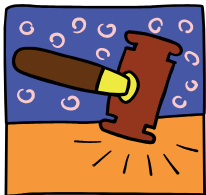


## Expert Testimony

We are happy to provide expert testimony with regard to valuations and other litigation support services. These include:

- Business Valuation
- Forensic Accounting
- Economic Damages
- Due Diligence and Analysis For Business Purchase and Sale
- Buy-Sell Agreements
- Estate Planning
- Succession Planning
- General Business Litigation
- Lost Profits Damages
- Business Interruption
- Bankruptcy and Reorganization
- Marital Dissolution
- Fraud
- Intellectual Property Damages



Steven M. Arkin, CPA, MTX,  
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Dana C. Thompson, CPA, CVA



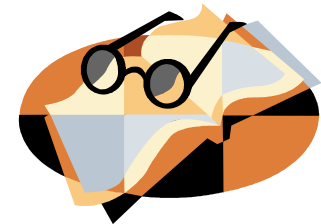
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## Valuation & Litigation Support Services



**When It Really Counts**

**Tel: 912-356-9222**

Whether it is for transfer tax planning purposes, establishing stock value for shareholder buy-sell agreements or many other purposes, the valuation of business entities is both a tax and a business necessity. Valuations are especially important for closely held corporations because the stock for these entities does not typically experience market activity.

Our approach requires a multidimensional examination of the business to be valued and its environment. Our valuation consultants begin an engagement by obtaining background information on the business, the industry and the general economic environment. In placing a value on a going business many factors come into play, both quantitative and qualitative. Factors to be used for determining value will depend upon the conditions surrounding the specific situation.



**The Appraisers are Members of The National Association of Certified Valuation Analysts (NACVA).**

## Purposes for a Valuation

Clients or their professional advisors may identify the need for a valuation for one of the following purposes:

**Estate, Inheritance and Gift Tax** - Valuations of a closely held business are useful for estate planning, estate settlement, and IRS reporting of estate transactions. Valuations are also important to determine the amount of lifetime gifts. Inaccurate valuations can prompt the IRS to challenge and overturn an

estate plan, lead to lawsuits among heirs, and expose the estate to under-valuation penalties. Our firm has prepared many valuations for **Family Limited Partnerships**, a hot estate planning vehicle. Recent changes in adequate disclosure regulations provide attaching an appraisal report to the return will allow the three-year statute of limitations to begin.

**Subchapter S Elections** - C corporations that elect subchapter S status generally require a business valuation to provide protection against built-in gains tax, which is triggered within the ten-year waiting period subsequent to the S election.

**Charitable Contributions** - The gift of stock of a closely held business to a charity may trigger the need for a valuation. A valuation is required for all gifts over \$5,000. If a gift is over \$500, the IRS requires supporting documentation.

**Personal Financial Statements** - A valuation may be necessary to represent the fair value of the assets of the business owner for personal financial statements.

**Financing** - Companies may obtain financing in which the collateral consists of closely held stock or intangible assets. A valuation provides lending institution with documentation regarding the value of collateral.

**Mergers, Acquisitions and Spin-offs** - One company may acquire or be acquired by another, requiring one or both of the companies to be valued to determine a fair transaction price.

**Allocation of Acquisition Price** - When a business is acquired, a valuation is needed to determine the allocation of purchase price to assets acquired for financial and tax reporting.

**Issuing Stock** - When a company obtains additional financing by issuing stock, a valuation is necessary to determine the fair cash-stock transaction level.

**Cross Purchase and Buy-Sell Agreements** - Shareholders in a business may enter into a buy-sell agreement, which facilitates the exchange of shareholder interests in the event of death, disability, retirement or termination from the business. An initial valuation is needed in addition to a plan to update the valuation either through a formula, periodic revaluations, or a combination of the two.

**Liquidation or Reorganizations** - Valuations can be essential for tax reporting, financial reporting, and distribution of assets.

**Minority Shareholder Interests** - Minority shareholders may request a valuation when they feel that a restructuring of the company is having a negative impact on their interests.

**Value-Based Planning** - Management may use the current value of a business to analyze the effect that various management decisions could have on value and to determine which course of action to pursue.

**Litigation** - Attorneys rely on an expert's valuation of a company in various situations including divorce, compensatory damage cases, and insurance claims.



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