when the underlying commission from the sale of the Portfolios or securing product development funding is earned. The Company recognizes commission income, net of licensor participations, at the time the sale of the Portfolios or product development funding arrangement becomes effective if the Portfolios holder has signed a non cancelable contract, has agreed to a fixed or determinable amount, has sold the rights to the buyer or obtained the funding from the financing institutions, and collectability of the full commission is reasonably assured. If the Company determines that collection of the full commission is not reasonably assured, the Company defers the revenue recognition and recognizes commission income at the time collection becomes reasonably assured, which is generally upon receipt of cash.

#### Income taxes

The Company accounts for income taxes under paragraph 710-10-30-2 of the FASB Accounting Standards Codification. Deferred income tax assets and liabilities are determined based upon differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statements of operations in the period that includes the enactment date.

The Company adopted section 740-10-25 of the FASB Accounting Standards Codification ( Section 740-10-25 ). Section 740-10-25 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under Section 740-10-25, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent (50%) likelihood of being realized upon ultimate settlement. Section 740-10-25 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires

increased disclosures. The Company had no material adjustments to its liabilities for unrecognized income tax benefits according to the provisions of Section 740-10-25.

Net income (loss) per common share

Net income (loss) per common share is computed pursuant to paragraph of 260-10-45-10 of the FASB Accounting Standards Codification. Basic net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Diluted net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock and potentially outstanding shares of common stock during each period. There were no potentially dilutive shares outstanding as of March 31, 2010 or 2009.

Recently issued accounting pronouncements

In June 2003, the Securities and Exchange Commission ( SEC ) adopted final rules under Section 404 of the Sarbanes-Oxley Act of 2002 ( Section 404 ), as amended by SEC Release No. 33-9072 on October 13, 2009. Under the provisions of Section 404 of the Sarbanes-Oxley Act, public companies and their independent auditors are each required to report to the public on the effectiveness of a company s internal controls. The smallest public companies with a public float below \$75 million have been given extra time to design, implement and document these internal controls before their auditors are required to attest to the effectiveness of these controls. This extension of time will expire beginning with the annual reports of companies with fiscal years ending on or after June 15, 2010. Commencing with its annual report for the fiscal year ending September 30, 2010, the Company will be required to include a report of management on its internal control over financial reporting. The internal control report must include a statement

of management s responsibility for establishing and maintaining adequate internal control over its financial reporting;

of management s assessment of the effectiveness of its internal control over financial reporting as of year end; and



of the framework used by management to evaluate the effectiveness of the Company's internal control over financial reporting.

Furthermore, it is required to file the auditor's attestation report separately on the Company's internal control over financial reporting on whether it believes that the Company has maintained, in all material respects, effective internal control over financial reporting.

In June 2009, the FASB approved the FASB Accounting Standards Codification (the Codification) as the single source of authoritative nongovernmental U.S. GAAP to be launched on July 1, 2009. The Codification does not change current U.S. GAAP, but is intended to simplify user access to all authoritative U.S. GAAP by providing all the authoritative literature related to a particular topic in one place. All existing accounting standard documents will be superseded and all other accounting literature not included in the Codification will be considered non-authoritative. The Codification is effective for interim and annual periods ending after September 15, 2009. The Company does not expect the adoption to have a material impact on its consolidated financial position, results of operations or cash flows.

In August 2009, the FASB issued the FASB Accounting Standards Update No. 2009-04 *Accounting for Redeemable Equity Instruments - Amendment to Section 480-10-S99* which represents an update to section 480-10-S99, distinguishing liabilities from equity, per EITF Topic D-98, *Classification and Measurement of Redeemable Securities*. The Company does not expect the adoption of this update to have a material impact on its consolidated financial position, results of operations or cash flows.

In August 2009, the FASB issued the FASB Accounting Standards Update No. 2009-05 *Fair Value Measurement and Disclosures Topic 820 Measuring Liabilities at Fair Value*, which provides amendments to subtopic 820-10, Fair Value Measurements and Disclosures Overall, for the fair value measurement of liabilities. This update provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using one or more of the following techniques: 1. A valuation technique that uses: a. The quoted price of the identical liability when traded as an asset b. Quoted prices for similar liabilities or similar liabilities when traded as assets. 2. Another valuation technique that is consistent with the principles of topic 820; two examples would be an income approach, such as a present value technique, or a market approach, such as a technique that is based on the amount at the measurement date that the reporting entity would pay to transfer the identical liability or would receive to enter into the identical liability. The amendments in this update also clarify that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of the liability. The amendments in this update also clarify that both a quoted price in an active market for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required are Level 1 fair

value measurements. The Company does not expect the adoption of this update to have a material impact on its consolidated financial position, results of operations or cash flows.

