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NACVA

# CVA Case Study and Report Instructions and Forms

## Redmond Pro Printing, Inc.

Issued to:

Name: \_\_\_\_\_

Member #: \_\_\_\_\_

# NACVA

## CVA Exam/Experience Requirement Policy

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### The Proctored Exam/Experience Requirement:

- The multiple choice proctored exam is a requirement to earn the CVA<sup>®</sup> credential.
- Submitting a report based on NACVA's standard case study, or your own sanitized report, is a requirement to earn the CVA credential.
- Both the proctored exam and experience requirement are equally important in achieving your credential.
- You can complete your case study prior to taking/passing the proctored exam.
- You will have two months to complete both the exam and experience requirement; however, you may purchase extensions for each, which will ultimately give you one year to complete the process.
- After passing both the exam and experience requirement, you will become credentialed immediately as long as your membership dues are current, your CVA application is on file at Headquarters (HQ), and you have no outstanding invoices. However, you may not display your credential in any form until formally notified.

### Proctored Exam:

- We encourage you to take the exam as soon as possible if you opt out of taking the exam on the Saturday following the training, ideally within two months.
- There is a \$150 proctoring fee if you opt to take the exam at a later date.
- Exams are graded immediately upon receipt by HQ. You should receive an e-mail within two weeks notifying you of your pass/fail results.
- The exam is graded based on psychometric analysis setting a pass rate judged to be acceptable to the Association as determined by the Valuation Credentialing Board.
- We will not share your percentage score, only pass or fail.
- If necessary, you may retake the exam as many times as necessary at \$150 per exam.
- If necessary, you may retake the exam after you have completed your Case Study.
- You may extend the two-month deadline by purchasing extensions.
- Extensions are sold in two-month increments at \$100 for each two-month period.
- You can purchase a maximum of five extensions for a total of \$500.

### Case Study Experience Requirement:

- You have two months to complete the Case Study.
- You may extend the two-month deadline by purchasing extensions.
- Extensions are sold in two-month increments at \$100 for each two-month period.
- Payment of the \$100 extension fee extends the deadline for either or both the proctored exam and Case Study.
- You can purchase a maximum of five extensions for a total of \$500.
- You may purchase a verbal critique of your Case Study for a fee of \$150 if paying at time of submittal; \$200 if you purchase the critique after the report has been scored.
- After approximately six Case Study reports have accumulated at HQ, they are bundled and shipped to one of our highly qualified members of the Case Study Peer Review Team, located across the country.
- Case Studies are scored within approximately 4–8 weeks.
- You will be notified via phone if you pass, via letter if you fail.
- You will not be given a score.



### **Case Study Retake Policy:**

- If you fail to pass the Case Study experience requirement, you may resubmit your corrected case study as many times as you need for a \$100 retake fee per submission.
- If you fail to pass the Case Study experience requirement, you will receive a letter indicating the sections of your Case Study that have passed or failed. These sections correspond to the Experience Requirement Scoring Key checklist included with your Case Study packet.
- Your Case Study will not be returned to you.
- You may speak to the peer review team member about your Case Study. If you did not purchase a verbal Case Study critique at the time you originally submitted your case study, you may do so for \$200 after receiving your failure notice.
- You have two months following receipt of your failure notification to pay the \$100 retake fee and resubmit your revised Case Study.
- You may extend this two-month retake period by purchasing extensions.
- You can purchase a maximum of five extensions for a total of \$500.

### **In-Process Status:**

- While going through the exam/experience requirement process, you are considered as being “In-Process” of earning your credential; however, you may not display your credential in any form until you have passed both the proctored exam and Case Study experience requirement and have been formally notified.
- You ultimately have one year to complete both the proctored exam and Case Study experience requirement (with purchased extensions).
- If you have not completed either the exam or experience requirement within the one-year time period, your “In-Process” status will expire.
- When your one-year time limit has expired, you will receive written notification of your lapsed status.

### **Regaining In-Process status:**

*It's been two years or less since your status lapsed:*

- Restart the process by paying a fee of \$595.
- You will be given a new Case Study, a proctored exam, or both, depending on which you have not completed.
- You will have two months to complete either the proctored exam and/or the Case Study experience requirement.
- You may purchase extensions as outlined above, \$100 for each two-month period; \$500 maximum.

*It's been more than two years since your status lapsed:*

- Restart the process by paying a fee of \$595.
- You will be given a new Case Study.
- You will have two months to complete both the proctored exam and the Case Study experience requirement.
- You may purchase extensions as outlined above, \$100 for each two month period; \$500 maximum per year.

## EXPERIENCE REQUIREMENT TEST CASE INSTRUCTIONS

**PLEASE READ INSTRUCTIONS COMPLETELY BEFORE BEGINNING YOUR VALUATION REPORT.**

1. You are to prepare a **written “Detailed” valuation report, as defined in NACVA’s standards effective June 1, 2011, resulting in a Conclusion of Value**, on Redmond Pro Printing, Inc. Be sure to **keep a complete copy of your report, notes, and workpapers** before you submit your report for peer review. You will need to resubmit your report if it becomes lost for any reason.
2. Your written report will be scored by the NACVA Peer Review Team, comprised of highly experienced and credentialed valuation analysts. There are six specific scored areas of the experience requirement. These are shown below. A scoring worksheet is included in this packet for your reference.

