

## **Business Appraisals**

L. P. Grasso and Company, Inc. is affiliated with the oldest and largest business appraisal firm in the nation, a firm that completes more than 700 valuations a year.

As the upstate New York representative of the appraisal firm, L. P. Grasso and Company, Inc. collects the required data in a way that provides an appraisal that is cost effective. Within three weeks from the time the necessary data for a full appraisal is submitted you receive a report covering the 10 valuation methods used as well as a suggested range and a suggested price. The Limited Appraisal option is less detailed and can be provided in two weeks or less.

A recent survey of business owners revealed one of their biggest concerns to be the true value of their greatest single asset, their business. In fact, many that had made an effort to determine what their business was worth had undervalued or overvalued it by 50%. For example, an owner thinking his business was worth \$2 million might be just as likely have a business worth \$1 million or \$4 million.

Those considering the sale or purchase of a business normally consider this to be the first step before entering into any marketing or negotiating activities. Would you consider surgery with having a blood test? Common sense dictates a third-party valuation by someone with specific training and experience. This makes the results more acceptable to all parties involved.

### **Uses for Independent, 3rd party Appraisal:**

**Gift and Inheritance Taxes**

**Divorce**

**Mergers and Acquisitions**

**Family Limited Partnership Interests**

**Corporate Partnership Dissolution**

**Estate Planning**

**Reorganization under Bankruptcy**

**Obtaining Financing**

**Buy-Sell Agreements**

**Determining Adequacy of Life Insurance**

Cost effectiveness is assured since L. P. Grasso & Company, Inc. collects the data and provides quality assurance before the data is submitted to the appraisal firm. Your investment in a Full Appraisal or Limited Appraisal is credited at the Closing should you decide to proceed with an engagement.

Review the following table, comparing the alternatives. Contact us to let us know your priorities, your time frame and your specific purpose for completing an appraisal. If you are interested, we can recommend the least expensive option that best meets your requirements.

## Appraisal Types

	Full Appraisal	Limited Appraisal
<b># of Valuation Methods</b>	10	10
<b>Describes all methods, weightings and appraisal methodology</b>	√	√
<b>Statistical Summary</b>	√	√
<b>Graphic Displays</b>	√	√
<b>Comparable Sales Analysis Method</b>	√	√
<b>Critical Factors Discount/Premium Analysis</b>	√	√
<b>Risk Factor Method</b>	√	√
<b>Weighted Value Formulas section</b>	√	√
<b>Correlation of Methods</b>	√	√
<b>Clarification of Value</b>	√	√
<b>Comments on Appraisals</b>	√	√
<b>Comments on Fair Market Value</b>	√	√
<b>Required Rates of Return – Forming a Capitalization Rate</b>	√	√
<b>Principles of Evaluation section</b>	√	√
<b>Discretionary Net Profit Analysis</b>	√	√
<b>Historical and Projected Overview</b>	√	√
<b>Normalized Discretionary Earnings section</b>	√	√
<b>All of the comparable sales we have researched</b>	√	No
<b>A write up on the Industry and where it is headed</b>	√	No
<b>Questionnaire describing the assumptions in the report</b>	√	√
<b>A write up on the local trade area for the company</b>	√	No
<b>Industry Ratios</b>	√	No
<b>Area maps and sometimes aerial photos</b>	√	No
<b>Justification for Purchase Test</b>	√	√