In September 2009, the FASB issued the FASB Accounting Standards Update No. 2009-08 *Earnings Per Share Amendments to Section 260-10-S99*, which represents technical corrections to topic 260-10-S99, Earnings per share, based on EITF Topic D-53, *Computation of Earnings Per Share for a Period that includes a Redemption or an Induced Conversion of a Portion of a Class of Preferred Stock* and EITF Topic D-42, *The Effect of the Calculation of Earnings per Share for the Redemption or Induced Conversion of Preferred Stock*. The Company does not expect the adoption of this update to have a material impact on its consolidated financial position, results of operations or cash flows.

In September 2009, the FASB issued the FASB Accounting Standards Update No. 2009-09 *Accounting for Investments-Equity Method and Joint Ventures and Accounting for Equity-Based Payments to Non-Employees*. This update represents a correction to Section 323-10-S99-4, *Accounting by an Investor for Stock-Based Compensation Granted to Employees of an Equity Method Investee*. Additionally, it adds observer comment *Accounting Recognition for Certain Transactions Involving Equity Instruments Granted to Other Than Employees* to the Codification. The Company does not expect the adoption to have a material impact on its consolidated financial position, results of operations or cash flows.

In September 2009, the FASB issued the FASB Accounting Standards Update No. 2009-12 *Fair Value Measurements and Disclosures Topic 820 Investment in Certain Entities That Calculate Net Assets Value Per Share (or Its Equivalent)*, which provides amendments to Subtopic 820-10, Fair Value Measurements and Disclosures-Overall, for the fair value measurement of investments in certain entities that calculate net asset value per share (or its equivalent). The amendments in this update permit, as a practical expedient, a reporting entity to measure the fair value of an investment that is within the scope of the amendments in this update on the basis of the net asset value per share of the investment (or its equivalent) if the net asset value of the investment (or its equivalent) is calculated in a manner consistent with the measurement principles of Topic 946 as of the reporting entity's measurement date, including measurement of all or substantially all of the underlying investments of the investee in accordance with Topic 820. The amendments in this update also require disclosures by major category of investment about the attributes of investments within the scope of the amendments in this update, such as the nature of any restrictions on the investor's ability to redeem its investments at the measurement date, any unfunded commitments (for example, a contractual commitment by the investor to invest a specified amount of additional capital at a future date to fund investments that will be made by the investee), and the investment strategies of the investees. The major category of investment is required to be determined on the basis of the nature and risks of the investment in a manner consistent with the guidance for major security types in U.S. GAAP on investments in debt and equity securities in paragraph 320-10-50-1B. The disclosures are required for all investments within the scope of the amendments in this update regardless of whether the fair value of the investment is measured using the practical expedient. The Company does not expect the adoption to have a material impact on its consolidated financial position, results of operations or cash flows.

In January 2010, the FASB issued the FASB Accounting Standards Update No. 2010-01 *Equity Topic 505 Accounting for Distributions to Shareholders with Components of Stock and Cash*, which clarify that the stock portion of a distribution to shareholders that allows them to elect to receive cash or stock with a potential limitation on the total amount of cash that all shareholders can elect to receive in the aggregate is considered a share issuance that is reflected in EPS prospectively and is not a stock dividend for purposes of applying Topics 505 and 260 (Equity and Earnings Per Share (EPS)). Those distributions should be accounted for and included in EPS calculations in accordance with paragraphs 480-10-25-14 and 260-10-45-45 through 45-47 of the FASB Accounting Standards Codification. The amendments in this Update also provide a technical correction to the Accounting Standards Codification. The correction moves guidance that was previously included in the Overview and Background Section to the definition of a stock dividend in the Master Glossary. That guidance indicates that a stock dividend takes nothing from the property of the corporation and adds nothing to the interests of the stockholders. It also indicates that the proportional interest of each shareholder remains the same, and is a key factor to consider in determining whether a distribution is a stock dividend.

In January 2010, the FASB issued the FASB Accounting Standards Update No. 2010-02 *Consolidation Topic 810 Accounting and Reporting for Decreases in Ownership of a Subsidiary – a Scope Clarification*, which provides amendments to Subtopic 810-10 and related guidance within U.S. GAAP to clarify that the scope of the decrease in ownership provisions of the Subtopic and related guidance applies to the following:

- 1.

