

IP TECHNOLOGY SERVICES, INC.  
Form 10-Q  
May 23, 2011

**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, 2011

**. 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 registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation

**26-0378308**  
(IRS Employer Identification  
No.)

or organization)

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

**New York, New York 11210**

(Address of principal executive offices) (zip code)

**(212) 363-7500**

(Registrant's telephone number, including area code)

Indicate by check mark 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  . (Do not check if a smaller reporting company)  .  
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 20, 2011.

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  .

**IP TECHNOLOGY SERVICES, INC.**

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**IP TECHNOLOGY SERVICES, INC.**

## Consolidated Balance Sheets

	March 31, 2011 (Unaudited)	September 30, 2010
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 1,098	\$ 3,943
Total Current Assets	1,098	3,943
<b>OTHER ASSETS:</b>		
Patent	-	28,195
Accumulated amortization	-	(6,265)
Patent, net	-	21,930
<b>TOTAL ASSETS</b>	<b>\$ 1,098</b>	<b>\$ 25,873</b>
<b>LIABILITIES AND DEFICIT</b>		
<b>CURRENT LIABILITIES:</b>		
Accrued expenses	\$ 22,370	\$ 33,985
Total Current Liabilities	22,370	33,985
<b>DEFICIT:</b>		
<b>IP STOCKHOLDERS DEFICIT:</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
Accumulated deficit	(56,272)	(43,112)
IP Stockholders Deficit	(21,272)	(8,112)
Noncontrolling interest	-	-
Equity (Deficit)	(21,272)	(8,112)
<b>TOTAL LIABILITIES AND DEFICIT</b>	<b>\$ 1,098</b>	<b>\$ 25,873</b>

See accompanying notes to the consolidated financial statements.



**IP TECHNOLOGY SERVICES, INC.**

## Consolidated Statements of Operations

(Unaudited)

	Three Months Ended	Three Months Ended
	March 31, 2011	March 31, 2010
Revenue	\$ -	\$ -
Operating expenses		
Compensation	46,430	-
Professional fees	8,250	3,025
Amortization	-	774
General and administrative expenses	2,770	125
Total operating expenses	57,450	3,924
Operating loss	(57,450)	(3,924)
Other (income) expense		
Income tax refund	(6,230)	-
Total other (income) expense	(6,230)	-
Loss before income taxes	(51,220)	(3,924)
Income tax	-	-
Net loss	(51,220)	(3,924)
Net loss attributable to		
noncontrolling interest holder	-	-
IP Technology common stockholders	\$ (51,220)	\$ (3,924)
Net loss per common share		
attributed to IP Technology		
basic and diluted	\$ (0.02)	\$ (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, 2011	Six Months Ended March 31, 2010
Revenue	\$ -	\$ -
Operating expenses		
Compensation	46,430	-
Professional fees	8,250	4,650
Rent		4,500
Amortization	631	1,548
General and administrative expenses	2,780	2,685
Total operating expenses	58,091	133834
Operating loss	(58,091)	(13,383)
Other (income) expense		
Gain on sale of patent	(38,701)	-
Income tax refund	(6,230)	-
Total other (income) expense	(44,931)	-
Loss before income taxes	(13,160)	(13,383)
Income tax	-	-
Net loss	(13,160)	(13,383)
Net loss attributable to		
noncontrolling interest	-	-
Net loss attributable to		
IP Technology common stockholders	\$ (13,160)	\$ (13,383)
Net loss per common share		
attributed to IP Technology		
basic and diluted	\$ (0.01)	\$ (0.01)
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 Cash Flows

(Unaudited)

	Six Months Ended	Six Months Ended
	March 31, 2011	March 31, 2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (13,160)	\$ (13,383)
Adjustments to reconcile net loss to net cash used in operating activities:		
Gain on sale of patent	(38,701)	-
Amortization	631	1,548
Changes in operating assets and liabilities		
Accrued expenses	(11,615)	(7,500)
Income taxes payable	-	(3,603)
Net Cash Used in Operating Activities	(62,845)	(22,938)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of patent	60,000	-
Net Cash Provided by Investing Activities	60,000	-
<b>NET CHANGE IN CASH</b>	<b>(2,845)</b>	<b>(22,938)</b>
<b>CASH AT BEGINNING OF PERIOD</b>	<b>3,943</b>	<b>26,525</b>
<b>CASH AT END OF PERIOD</b>	<b>\$ 1,098</b>	<b>\$ 3,587</b>
<b>SUPPLEMENTAL SCHEDULE OF CASH FLOW ACTIVITIES:</b>		
Cash paid for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ 2,560

See accompanying notes to the consolidated financial statements.

