

Is a Business Valuation Useful? Yes!

For many business owners, a business appraisal or "valuation" can furnish vital planning information and help mitigate risk. Consider the following:

- * Establishing a verifiable value for your business can show whether assets have appreciated at a reasonable rate. If not, the firm's strategy may need to be adjusted.
- * Business valuations furnish documentation to support new financing. Lenders need strong evidence that their loans are properly secured, and a business appraisal can supply that evidence. An independent evaluation of business assets also may encourage lenders to offer favorable interest rates.
- * If you decide to sell the business, a valuation can help you establish a reasonable selling price. Without a detailed and defensible appraisal, owners sometimes entertain unreasonably low offers. On the other hand, a valuation can keep owners from overpricing the firm and thus discouraging potential buyers.
- * What happens if one owner dies or otherwise leaves his or her share of the business to others? In some cases, litigation follows. To ensure that the remaining owners' interests are protected, the business needs to be appraised beforehand.
- * A valuation can also support proper estate planning. If the estate is audited, the IRS is more likely to accept valuations that include a clear and reasoned appraisal. In fact, if discounts are adequately supported by an appraisal, estate taxes may be reduced.
- * Business appraisals are also useful when it is time to figure capital gains. For example, if you inherit a business from your father and decide to sell it, the business can be valued as of the date of your father's death. A good appraisal can help establish a supportable value for the business and may result in lower capital gains taxes.

The Mangold Group, CPAs, PC has qualified credentialed valuation experts with a breadth of valuation experience. To learn more about the firm valuation services visit the firm web site at <http://mangoldcpa.com/business-valuation.asp> Please feel free to contact us for a thirty-minute appointment at no charge to determine if a valuation will benefit you.