A subsidiary or group of assets that is a business or nonprofit activity

2.

A subsidiary that is a business or nonprofit activity that is transferred to an equity method investee or joint venture

3.

An exchange of a group of assets that constitutes a business or nonprofit activity for a noncontrolling interest in an entity (including an equity method investee or joint venture).

The amendments in this Update also clarify that the decrease in ownership guidance in Subtopic 810-10 does not apply to the following transactions even if they involve businesses:

1.

Sales of in substance real estate. Entities should apply the sale of real estate guidance in Subtopics 360-20 (Property, Plant, and Equipment) and 976-605 (Retail/Land) to such transactions.

2.

Conveyances of oil and gas mineral rights. Entities should apply the mineral property conveyance and related transactions guidance in Subtopic 932-360 (Oil and Gas-Property, Plant, and Equipment) to such transactions.

If a decrease in ownership occurs in a subsidiary that is not a business or nonprofit activity, an entity first needs to consider whether the substance of the transaction causing the decrease in ownership is addressed in other U.S. GAAP, such as transfers of financial assets, revenue recognition, exchanges of nonmonetary assets, sales of in substance real estate, or conveyances of oil and gas mineral rights, and apply that guidance as applicable. If no other guidance exists, an entity should apply the guidance in Subtopic 810-10.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

### **NOTE 3 - GOING CONCERN**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business. As reflected in the accompanying consolidated financial statements, the Company had an accumulated deficit of \$34,011, a net loss and net cash used in operations of \$13,383 and \$22,938 for the interim period ended March 31, 2010, respectively. These conditions raise substantial doubt about its ability to continue as a going concern.

While the Company is attempting to produce sufficient sales, the Company's cash position may not be sufficient to support the Company's daily operations. While the Company believes in the viability of its strategy to produce sales volume and in its ability to raise additional funds, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon the Company's ability to further implement its business plan and generate sufficient revenues. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. Management believes that the actions presently being taken to further implement its business plan and generate revenues provide the opportunity for the Company to continue as a going concern.

The consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

### **NOTE 4 - PATENT**

On March 3, 2009, Mural Comm entered into a Purchase Agreement and an Assignment of Patent Rights effective March 3, 2009. The Company paid the seller \$90,000 and is amortizing the reduced impaired amount over the remaining life of the patent, which expires May 7, 2018.

### **NOTE 5 - RELATED PARTY TRANSACTIONS**

The Company leases office space from a related party. The Company expenses all rental costs as incurred. For the interim period ended March 31, 2010 and 2009, the company paid \$4,500 and \$0 to a related party for rent expenses, respectively. There is no formal lease agreement existing at the present that obligates the Company to record any



future minimum payments.

**NOTE 6 - SUBSEQUENT EVENTS**

The Company evaluated all events that occurred after the balance sheet date of March 31, 2010 through May 17, 2010, the date when the financial statements were issued to determine if they must be reported. The Management of the Company determined that there were no reportable subsequent events to be disclosed.

## ITEM 2

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

#### *Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995*

Information set forth herein contains "forward-looking statements" which can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "should" or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy. No assurance can be given that the future results covered by the forward-looking statements will be achieved. The Company cautions readers that important factors may affect the Company's actual results and could cause such results to differ materially from forward-looking statements made by or on behalf of the Company. These factors include the Company's lack of historically profitable operations, dependence on key personnel, the success of the Company's business, ability to manage anticipated growth and other factors identified in the Company's filings with the Securities and Exchange Commission, press releases and/or other public communications.

#### Plan of Operation

The Company earned no revenues in the quarter ended March 31, 2010. On March 3, 2009, the Company, through its subsidiary Mural Comm LLC, purchased from BancTec, Inc. for \$90,000 U.S. Patent No. 6,341,351 titled Method for Communication and Controlling Transactions Between Unsecured Parties (the *Patent*). The Company holds a seventy-five percent interest in Mural Comm LLC and the remaining twenty-five percent interest is held by John Torkelson, an inventor of the Patent. The Company intends on generating revenues from the license and/or sale of the Patent.

In addition, we continue to look for commercially viable Portfolios to represent. To that end, we will continue to work with our industry contacts, advertise and use our website at [www.iptechnologyservices.com](http://www.iptechnologyservices.com) to identify additional Portfolios. For each such Portfolio, we analyze the Portfolio, identify relevant markets and/or identify potential acquirers, licensees and/or investors for the Portfolio. In addition, we developed a proprietary software program that we believe will assist us in identifying patent portfolios that have substantial commercial value. We cannot guarantee, however, that we will find additional suitable Portfolios for which will be successful in completing a revenue generating transaction. In January 2010, the Company agreed to represent a Portfolio relating to multipoint conferencing systems.