**IP TECHNOLOGY SERVICES, INC.**

March 31, 2011 and 2010

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, 2010 and notes thereto contained in the Company s Annual Report on Form 10-K filed with the SEC on January 5, 2011.

The consolidated financial statements include all accounts of IP and LLC as of December 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.

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.

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

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. If the inputs used to measure the financial assets and liabilities fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

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

The Company has no assets or liabilities measured at fair value on a recurring basis 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, 2011 or September 30, 2010; no gains or losses are reported in the consolidated 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, 2011 or 2010.

#### 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.

#### Noncontrolling interest

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.

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 income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock and potentially outstanding shares of common stock during the period. There were no potentially dilutive shares outstanding as of March 31, 2011 or 2010.

Commitments and contingencies

The Company follows subtopic 450-20 of the FASB Accounting Standards Codification to report accounting for contingencies. Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

Cash flows reporting

The Company adopted paragraph 230-10-45-24 of the FASB Accounting Standards Codification for cash flows reporting, classifies cash receipts and payments according to whether they stem from operating, investing, or financing activities and provides definitions of each category, and uses the indirect or reconciliation method ( Indirect method ) as defined by paragraph 230-10-45-25 of the FASB Accounting Standards Codification to report net cash flow from operating activities by adjusting net income to reconcile it to net cash flow from operating activities by removing the effects of (a) all deferrals of past operating cash receipts and payments and all accruals of expected future operating cash receipts and payments and (b) all items that are included in net income that do not affect operating cash receipts and payments.

The Company reports the reporting currency equivalent of foreign currency cash flows, using the current exchange rate at the time of the cash flows and the effect of exchange rate changes on cash held in foreign currencies is reported as a separate item in the reconciliation of beginning and ending balances of cash and cash equivalents and separately provides information about investing and financing activities not resulting in cash receipts or payments in the period pursuant to paragraph 830-230-45-1 of the FASB Accounting Standards Codification.

Subsequent events

The Company follows the guidance in Section 855-10-50 of the FASB Accounting Standards Codification for the disclosure of subsequent events. The Company will evaluate subsequent events through the date when the financial statements were issued. Pursuant to ASU 2010-09 of the FASB Accounting Standards Codification, the Company as an SEC filer considers its financial statements issued when they are widely distributed to users, such as through filing them on EDGAR.

Recently Issued Accounting Standards

In January 2010, the FASB issued the FASB Accounting Standards Update No. 2010-06 *Fair Value Measurements and Disclosures (Topic 820) Improving Disclosures about Fair Value Measurements*, which provides amendments to Subtopic 820-10 that requires new disclosures as follows:

1.

Transfers in and out of Levels 1 and 2. A reporting entity should disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers.

2.

Activity in Level 3 fair value measurements. In the reconciliation for fair value measurements using significant unobservable inputs (Level 3), a reporting entity should present separately information about purchases, sales, issuances, and settlements (that is, on a gross basis rather than as one net number).

This Update provides amendments to Subtopic 820-10 that clarifies existing disclosures as follows:

1.

Level of disaggregation. A reporting entity should provide fair value measurement disclosures for each class of assets and liabilities. A class is often a subset of assets or liabilities within a line item in the statement of financial position. A reporting entity needs to use judgment in determining the appropriate classes of assets and liabilities.

2.

Disclosures about inputs and valuation techniques. A reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements. Those disclosures are required for fair value measurements that fall in either Level 2 or Level 3.

This Update also includes conforming amendments to the guidance on employers' disclosures about postretirement benefit plan assets (Subtopic 715-20). The conforming amendments to Subtopic 715-20 change the terminology from *major categories* of assets to *classes* of assets and provide a cross reference to the guidance in Subtopic 820-10 on how to determine appropriate classes to present fair value disclosures. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years.

In April 2010, the FASB issued ASU No. 2010-13, *Compensation Stock Compensation (Topic 718): Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades* ( ASU 2010-13 ). This update provides amendments to Topic 718 to clarify that an employee share-based payment award with an exercise price denominated in the currency of a market in which a substantial portion of the entity's equity securities trades should not be considered to contain a condition that is not a market, performance, or service condition. Therefore, an entity would not classify such an award as a liability if it otherwise qualifies as equity. The amendments in ASU 2010-13 are effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010.