Six Exam Scoring Sections:

- Report Fundamentals
- Qualitative Foundations
- Analytical Foundation
- Valuation Foundation
- Valuation Adjustments
- Conclusion of Value

3. The valuation report case analysis will be evaluated on the basis of:
  - Adherence to NACVA Professional Standards released on June 1, 2011
  - Professional content
  - Quality and flow of overall presentation
  - Meaningful use of information and data
  - Reference to and use of resources
  - Objective and logical analysis
  - Clarity of thought and expression
  - Completeness (the peer reviewer only has your report in hand to decide whether you know how to perform a business valuation and whether or not to recommend awarding certification)
  - Substantiation of your conclusions
4. Automatic failure results if any of the following critical elements are not included:
  - Summary and Dates
    - The effective date of the valuation
    - The date of the report
    - The shares/units or ownership interest to be valued
    - An overview of the company
    - Historical operating performance
    - A conclusion of value stated in total and per share/unit or in ownership interest as appropriate

*Please keep a copy of everything you submit for your records.*

- Limiting Conditions and Assumptions
    - A statement of disinterestedness in the report
    - A statement that the report complies with various organizations standards as applicable to the report writer
    - A statement that the report is for a single purpose only and for only the stated valuation date
    - A statement that the data received has been relied on with/without independent verification
    - Limiting conditions
  - Purpose and Function of the Valuation
    - Statement as to why the company is being valued
    - The style (Estate Tax, Gifting, ESOP, Divorce, etc.) of the valuation
    - The premises of value (going concern, liquidation, etc.)
  - Standard of Value
    - A definition of the Standard of Value selected
    - The reason (e.g., the statute or buy/sell agreement or other reason which may dictate its use) the selected Standard of Value is the most appropriate to value the subject interest
  - Methods of Valuation
    - All 3 valuation approaches (asset, market, income) must be considered
  - Workpapers
    - The workpapers must be included
5. There are various areas in the information provided within this packet that will **require you to formulate assumptions**. The information included herein is fictitious, and therefore limited. *If information or a lack of specific information causes you to question something, state the way you would handle this question, and state, in your valuation analysis, what assumptions you made. Fully document these assumptions in your workpapers.* The purpose in providing this simulated case study is to show that you know the steps in performing a valuation analysis, and that you can write a cohesive report based on your analysis and conclusions. You will not be scored on your assumptions.

In completing a “real world” or non-fictitious valuation you usually find it necessary to do a site visit to get answers to questions you have. We suggest, in this instance, you create a *simulated site visit*. Note in your work papers what questions you sought answers to and what answers you got from management in your simulated site visit. A simulated site visit is not required; its absence will not affect your score. Many have completed the report successfully without one. It is strictly up to you to decide whether or not you wish to include it.

Again, the purpose for this case study experience requirement is to let you demonstrate your knowledge of the process of valuation. There will be issues presented in this case analysis that require you to talk to the business owner. Since Mr. and Mrs. Redmond are fictitious, you must develop a reasonable scenario and set of assumptions, based on a set of questions you devise along with their responses, and include these assumptions in your analysis.

We remind you, a valuation is not an audit.

*Please keep a copy of everything you submit for your records.*

6. The dollar value assigned to your conclusion is subjective to the assumptions you've made. There is no right or wrong answer. However, you must substantiate your conclusion of value and the math must be correct. Consider both the pros and cons in your valuation, in IRS Revenue Ruling 59-60 (if applicable), in your choice of approaches and methods used to value the company and justify all your assumptions.

Your report will be scored on your inclusion of an opinion letter, description of the company, economic and industry analysis, your approaches to valuation, your conclusions, workpapers, financial analysis, and adjustments of financial statements and comparative analysis.

7. For purposes of your performing a valuation on this company, you will use information from the Commercial Printers SIC codes: 2752, 2754, and 2759 (NAICS code 323110) for your industry and economic data.

**The following information has been provided to assist you in preparing your valuation report:**

- Historical income statements, un-audited
  - Historical balance sheets, un-audited
  - Appraisal letter for real estate rented—for your report, you may assume the number provided in the appraisal letter is substantiated and correct.
  - Appraisal letter for equipment owned—you may assume the number provided in the appraisal letter is substantiated and correct.
  - Industry sources advisory on reasonable compensation is substantiated and correct.
  - An entry on the historical balance sheet for “Land (Investment Property)” at \$225,000 is land adjacent to the current operating location intended for future expansion. If the company were to be sold, this land would be included in the sale. For simplification you may assume the land was purchased at the listed value and has not appreciated or depreciated since.
  - Inventory work papers show actual inventory value, at a lower of cost (FIFO basis) or market as of October 31, 2012, of \$496,000. For the purposes of reporting any income tax compliance, Redmond Pro Printing, Inc. utilizes the lower of cost (LIFO basis) or market method of costing its inventory.
  - Depreciation is GAAP based.
8. For purposes of performing your valuation, your managing partner has instructed you to make normalization adjustments and apply discounts for Lack of Control and Lack of Marketability.
9. We have included a valuation checklist filled in with information found within this case, along with areas marked VA (valuer assumption). It is within these areas where you, the valuer, would find your answers in an interview or a site visit or other such activity. You may make, and document, your own descriptions and assumptions where noted.

*Please keep a copy of everything you submit for your records.*

# NACVA

## CVA Case Study Experience Requirement

### Pre-Submission Checklist

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Please use this checklist before submitting your report to ensure all elements have been included. Failure to submit all relevant documents will result in a delay of your report being peer reviewed for acceptance!