Generally, we will enter into one or more agreements with our clients depending on the range of services to be provided. If a client is seeking to sell or license a Portfolio, we will typically enter into a Patent Broker Agreement ( Broker Agreement ) under which we earn a commission for finding a buyer and/or licensee of the Portfolio. Our commission rates are typically one-third (33.33%) of revenues generated through the sale/license of the Portfolio but in certain situations we may negotiate a different rate. Where a client is seeking funding for product development, we may enter into a Patent Finance Agreement ( Finance Agreement ) under which we earn commission based on the amount of capital we assist in raising. In certain situations, we may consider purchasing all or part of a Portfolio and develop a licensing campaign for the Portfolio to generate revenues for the Company.

As March 31, 2010, the Company had \$3,587 in cash. The Company's current cash position may not be sufficient to fund operations over the next twelve months including general overhead expenses such as salaries, corporate legal and accounting fees, office overhead and general working capital. In the event the Company may require additional cash to fund operations or purchase a Portfolio, we may have to borrow money from shareholders or issue debt or equity or enter into a strategic arrangement with a third party. Our officer will fund any expenses which arise until such time as the Company raises sufficient funds. There can be no assurance that additional capital will be available to us. We currently have no agreements, arrangements or understandings with any person to obtain funds through bank loans, lines of credit or any other sources.

#### *Critical Accounting Policies*

The preparation of financial statements and related notes requires us to make judgments, estimates, and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities.

An accounting policy is considered to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the financial statements.

Financial Reporting Release No. 60 requires all companies to include a discussion of critical accounting policies or methods used in the preparation of financial statements. There are no critical policies or decisions that rely on judgments that are based on assumptions about matters that are highly uncertain at the time the estimate is made.



*Seasonality*

To date, we have not noted any significant seasonal impacts.

*Off Balance Sheet Arrangements*

We have no off-balance sheet arrangements.

**Item 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The Company is subject to certain market risks, including changes in interest rates and currency exchange rates. The Company does not undertake any specific actions to limit those exposures.

**ITEM 4- CONTROLS AND PROCEDURES**

(a)

Evaluation of disclosure controls and procedures.

Pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934 ( Exchange Act ), the Company carried out an evaluation, with the participation of the Company's management, including the Company's Chief Executive Officer ( CEO ) and Chief Accounting Officer ( CAO ) (the Company's principal financial and accounting officer), of the effectiveness of the Company's disclosure controls and procedures (as defined under Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, the Company's CEO and CAO concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's CEO and CAO, as appropriate, to allow timely decisions regarding required disclosure.

b)

#### Management's Report on Internal Controls over Financial Reporting

Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. There has been no change in the Company's internal control over financial reporting during the quarter ended December 31, 2009 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

The Company's management, including the Company's CEO and CAO, does not expect that the Company's disclosure controls and procedures or the Company's internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of the controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the company's internal control over financial reporting was effective as of December 31, 2009.

This quarterly report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this quarterly report.

## PART II OTHER INFORMATION

### Item 1. - Legal Proceedings

None.

**Item 2. - Unregistered Sales of Equity Securities and Use of Proceeds**

Not applicable.

**Item 3. - Defaults Upon Senior Securities**

Not applicable.

**Item 4. - Submission of Matters to a Vote of Security Holders**

Not applicable.

**Item 5. - Other Information**

Not applicable

**Item 6. - Exhibits and Reports on Form 8-K**

*Exhibits.*

31.1 Section 302 Certification Of Chief Executive and Chief Financial Officer

32.1 Certification of Chief Executive Officer and Chief Financial Officer Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 Of The Sarbanes-Oxley Act Of 2002

*Reports on Form 8-K*

Not applicable



Exhibit

Number Description

31.1 Section 302 Certification Of Chief Executive and Chief Financial Officer

32.1 Certification of Chief Executive Officer and Chief Financial Officer Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 Of The Sarbanes-Oxley Act Of 2002

**SIGNATURES**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

IP TECHNOLOGY SERVICES, INC.

*/s/ Joseph Levi*

Joseph Levi

Title: President, Chief Executive Officer  
Chief Financial Officer

Date: May 17, 2010