



# Forensic Accounting Today

Newsletter of Ron J. Anfuso, CPA/ABV, An Accountancy Corp.

Ron J. Anfuso, CPA, ABV, CFF, CDFA, FABFA\*

Phone: (310) 378-6606 • E-mail: rja@anfusoocpa.com

Website: www.anfusoocpa.com • Blog: blog.anfusoocpa.com



Issue 23

## Marriage Dissolution and Calculating the Value of a Business

The most qualified individuals to handle the valuation of a business in a divorce matter are CPAs who are accredited in business valuation. The *Accredited in Business Valuation (ABV)* credential is only awarded to CPAs who have met specific requirements. These include receiving 75 hours of valuation-related continuing professional education, completing 6 business valuation engagements or obtaining 150 hours of experience within the 5-year period preceding the date of the credential application, and passing the ABV examination. Of course, those CPAs who maintain their accreditation and also have several years of experience conducting valuations are usually the ideal choice.

Forensic Accountants who are ABVs know exactly what documents are needed to thoroughly value a business and how to analyze all records. You should expect your properly accredited Forensic Accountant to ask for and analyze historical financial statements, income tax returns, savings and checking account statements, credit card statements, general ledger details, images of checks written and deposited, accounts receivable ledgers, fixed asset ledgers, ledgers of unbilled work-in-progress and accounts payable ledgers. Experienced CPA/ABVs will not only be able to analyze these documents, but will also most likely have the greatest ability to successfully trace unreported income hidden by parties involved in marriage dissolutions.

Equally important is to ensure your Forensic Accountant can and will simplify complex business financial and accounting issues so that attorneys, clients and the courts will have no trouble comprehending them. Choosing an accountant that meets all of the above criteria best ensures a business valuation done right.

Ron

## Considerations in Determining Marital Standard of Living

By Ron J. Anfuso, CPA, ABV, CFF, CDFA, FABFA\*

The standard used by the courts in California to determine spousal support payment amounts is designated by the California Family Law Code as *Marital Standard of Living (MSOL)*. Marital Standard of Living is considered by the courts to be a general description of the financial place in life the parties achieved as of their date of separation.

Case law succinctly states that Marital Standard of Living is determined by the expenditures of the parties during the marriage. The courts hold this true in all but a few special circumstances, such as when the parties are living beyond their means. In such cases, a court may award the amount of spousal support based on income.

Unfortunately, it is often difficult to calculate MSOL due to a lack of accurate data being available, and it can be time consuming and costly to have the financial data reconstructed. Thus, in such cases, you will need to determine whether it is best to have the financial data pieced together or have the Court determine the MSOL based solely on testimony and summary information.

Certainly, in many cases, you can accurately estimate financial conclusions based on readily obtainable sources. This is due to the fact that marital expenditures usually correspond with the spouses' reported taxable incomes and the courts do accept the spouse's incomes as a valid measure of marital expenditures. On the other hand, if the financial issues are complex and, for example, a business valuation is required, consulting with a Forensic Accountant may be your best option.

**Continued on page 2**

### Need a Financial Expert to Speak to Your Study Group or Bar Event?

Ron J. Anfuso can address any Forensic Accounting topic, including Moore/Marsden; marital standard of living and support needs analysis; financial specialists and Collaborative Law; gross cash flow available for support; DissoMaster™; divorce tax issues; divorce: what to expect; and business valuations. To discuss your group's needs, call Ron today!

\* For an explanation of these titles, please visit our website or request a copy of Issue 3 of *Forensic Accounting Today*.

## Maintaining the Accustomed Lifestyle

Whether or not you regularly consult with a Forensic Accountant concerning the determination of Marital Standard of Living, you need to remain up-to-date concerning what California courts consider as evidence of MSOL. Valid examples include:

- Ownership of family homes
- Rental properties
- Vacation homes
- Vehicles owned (cars, boats, RVs, etc.)
- Vacations (locations, durations, frequency, etc.)
- Investment accounts and employee benefits
- Debts and outstanding loans
- Social activities and memberships in organizations
- Charitable contributions
- Gifts and inheritances received prior to and during the marriage
- Personal property (furniture, jewelry, art, etc.).

In addition to these, the courts will take into account the following in determining the extent to which the earning capacity of each party is enough to maintain the standard of living enjoyed during the marriage:

- How long the couple was married
- The ability of the supported party to be employed, as well as potential earnings
- Whether the supported party's current or future earnings has diminished due to periods of unemployment
- Whether the supported party contributed to the education of the supporting party and how much
- The age, health and medical needs of the parties
- The capability of the supporting party to pay spousal support based on earned income, unearned income, assets and earning capacity.

It is the Court's intention to award the amount of spousal support that will best enable each party to maintain a standard of living as close as possible to what the parties enjoyed during their marriage. Furthermore, it is not the Court's intention to award a level of spousal support that will allow one party to enjoy a superior standard of living in comparison to what the parties enjoyed during their marriage, regardless of the circumstances that caused the divorce.

If you have questions concerning Marital Standard of Living, please e-mail ([rja@anfusco.com](mailto:rja@anfusco.com)), call (310.378.6606) or post a question on our blog ([blog.anfusocpa.com](http://blog.anfusocpa.com)).



**“That ‘tough’ opposing counsel LAUGHED when I sat down at the witness stand.”**

## “Until she heard my testimony”

There are several reasons why Ron J. Anfuso is so effective in court. One that sets him apart from other forensic accountants is how much he welcomes being challenged by the most difficult circumstances. It's all about his confidence, preparation, credibility and experience.

**Ron J. Anfuso**  
CPA/ABV

An Accountancy  
Corporation

**RJA**  
CPA ABV



Ron J. Anfuso, CPA, ABV,  
CFF, CDFIA, FABFA



## Just 1 hour

Spend just one hour with Ron. Enjoy breakfast or lunch on him.

That's all it takes to discover why

**Ron J. Anfuso, CPA/ABV**  
**is the better choice.**

Call or e-mail us to set up a time.