

Getting What You Pay For: The Importance of Financial Due

Diligence

By Nevin Sanli

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SCENARIO A: Our law firm is considering acquiring another law firm in a market that we have been trying to infiltrate.

SCENARIO B: My client, a sole-practitioner physician, has the opportunity to purchase an interest in a larger medical practice.

Performing financial due diligence for a merger or acquisition involves more than simply reviewing the target's financial statements.

- Do the financial statements reasonably reflect the operations of the business?
Could there be hidden assets or liabilities that are not represented on the balance sheets?

- Are there discrepancies between the financial statements and tax returns?

SP&H is an expert at financial due diligence. Just as a physician can prescribe the right medication to help you feel better, SP&H can determine whether financial information reasonably reflects the operations of a business in a quick and costefficient manner.

Nevin Sanli is President and Co-Founder of Sanli Pastore & Hill, Inc. Mr. Sanli, an Accredited Senior Appraiser (ASA), Business Valuation Discipline, of the American Society of Appraisers, and has valued over 1,000 businesses during his career. He specializes in providing expert witness testimony in litigated cases involving business valuation, and frequently speaks on business valuation to professional organizations. Mr. Sanli earned a Bachelors in Honors Economics from the University of California at Irvine. Mr. Sanli can be reached at (310) 571-3400 or <mailto:nsanli@sphvalue.com>

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