- Your Business Valuation report
- Case Study Transmittal Form (Please check the box and payment method if you would like a verbal critique of your report.)
- CVA Case Study Experience Requirement Extension Form (if applicable)
- Experience Waiver Application and method of payment and Sanitized Report Submission Form (Not applicable if you are submitting a report based on Redmond Pro Printing, Inc.)
- BV Scenario Experience Requirement Scoring Key—write the page numbers of your report in the spaces provided
- Work-papers (Failure to submit work-papers is an automatic failure—financial spreadsheets are not work-papers – Not applicable for Sanitized Reports.)
- CVA Application, if *not* yet submitted (This is not the same application as your NACVA membership application.)

Please send your completed case study package to:

**ATTN: Credentialing Coordinator**  
NACVA  
5217 South State Street, Suite 400  
Salt Lake City, UT 84107  
E-mail: JacksonC1@NACVA.com





# NACVA

## Request to Extend Due Date

### CVA Case Study Experience Requirement



(Print or Type):

Name: \_\_\_\_\_ Designations: \_\_\_\_\_ NACVA Member #: \_\_\_\_\_

Firm Name: \_\_\_\_\_ E-mail: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_

Tel: \_\_\_\_\_ Cell: \_\_\_\_\_ Fax: \_\_\_\_\_

Location of Training Center you attended (if applicable): \_\_\_\_\_

Original Case Study Due Date: \_\_\_\_\_

I understand my report is due two (2) months from the date of my proctored exam (or the date of the original proctored exam in my Business Valuation Training Center if I elected to take the exam at a later date).

I also understand I have one year from my start date to complete and submit my Case Study to meet the Experience Requirement for my CVA Credential. Because I cannot meet my original due date, I would like to purchase the following extension(s):

- 2 Months \$100                       4 Months \$200  
 6 Months \$300                       8 Months \$400  
 10 Months \$500

<b>PAYMENT OPTIONS:</b>		<b>AMOUNT DUE:</b>
<input type="checkbox"/> Check # _____	<b>Financial Institution Information</b>	Type of Account: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
<input type="checkbox"/> eCheck (ACH)	Bank Name: _____	\$ _____
	(9) Digit Routing Number: _____	<b>Remit To:</b>
Card Information	Account Number: _____	<b>E-mail:</b>
<input type="checkbox"/> American Express		JacksonC1@NACVA.com
<input type="checkbox"/> Visa      Type: _____	Card Number: _____ EXP Date: ____/____	<b>Fax:</b>
<input type="checkbox"/> MasterCard <input type="checkbox"/> Credit	Billing Address ( <input type="checkbox"/> Same, or): _____	(801) 486-7500
<input type="checkbox"/> Discover <input type="checkbox"/> Debit	City: _____ ST: _____ ZIP: _____	<b>Mail:</b>
By signing this form, you authorize the National Association of Certified Valuers and Analysts (NACVA) to charge your account for the amount indicated above. NACVA can also initiate credit entries to the customer's account in the event a credit or correction entry is due. In addition, your signature will authorize NACVA to confirm the above information via e-mail and/or fax, if necessary, and authorize NACVA to use either medium for future communication. NACVA will not disclose or share this information with third parties to secure confidentiality.		5217 South State Street, Suite 400 Salt Lake City, UT 84107
Authorized Signature: _____	Date: _____	

**Please Email, Fax, or Mail to the Following:**  
**E-mail:** JacksonC1@NACVA.com  
**Mail:** ATTN: Credentialing Coordinator  
 NACVA, 5217 South State Street, Suite 400  
 Salt Lake City, UT 84107  
**Fax:** (801) 486-7500



## Do You Have Business Valuation Experience?

### You Can Submit Your Own Valuation Report!

You may submit one of your own sanitized business valuation reports in lieu of our Redmond Pro Printing, Inc. Case Study. The fee is \$200 to cover specialized peer reviewing, shipping, and handling. Please read the enclosed Experience Waiver form, fill it out, and submit it with your sanitized report.

**Important Notice:** Your valuation report *must* be a **Fair Market Value BV** report on an **operating business**. No other type of report will be accepted.

In addition to your Experience Waiver form, you must submit the following:

- Your transmittal form
- Your CVA application (if not yet submitted)
- A completed BV Scenario Experience Requirement Scoring Key along with your sanitized report Workpapers for your sanitized report (if they are available)
- \$200 peer review fee

We recommend that you submit a report you are currently working on when it is complete. Or alternatively, you can also submit a report you significantly contributed to or prepared entirely yourself as long as it was performed in the last 24 months. It is not necessary that you were the one signing off on the report. The Experience Requirement Scoring Key **must** be submitted with your report, and the page numbers in your report need to be referenced to the applicable scoring areas on the Experience Requirement Scoring Key in the spaces provided.

### Please Follow All Instructions

It is extremely important that your report adhere to NACVA Professional Standards. Be sure to discuss all three valuation methods. Also, include discussion on discounts and premiums even if they do not apply in your original report. *You must demonstrate your knowledge.* This point cannot be stressed enough as this is where applicants who submit sanitized reports usually fail. Please refer to the report instructions enclosed with your Redmond Pro Printing, Inc. Case Study and revise your report to meet our standards, if necessary. Spending a day or two to revise your report will increase your chances of successfully completing the experience requirement.