In August 2010, the FASB issued ASU 2010-21, *Accounting for Technical Amendments to Various SEC Rules and Schedules: Amendments to SEC Paragraphs Pursuant to Release No. 33-9026: Technical Amendments to Rules, Forms, Schedules and Codification of Financial Reporting Policies* ( ASU 2010-21 ), was issued to conform the SEC's reporting requirements to the terminology and provisions in ASC 805, *Business Combinations*, and in ASC 810-10, *Consolidation*. ASU No. 2010-21 was issued to reflect SEC Release No. 33-9026, *Technical Amendments to Rules, Forms, Schedules and Codification of Financial Reporting Policies*, which was effective April 23, 2009. The ASU also proposes additions or modifications to the XBRL taxonomy as a result of the amendments in the update.

In August 2010, the FASB issued ASU 2010-22, *Accounting for Various Topics: Technical Corrections to SEC Paragraphs* ( ASU 2010-22 ), which amends various SEC paragraphs based on external comments received and the issuance of SEC Staff Accounting Bulletin (SAB) No. 112, which amends or rescinds portions of certain SAB topics. The topics affected include reporting of inventories in condensed financial statements for Form 10-Q, debt issue costs in conjunction with a business combination, sales of stock by subsidiary, gain recognition on sales of business, business combinations prior to an initial public offering, loss contingent and liability assumed in business combination, divestitures, and oil and gas exchange offers.

In December 2010, the FASB issued the FASB Accounting Standards Update No. 2010-28 *Intangibles Goodwill and Other (Topic 350): When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts* ( ASU 2010-28 ). Under ASU 2010-28, if the carrying amount of a reporting unit is zero or negative, an entity must assess whether it is more likely than not that goodwill impairment exists. To make that determination, an entity should consider whether there are adverse qualitative factors that could impact the amount of goodwill, including those listed in ASC 350-20-35-30. As a result of the new guidance, an entity can no longer assert that a reporting unit is not required to perform the second step of the goodwill impairment test because the carrying amount of the reporting unit is zero or negative, despite the existence of qualitative factors that indicate goodwill is more likely than not impaired. ASU 2010-28 is effective for public entities for fiscal years, and for interim periods within those years, beginning after December 15, 2010, with early adoption prohibited.

In December 2010, the FASB issued the FASB Accounting Standards Update No. 2010-29 *Business Combinations (Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations* ( ASU 2010-29 ). ASU 2010-29 specifies that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendments in this Update also expand the supplemental pro forma disclosures under Topic 805 to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amended guidance is effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. Early adoption is permitted.

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 consolidated 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 \$56,272, a net loss from operations and net cash used in operations of \$13,160 and \$62,845 for the interim period then ended, 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 amortized the reduced impaired patent through December 15, 2010, when it was then sold for \$60,000.

**NOTE 5 - RELATED PARTY TRANSACTIONS**

The Company leases office space from a related party. 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 has evaluated all events that occurred after the balance sheet date through the date these financial statements were issued. The Management of the Company determined that there were reportable events that occurred during that subsequent period to be disclosed or recorded as follows:

On May 18, 2011, Joseph Levi, the Company's President, Chief Executive Officer, Chief Financial Officer, director and the holder of 2,301,000 shares of the Company's common stock (the Shares), entered into a Stock Purchase Agreement with R-Squared Partners, pursuant to which Mr. Levi sold the Shares to R-Squared Partners. Immediately following such transaction, R-Squared Partners beneficially owns approximately 92% of the Company's issued and outstanding common stock.

On May 18, 2011, Mr. Levi, approved an increase in the authorized number of directors of the Company from one to two. Mr. Levi also resigned as President of the Company effective immediately. On May 18, 2011, Neil Rock was appointed to the Company's board of directors to fill the vacancy created by this newly created position. Mr. Rock was also appointed as President of the Company. Mr. Rock has voting and dispositive control of the shares held by R-Squared Partners which were acquired from Mr. Levi.



## 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, 2011. 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*). After several attempts at licensing the Patent, on December 15, 2010, the Company sold the Patent for \$60,000.

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.

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 of March 31, 2011, the Company had \$1,098 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**

As of March 31, 2011, we carried out the evaluation of the effectiveness of our disclosure controls and procedures required by Rule 13a-15(e) under the Exchange Act under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2011, our disclosure controls and procedures were effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is: (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There has been no change in our internal control over financial reporting identified in connection with this evaluation that occurred during our fiscal quarter ended March 31, 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**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. [Removed and Reserved]**

**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

**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.

Title: */s/ Joseph Levi*  
Chief Executive Officer

Chief Financial Officer

Date: May 21, 2011