



## WHAT IS YOUR BUSINESS WORTH? RTBH CAN ANSWER THAT QUESTION.

There are many occasions when a business needs to have a value determined. Estate taxes, estate planning, sales price negotiations and built-in gains tax on an S-corporation election are just a few examples of when a company needs to know its value. If it is a company that trades on an open market, the value is readily determinable, but what if it is a closely held business not traded on an open market? That is when a professional trained in business valuation is needed to determine a credible value for a company. At Russell Thompson Butler & Houston, we have three such trained and accredited professionals. Each is a certified public accountant who has undergone additional study in business valuation and is a member of the National Association of Valuation Analysts. At Russell Thompson Butler & Houston, each valuation is considered unique; therefore, we will work closely with management to understand the business and select the best method of valuation. Our conclusion will be well thought out rather than pre-conceived because we realize we have been engaged to produce a product that is both objective and defensible.

THE PROSPECTIVE SALE OF A COMPANY is a common reason for obtaining a business valuation. However, there are a number of other reasons to secure a valuation.

These include:

- **ESTATE, GIFT AND TRUST PLANNING** - To determine estate taxes, a value must be placed on all assets, which can include one or more businesses or a family limited partnership.
- **BUY/SELL AGREEMENTS** - A buy/sell agreement is an understanding between shareholders of a closely held business that specifies the terms and prices of a buyout when one or more shareholders choose to sell.
- **MERGER OR ACQUISITIONS** - If a merger or acquisition is being conducted through the exchange of stock, both companies must be valued in order to establish a fair exchange.
- **DIVORCE SETTLEMENTS** - Most often, a business must be valued during divorce proceedings. The business is typically awarded to one spouse while the other receives assets of equal value.
- **LITIGATION** - In addition to divorce, there are other types of litigation that require a business valuation. These may include eminent domain proceedings and insurance claims for lost business.
- **EMPLOYEE STOCK OWNERSHIP PLANS (ESOPs)** - An ESOP is a retirement plan in which company stock is donated instead of cash. The value of the stock must be determined annually to establish the employer's deduction for the contribution.



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