# NACVA

## Experience Waiver Application to Submit an Actual Sanitized Report for Experience Requirement (for CVA applicants)



Please complete the information below: (Print or Type) Date: \_\_\_\_\_

Name: \_\_\_\_\_ Designations: \_\_\_\_\_ NACVA Member #: \_\_\_\_\_

Firm Name: \_\_\_\_\_ E-mail: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_

Tel: \_\_\_\_\_ Cell: \_\_\_\_\_ Fax: \_\_\_\_\_

Which designation are you applying for?  Certified Valuation Analyst (CVA)

Are you a Practitioner member in good standing with NACVA?  Yes  No *(You must be a current member of NACVA before making application for experience waiver.)*

### To comply with this submission option you must:

1. Submit a *sanitized*\* Fair Market Value business valuation report on an operating business that is representative of the quality of your work product in conformance with NACVA's report writing standards. The report will be reviewed by NACVA's Valuation Credentialing Board (VCB) or a designated member(s) of the Peer Review Team.
2. Submit (or have already submitted) your CVA application with this request for the experience waiver.
3. Have scheduled/taken the proctored exam portion of NACVA's credentialing exam, which is a supervised exam comprised of multiple choice and true/false questions and takes up to five hours to complete.
4. Submit a fee of \$200 to cover shipping, handling, and specialized scoring.
5. Attest by signing below that you:
  - Have business valuation experience
  - Have personally prepared or were significantly involved in the preparation of the report you are submitting
  - Prepared the report within the past 24 months
  - Have reviewed and complied with the Business Valuation Scenario Experience Requirement Scoring Key
  - Have reviewed and followed NACVA's *Standards of Professional Practice*
  - Will abide with NACVA's policies and requirements to maintain the designation for which you are applying
  - Will support and be active in NACVA to your fullest potential

\* A *sanitized report* has excluded, blanked-out, or fictitious information wherever there are references that can identify or point to either the client/client company being valued or the valuator/valuator's firm.

Applicant's Attestation/Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Please Sign

## Return Application with Administration/Peer Review Fee of \$200

<b>PAYMENT OPTIONS:</b>		<b>AMOUNT DUE:</b>
<input type="checkbox"/> Check # _____	<b>Financial Institution Information</b>	Type of Account: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
<input type="checkbox"/> eCheck (ACH)	Bank Name: _____	\$ _____
	(9) Digit Routing Number: _____	<b>Remit To:</b>
	Account Number: _____	<b>E-mail:</b>
<b>Card Information</b>		AmandaV1@NACVA.com
<input type="checkbox"/> Visa	Type: _____	<b>Fax:</b>
<input type="checkbox"/> MasterCard	Card Number: _____	(801) 486-7500
<input type="checkbox"/> Discover	EXP Date: ____/____	<b>Mail:</b>
<input type="checkbox"/> Debit	Billing Address ( <input type="checkbox"/> Same, or): _____	5217 South State Street, Suite 400
	City: _____ ST: _____ ZIP: _____	Salt Lake City, UT 84107
By signing this form, you authorize the National Association of Certified Valuers and Analysts (NACVA) to charge your account for the amount indicated above. NACVA can also initiate credit entries to the customer's account in the event a credit or correction entry is due. In addition, your signature will authorize NACVA to confirm the above information via e-mail and/or fax, if necessary, and authorize NACVA to use either medium for future communication. NACVA will not disclose or share this information with third parties to secure confidentiality.		
Authorized Signature: _____		Date: _____

# NACVA

## CVA Sanitized Report Submission Form



Name of Person Submitting Report: \_\_\_\_\_

Member Number: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

### DESCRIPTION OF REPORT

1. Title of Report: \_\_\_\_\_

2. Purpose of the Report: \_\_\_\_\_  
(Divorce, Litigation, Estate or Gift, Purchase/Sale, Damages Calculation, etc.)

3. Type of Business: \_\_\_\_\_  
(Industry, Number of Locations, Specialty, etc.)

4. NAICS Code: \_\_\_\_\_ SIC Code: \_\_\_\_\_

5. Entity Being Valued: \_\_\_\_\_  
(S-Corp, C-Corp, FLP, etc.)

6. Interest Being Valued: \_\_\_\_\_  
(Minority, Percent of Ownership Interests, Class of Stock, etc.)

7. Standard of Value: \_\_\_\_\_  
(Fair Market Value, Fair Value, etc.)

8. Primary Methodology Used to Ascertain Value: \_\_\_\_\_  
(Market Approach, DCF, Income Approach, etc.)

9. Other Information: \_\_\_\_\_

### Please Check Applicable:

10. Report Sent:  Via E-mail in PDF  Hardcopy mailed to HQ

11. NACVA  may or  may not choose to use my report for to sell on the NACVA website, for which submitter will receive a royalty fee if permission is given. These royalties will be paid on an annual basis for any royalties amounting to \$5.00 or more.

**E-mail to:** AmandaV1@NACVA.com • **Fax:** (801) 486-7500

**Mail to:** NACVA • 5217 South State Street • Suite 400 • Salt Lake City, UT 84107

# **Business Valuation Scenario Experience Requirement Scoring Key**



5217 South State Street • Suite 400 • Salt Lake City, UT • 84107  
Tel: (801) 486-0600 • Fax: (801) 486-7500 • Internet: [www.NACVA.com](http://www.NACVA.com)



## BUSINESS VALUATION SCENARIO EXPERIENCE REQUIREMENT SCORING KEY

Candidates are to indicate page references from their report for each item to be scored throughout this checklist by using the left-most column titled “Page Ref or N/A.” If the component is not applicable to the report, the candidate should so indicate by writing “N/A.” A Peer Review Team member (reviewer) reserves the right to make the final determination as to whether any particular component is applicable. If the page number is not listed, the reviewer can/may assume the element is not present. The actual number of points awarded for each section is determined by the reviewer, based on the relative importance of each item as well as the overall quality of and handling of each item within a section by the report writer. The reviewer indicates points awarded in the right-most column titled “Number of Points out of X.” The “Needs Improvement” and “Comment” sections are for reviewers’ use.

