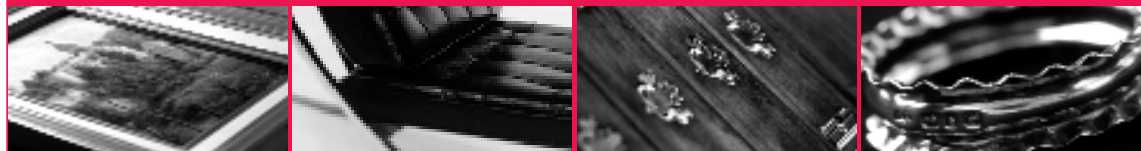


B. FLETCHER & ASSOCIATES  
**COLLECTOR'S LETTER**

CURRENT NOTES ON FINE ART AND ANTIQUES APPRAISAL AND ADVISORY



**KEEPING UP WITH ART VALUES**

In serving our clients our role is to assist them in protecting the value of their collections by, among other things, increasing their awareness of values. Recent landmark sales, such as John Singer Sargent's, "Group with Parasols," which fetched an unprecedented \$23.5 million at auction in 2004, along with TV favorites "Antiques Road Show" and "Find!" have brought the subject of art values into sharp focus, casting our job as appraisers in a new light.

Many of our clients don't think of themselves as "art collectors," and because they dismiss the value of their art, be it paintings, fine furniture, silver, jewelry or other collectibles, they end up under-served where insurance, estate planning and financial planning are concerned.

We remind our clients that ownership of art and personal possessions carries the same emotional attachment and monetary responsibilities as owning a home. Whether it is because of a fire or a theft, an estate settlement, divorce proceedings or death, collections have to be dealt with, insured, distributed between family members, donated, or split between parties. We assist our clients in determining monetary value so that dealing with the emotional issues is easier when the time comes. For that reason, we tell our clients that a professional appraisal of their possessions is as important as a will.

**Qualified Art Appraiser**

A qualified art appraiser is a specialized professional who is trained to value a piece of art, antique furniture, or any other object by inspecting it, assessing it, and comparing it with other, recently sold objects of the same type and period. This professional demonstrates knowledge, connoisseurship and credentials and delivers a confidential written report after taking notes and photographs.

A qualified appraiser knows how to assign the appropriate value for a given purpose, does not engage in conflict of interest (that is, has no financial interest in the object), and does not charge a percentage of the value of appraised objects.

For best protection in any situation, you should choose to work with a USPAP certified appraiser who has taken the ethics and methodology course and passed the exam of the National Appraisal Foundation: the Uniform Standards of Professional Appraisal Practice (USPAP).

**Insurance, Estate, Donations**

Different values are used in an appraisal depending on whether the intention is to insure the appraised art, gift it or donate it to a charitable institution.

For insurance purposes a professional appraisal of your art, antiques and collectibles provides current retail replacement values and documentation of the appraised objects for your insurance company.

When you are planning your estate and during probate, an appraisal provides fair market value for tax purposes and impartial distribution among heirs.

For an art donation to a museum, an appraisal provides fair market value and documentation of the gift according to tax regulations.

Our clients often ask if the IRS uses insurance appraisals for estate purposes. The answer is no, so don't be afraid to seek a replacement value assessment for insurance purposes.

**"Ownership of art and personal possessions carries the same emotional attachment and monetary responsibilities as owning a home."**

**InSight**

**Current Trends In Value**

American Furniture	∨
African Art	∟
Cutting Edge Contemporary Art	∨
Diamonds	∟
European 19 <sup>th</sup> Century Glass	∠
19 <sup>th</sup> Century French Furniture	∩
Russian Art	∨

∨ Strong increase  
 ∟ Moderate increase  
 ∠ Soft Moderate increase  
 ∩ Moderate decrease  
 ∨ Strong decrease

## IT'S NOT JUST ABOUT PAINTINGS

### Protection of Value

Maintenance and Insurance protect the value of your art.

The condition of your art and antiques directly affects their value. Taking good care of one's collections means having pieces cleaned, restored, refinished or reframed as needed. It also means careful choices for packing, moving and storage.

Insurance is crucial, together with written records and photos kept off-site. Valuations "after the fact" in case of loss or damage can be complicated, and are never as beneficial to you as if the value were established before the loss or damage.



### Forgotten collections in your attic

In the process of doing our job, we sometimes discover hidden treasures. More often we learn that a client has a collection of objects, in particular heirlooms, stored away with no thought given to their value or protection. Prime examples are a stash of uninsured family silver inherited long ago, or some antique watches that were never worn. These objects should be counted among your valuables.

The Whitney family bought Picasso's "Le Garçon a la Pipe" for \$30,000 in 1950. That painting is now worth \$104 million and one doesn't have to look far to find other examples of the astronomical rise in the value of paintings in recent decades. But with increasing numbers of collectors and museums finding themselves priced out of the market on paintings, many have turned to antique furniture and collectibles, in turn fueling those markets. The result is that some American furniture has appreciated more than equities. A Federal Period, 8-Day, Tall Case Clock belonging to one of our clients was appraised for \$4,500 in 1971 and last year was found to have replacement value of \$35,000. Similarly, a mid-19<sup>th</sup> Century Carved Mahogany sofa purchased for \$350 in 1971 is now worth \$12,000. Most spectacularly, the Carved Mahogany Tea Table attributed to John Goddard, Newport, RI, c.1760, estimated at

\$2-\$5 million, sold for a record breaking \$8.4 million this year.

Even contemporary furniture has enjoyed surprising growth. A walnut side table by Japanese-American architect and furniture

designer George Nakashima recently sold at auction in New Jersey for \$56,000: \$48,000 more than its estimated sale price. The Nakashima, made in 1977, had at least acquired the venerability of *some* age but consider this—a chair by

cutting-edge designer Ron Arad bought only six years ago for \$20,000 now sells for \$90,000, and one by Marc Newsome bought in 1992 for \$25,000 now sells for \$250,000.

So, even if you feel as if it was only yesterday that you had your fine furniture appraised, it might be time to take another look. The antique that gives you so much "intangible enjoyment" might just possibly have increased in monetary value more than your home. **BFA**

**"Some American furniture has appreciated more than equities."**

## IT'S A NEW WORLD

In 18<sup>th</sup> Century Europe, hand-made lace traded internationally at values similar to that of gold. Today, the table you eat dinner on might finance a child's education, and art is becoming a new asset class. Art indexes like MeiMoses and the Gabrius index are tracking art using the same methods used for stock analysis, and art funds are becoming the new hedge funds. A number of these funds, such as The Fine Art Fund, Fernwood Art Investments and ArtVest have recently been created in London, New York and Geneva. Disillusioned with stock returns, the managers of these funds are purchasing works of art purely for investment. It's too early to talk about performance, but it is a captivating new development for the art world, one that we will revisit in another issue of this newsletter.

### APPRAISAL TIMING

An appraisal should be done every 5 years and...

- whenever your insurance policy is reviewed or is up for renewal,
- when you are working on your estate plan (gifting, and charitable donations),
- when you are working on your financial plan (using a piece of art as collateral for a loan, or selling it),
- if the market fluctuates: record sales, sold out sales for one artist, and museum retrospectives influence values,
- during transitions such as marriage, divorce or death.