



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 preconceived 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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