### Critical Elements

**All of the critical elements MUST be included in the report, or it will automatically fail.**

#### 1. SUMMARY & DATES:

- The effective date of the valuation (and alternative valuation date if appropriate)
- The date of the report
- The shares/units or ownership interested to be valued
- An overview of the company
- Historical operating performance
- And a conclusion of value stated in total and per share/unit or in ownership interest as appropriate

#### 2. LIMITING CONDITIONS & ASSUMPTIONS:

- A statement of impartiality in the report
- A statement that the report complies with various organizations standards as applicable to the report writer
- A statement that the report is for a single purpose only and for only the stated valuation date
- A statement that the data received has been relied on with/without independent verification
- Limiting conditions

#### 3. PURPOSE AND FUNCTION OF THE VALUATION:

- Statement as to why the company is being valued,
- The style (Estate Tax, Gifting, ESOP, Divorce, etc.) of the valuation, and
- The premises of value (going concern, liquidation, etc.)

#### 4. STANDARD OF VALUE:

- A definition of the Standard of Value selected, along with
- The reason (e.g., the statute or buy/sell agreement or other reason which may dictate its use) this Standard of Value is the most appropriate to value the subject interest

#### 5. METHODS OF VALUATION:

- All 3 valuation approaches (asset, market, income) must be considered

#### 6. WORKPAPERS:

- The workpapers must be included



# BUSINESS VALUATION SCENARIO EXPERIENCE REQUIREMENT SCORING KEY

Indicate page reference in the report

Record score in box

REPORT ELEMENTS			
SECTION I—REPORT FUNDAMENTALS (5 Points)			
Page Reference or N/A	1. PRINCIPAL SOURCES OF INFORMATION—Attributes to Consider	Number of Points out of 5:	
	a. Provide all of the sources used to value the company.		
	b. Where information is received from management, provide a list of documents received.		
	c. Where information is utilized from other resources, provide the proper footnote or endnotes.		
	d. Qualifications—discuss your qualifications for valuing the company.		
	e. Describe who engaged you.		
	f. Opinion letter—who engaged valuer, purpose for valuation, per unit value.		
	g. Is the report understandable to the reader?		
	h. Is there an appropriate Table of Contents?		
	i. Are there any obvious errors in the report?		
	j. Are there any obvious omissions in the report?		
	k. Does the report lead to a logical conclusion?		
	l. Is the report signed by the valuation analyst or persons responsible for issuing the report?		
	m. Is the report free of mathematical errors?		
	n. Is the report free of spelling errors?		
Needs Improvement:			
<b>SECTION I: REPORT FUNDAMENTALS—Number of Points Awarded out of 5 Points:</b>			<input style="width: 40px; height: 20px; border: 1px solid black;" type="text"/>
Section I Comments:			



## BUSINESS VALUATION SCENARIO EXPERIENCE REQUIREMENT SCORING KEY

SECTION II—QUALITATIVE FOUNDATIONS (15 Points)			
Page Reference or N/A	2. COMPANY BACKGROUND—Attributes to Consider	Number of Points out of 5:	
	a. Number of shares/units or percentage of ownership interest to be valued.		
	b. Discuss the voting characteristics of the shares/units being valued. If more than one class of stock/units is being valued, discuss the characteristics of all classes of stock/units.		
	c. Discuss related-party transactions.		
	d. Site visits: discuss the circumstances and observations of the site visit, including date(s)		
	e. History and background of the company (Provide a history of the company that includes the legal name of the company, form or organization such as C Corp or S Corp, the State of incorporation, who started the company, when started, type, and changes of entity type).		
	f. Prior sales/transactions of company stock.		
	g. Restrictions on the sale of company stock, and details on any buy/sell agreements in place. Discuss any restrictions on the transfer of the shares/units being valued.		
	h. Dividend payments; historical and current.		
	i. Subsidiaries and affiliates.		
	j. Management and staffing: discuss number of employees by function. Discuss the succession of existing management.		
	k. Products and services: discuss the various product and services provided by the company.		
	l. Sales and marketing: discuss how the company generates sales and markets its products or services.		
	m. Discuss the industry and geographical issues.		
	n. Customer concentration: discuss the customer concentration for the years being analyzed.		
	o. Size of the company, pricing competition, and competition: discuss how the size of the company affects value, how the company competes on pricing, who the competitors are and on what basis they compete.		
	p. Physical facilities: discuss the adequacy and condition of the physical facilities.		
	q. Employee benefits: discuss the various employee benefits and the related costs.		
	r. Proprietary content and proprietary technology. Discuss any proprietary content, patents or copyrights, etc.		
	s. Discuss favorable access to raw materials, locations, government subsidies or experience curve.		
	t. Discuss long-term lease arrangements (including real estate) and their impact on value		
	u. Product/Service differentiation: discuss how the company's products and/or services differ from its competitors.		
	v. Relative product/service quality: discuss the quality of the products and/or services provided by the company.		
	w. Covenant Not to Compete: discuss the terms of any covenant not to compete.		
	x. Contracts: discuss how the company handles its contracts with customers.		
	y. Family involvement: discuss the related parties working in the company, their job functions, compensation, etc.		
	z. Quality of books and records: discuss the internal controls that are in place and how their compliance may affect the value of the company.		
	aa. Employee turnover: discuss the turnover and address how the turnover affects the risk associated with the company.		
	bb. Environmental issues: discuss any known environmental issues and how they affect the value of the company.		
	cc. Future prospects: discuss the future prospects of the company.		
	dd. Summary of positive and negative company specific factors and how they impact the risk associated with the company.		





## BUSINESS VALUATION SCENARIO EXPERIENCE REQUIREMENT SCORING KEY

REPORT ELEMENTS			
Needs Improvement:			
Page Reference or N/A	<b>3. ECONOMIC CONDITIONS—Attributes to Consider</b>		Number of Points out of 5:
	a. U.S. economy: discuss consumer spending, services, manufacturing, capital spending, real estate and construction, agriculture, natural resource industries, financial services and credit, employment and wages, etc. of the national economy and how they affect the company.		
	b. State economy: discuss consumer spending, services, manufacturing, capital spending, real estate and construction, agriculture, natural resource industries, financial services and credit, employment and wages, etc., of the state economy and how they affect the company.		
	c. Regional/Local economy: discuss how the company is affected by the regional or local economy.		
	d. Summary and conclusion of economic conditions, provide a recap of how the company is affected by the national, state, and local economic conditions.		
Needs Improvement:			
Page Reference or N/A	<b>4. INDUSTRY AND COMPARATIVE ANALYSIS—Attributes to Consider</b>		Number of Points out of 5:
	a. List the various NAICS or SIC codes for the industry and a brief description of the industry.		
	b. Overview: provide an adequate overview of the industry, explaining the industry trends, current status and the future prospects in the industry. Also discuss any regulatory agency that has a voice in the industry the company operates in and how the regulations affect the company.		
	c. Market Share: discuss the company's positioning relative to the industry and competition.		
	d. Ease of market entry, threat of market entry, barriers to market entry: discuss the ease, barriers and obstacles of entering the market. Provide a summary of the barriers to entry and how they affect the company.		
	e. Economies of scale: discuss the economies of scale including product differentiation, capital requirements, switching costs, access to distribution channels, cost disadvantages independent of scale.		
	f. Threat of new entrants: discuss the bargaining power of suppliers, the bargaining power of customers, the threat of substitute products and the rivalry between incumbents. Provide a summary of how the threats of new entrants affect the value of the company.		
Needs Improvement:			
<b>SECTION II: QUALITATIVE FOUNDATIONS—Total Number of Points Awarded out of 15 Points:</b>			<input style="width: 40px; height: 20px; border: 1px solid black;" type="text"/>
Section II Comments:			



## BUSINESS VALUATION SCENARIO EXPERIENCE REQUIREMENT SCORING KEY

SECTION III—ANALYTICAL FOUNDATION (20 Points)			
Page Reference or N/A	<b>5. FINANCIAL ANALYSIS—Attributes to Consider</b>	Number of Points out of 5:	
	<ul style="list-style-type: none"> <li>a. Financial information provided: discuss how the financial information was prepared, audited, reviewed, compiled, internally prepared, tax returns, who prepared the financial information, etc.</li> <li>b. Results of operations and comparison to the industry: provide a summary description of the financial performance of the company over the years of the analysis.</li> <li>c. Balance sheet review, provide the company's historical balance sheets in the report or as exhibits with adequate detail to review for possible normalizing entries. Provide adequate support for all balance sheet adjustments.</li> <li>d. Income statement review, provide the company's income statements in the report or as exhibits with adequate detail to review for possible normalizing entries.</li> <li>e. Statement of cash flows, provide the company's historical statement of cash flows in the report or as exhibits with adequate detail to review for possible normalizing entries.</li> <li>f. Years analyzed, provide a discussion of the years used for the valuation analysis. Justify why the beginning years was used and why the number of years of analysis was selected.</li> <li>g. Inventory: discuss the method of costing the inventory, FIFO, LIFO, etc., and provide analysis and calculations for LIFO adjustment if LIFO is used.</li> </ul>		
Needs Improvement:			
Page Reference or N/A	<b>6. INDUSTRY COMPARISON ANALYSIS—Attributes to Consider</b>	Number of Points out of 5:	
	<ul style="list-style-type: none"> <li>a. Comparative ratio analysis: provide the company's comparative ratio analysis in the report or as exhibits with adequate detail.</li> <li>b. Liquidity ratios: provide a discussion and trend comparison of the Liquidity Ratios. At a minimum discuss the current ratio, the quick ratio, and the working capital turnover.</li> <li>c. Turnover ratios: provide a discussion and trend comparison of the turnover ratios. At a minimum, discuss the accounts receivable turnover, inventory turnover ratio, accounts payable turnover and the operating cycle.</li> <li>d. Leverage ratios: provide a discussion and trend comparison of the leverage ratios. At a minimum, discuss the net fixed assets to tangible net worth, the total liabilities to tangible net worth, the current liabilities to tangible net worth, the total assets to equity, the total debt to total assets, and the long-term debt to equity.</li> <li>e. Solvency ratios: provide a discussion and trend comparison of the solvency ratios. At a minimum, discuss the interest coverage ratio.</li> <li>f. Income statement review: provide a discussion and trend comparison of the turnover ratios. At a minimum, discuss the revenues and net operating profit; provide a discussion and comparison of the revenues and operating profit ratios. At a minimum, discuss the sales growth rate, the gross profit, the operating profit, the net income before tax, return on equity, the return on assets, the net sales to net worth, the operating earnings growth rate, the earnings standard deviation, and the Z-Score.</li> <li>g. Peer comparison. Have the financial statements been put on a comparable basis between the company and the industry data? Was the proper year of industry data used for the industry comparison? Were the selected industry ratios the most appropriate for the comparison?</li> </ul>		
Needs Improvement:			



## BUSINESS VALUATION SCENARIO EXPERIENCE REQUIREMENT SCORING KEY

Page Reference or N/A	<b>7. SUMMARY—RATIOS—Attributes to Consider</b>	Number of Points out of 5:	
	a. Summary of financial and industry comparison analysis: discuss how the ratios listed above affect the value of the company.		
Needs Improvement:			
Page Reference or N/A	<b>8. NORMALIZING ADJUSTMENTS—Attributes to Consider</b>	Number of Points out of 5:	
	a. Have the historical earnings been adequately normalized? Normalizing entries, have all balance sheet and income statement items been properly adjusted to reflect the standard of value and the company's earnings capacity?		
	b. Are the normalizing entries reasonable relative to the level of value? (control vs. lack of control interest)		
	c. Leasehold interest: discuss the leasehold arrangements and the net present value of any favorable leases.		
	d. Officers' compensation: discuss and justify adjustment to officer's compensation. Show calculations for tax affecting (payroll) the officer's compensation adjustment.		
	e. Depreciation: discuss how the future depreciation expense was calculated. Discussion should include Section 179, Economic Useful Life of Existing Assets and Projected Capital Expenditures.		
	f. Were non-operating asset identified and adjustments made when appropriate?		
Needs Improvement:			
<b>SECTION III: ANALYTICAL FOUNDATION—Number of Points Awarded out of 20 Points:</b>			<input style="width: 40px; height: 20px; border: 1px solid black;" type="text"/>
Section III Comments:			



## BUSINESS VALUATION SCENARIO EXPERIENCE REQUIREMENT SCORING KEY

—For purposes of the scenario, discuss at least one method under each approach and show calculations.—

SECTION IV—VALUATION FOUNDATION (30 Points)		
<b>METHODS OF VALUATION—ASSET—ATTRIBUTES TO CONSIDER</b>	Number of Points out of 10:	
Page Reference or N/A	<b>9. Asset Approach</b>	
	a. Are all of the tangible assets and liabilities adjusted that should be adjusted?	
	b. Are intangible assets properly adjusted?	
	c. Are there any off balance sheet items not recorded on the balance sheets?	
	d. Is there adequate support for any built-in capital gains tax?	
	e. If approach is not used, did valuation report address why?	
Page Reference or N/A	<b>10. Excess Earnings Method</b>	
	a. Is the earnings capacity supportable? Discuss and provide calculations for ongoing earnings capacity. Specifically discuss the use of the Unweighted Average Method, the Weighted Average Method, the Trend Line—Static Method, the Trend Line—Projected Method and the Projected Growth Rate in Earnings. Explain each method and discuss how the ongoing Earnings capacity was selected.	
	b. Have the net tangible assets been properly determined?	
	c. Have non-operating assets and/or liabilities been excluded? Was the income/expense from the non-operating assets removed from the company's adjusted earnings?	
	d. Is the rate of return on net tangible assets adequately discussed and supported?	
	e. Is the rate of return on intangible assets adequately discussed and supported?	
	f. Is there some type of sanity check performed for reasonableness of the method used?	
	g. Have any non-operating assets been added back and/or non-operating liabilities reduced from total value?	
Needs Improvement:		
<b>METHODS OF VALUATION—MARKET APPROACH—ATTRIBUTES TO CONSIDER</b>		Number of Points out of 10:
Page Reference or N/A	<b>11. Market Data Analysis—Public Companies</b>	
	a. Does the analyst document a reasonable attempt to search for public companies—describing search criteria, number of companies identified, and specific reasons these companies were not considered?	
	b. Is the population from which the comparable companies selected adequately disclosed?	
	c. Is it clear that all qualified companies from the population have been considered?	
	d. Are the public company transactions close enough to the valuation date to be relevant? If the public companies data is somewhat removed from the valuation date: discuss the reason for its use.	
	e. Specify the sources of the earnings growth rates for the public companies.	



## BUSINESS VALUATION SCENARIO EXPERIENCE REQUIREMENT SCORING KEY

Page Reference or N/A	<b>11. Market Data Analysis—Public Companies <i>(Continued)</i></b>
	f. Are the criteria for selection of public companies adequately discussed? Indicate how the public company transactions were selected for comparability. Specifically address the size, sales, employees, management and business form, geographic location, growth, one-year sales growth percentage, three-year sales growth percentage, current ratio, quick ratio, average collection period, profitability, return on total assets, return on equity, gross profit, operating profit, net profit, EBITDA Percentage, accounts receivable turnover, inventory turnover, fixed asset turnover, total asset turnover, working capital turnover, total debt to total assets, long-term debt-to-equity. Provide all sources of information used.
	g. Does the report clearly discuss which market multiples were used and why they are or are not appropriate? Are the market prices for the public companies appropriate as of the valuation date?
	h. If adjustments were made to the public companies, were they adequately disclosed and discussed?
Needs Improvement:	
Page Reference or N/A	<b>12. Direct Market Data Method—Mid Market</b>
	a. Is the population from which the comparable companies selected adequately disclosed?
	b. Is it clear that all qualified companies from the population have been considered?
	c. Are the criteria for selection of Mid-Market companies adequately discussed? Indicate how the mid-market company transactions were selected for comparability. Specifically address the size, sale, employees, management and business form, geographic location, growth, one-year sales growth percentage, three-year sales growth percentage, current ratio, quick ratio, average collection period, profitability, return on total assets, return on equity, gross profit, operating profit, net profit, EBITDA percentage, accounts receivable turnover, inventory turnover, fixed asset turnover, total asset turnover, working capital turnover, total debt to total assets, long-term debt-to-equity. Provide all sources of information used.
	d. Does the report clearly discuss which market multiples were used and why they are or are not appropriate?
	e. Are the market prices for the public companies appropriate as of the valuation date?
	f. Are the public company transactions close enough to the valuation date to be relevant?
	g. If the public companies data is somewhat removed from the valuation date, discuss the reason for its use.
Needs Improvement:	



## BUSINESS VALUATION SCENARIO EXPERIENCE REQUIREMENT SCORING KEY

Page Reference or N/A	<b>13. Direct Market Data Method—Transaction Databases (BIZCOMPS®, IBA, Pratt’s Stats™)</b>	
	<ul style="list-style-type: none"> <li>a. Are the criteria for selection of transactions adequately discussed?</li> <li>b. Is the population from which the transactions selected adequately disclosed?</li> <li>c. Is it clear that all qualified companies from the population have been considered?</li> <li>d. Does the report clearly discuss which market multiples were used and why they are or are not appropriate?</li> <li>e. Are the transactions appropriate as of the valuation date?</li> <li>f. Are the transactions close enough to the valuation date to be relevant?</li> <li>g. If the transaction data is somewhat removed from the valuation date: discuss the reason for its use.</li> <li>h. Is there an adequate discussion of what type of assets are included in a typical sale, what a typical sale is, how to rank the transactions, and dealing with outliers? (Provide appropriate footnotes)</li> <li>i. Is there an adequate discussion of when and how to use the mean multiple?</li> <li>j. Is there adequate analysis of the sales price to earnings and the sales price to gross sales ratios?</li> <li>k. Is there an adequate explanation as to why a multiple was or was not selected?</li> <li>l. Is there a discussion of when to use or not use premium or discounts when using the Direct Market Data Method?</li> </ul>	
Needs Improvement:		
Page Reference or N/A	<b>14. Industry Specific Multiples</b>	
	<ul style="list-style-type: none"> <li>a. Does the report clearly discuss the criteria for selection, which industry specific multiples were used, and why they are or are not appropriate?</li> <li>b. Are the transactions appropriate as of the valuation date? If the transaction data is somewhat removed from the valuation date: discuss the reason for its use.</li> <li>c. Is there an adequate discussion of which multiple was used and why it was used?</li> <li>d. Is there a discussion of when to use or not use premium or discounts when using the industry specific multiples</li> </ul>	
Needs Improvement:		
<b>Methods of Valuation—Income Approach</b>		Number of Points out of 10:
Page Reference or N/A	<b>15. Income Approach—Attributes to Consider</b>	
	<ul style="list-style-type: none"> <li>a. Is the type of income clearly defined? (Net income, operating income, net cash flow to equity, net cash flow to invested capital, etc)</li> <li>b. Is there adequate support for determining the earnings capacity of the company?</li> <li>c. Is the discount rate adequately supported?</li> </ul>	



## BUSINESS VALUATION SCENARIO EXPERIENCE REQUIREMENT SCORING KEY

Page Reference or N/A	<b>15. Income Approach—Attributes to Consider</b> <i>(Continued)</i>
	d. Discuss and provide calculations for ongoing earnings capacity. Specifically discuss the use of the Un-weighted Average Method, the Weighted Average Method, the Trend Line—Static Method, the Trend Line—Projected Method and the Projected Growth Rate in Earnings. Explain each method and discuss how the ongoing earnings capacity was selected.
	e. Is there an adequate discussion of the principles of cost of capital components?
	f. Is the selection of a safe rate explained and justified?
	g. Is there an adequate discussion of the relationship of discount rate to capitalization rate?
	h. If approach was not used, does the report address reasons why?
Needs Improvement:	
Page Reference or N/A	<b>16. Capitalization of Earnings Method—Attributes to Consider</b>
	a. Is the capitalization rate reasonable for the company?
	b. Is the earnings capacity reasonable for the company?
	c. Is the final value reasonable for the company?
	d. Were the non-operating assets included in the final value?
	e. Was the income/expense from the non operating assets removed from the company's adjusted earnings?
Needs Improvement:	
Page Reference or N/A	<b>17. Discounted Cash Flow Method—Attributes to Consider</b>
	a. Does the report adequately address the "type" of cash flow used and why?
	b. Is there adequate disclosure of who made the cash flow projections? (Who made them, when, what for, what adjustments were made to the projections, etc.)
	c. Is there adequate analysis and discussion of the projected depreciation expense?
	d. Depreciation discuss how the future depreciation expense was calculated. Discussion should include Section 179, Economic Useful Life of Existing Assets and Estimated Capital Expenditures.
	e. Is there adequate analysis and discussion of the projected capital expenditures, changes in working capital, projected minimum cash balances, and projected changes in long-term debt?
	f. Has the report properly addressed the impact of non-operating assets and liabilities in the cash flow projections and the impact on the final value?
	g. Was the income/expense from the non-operating assets removed from the company's adjusted earnings?
Needs Improvement:	



## BUSINESS VALUATION SCENARIO EXPERIENCE REQUIREMENT SCORING KEY

Page Reference or N/A	<b>18. Weighted Average Cost of Capital—WACC—Attributes to Consider</b>
	a. Is there adequate discussion of the WACC and when it is used?
	b. Is there adequate disclosure of the sources of equity and debt (Cite publications, online, etc.)?
	c. Is there adequate support for weighting the debt and equity? Is the basis for the weighting discussed?
	d. Is there an adequate discussion of the iterative process?
Needs Improvement:	
Page Reference or N/A	<b>19. Build-Up Methods—Attributes to Consider</b>
	a. Is the risk free rate of return effective as of the valuation date?
	b. Is the common stock equity risk premium as of the year of the valuation?
	c. Is the small capitalization equity risk premium as of the year of the valuation?
	d. If the industry risk premium was used, did the report adequately identify the source?
	e. Was the proper size premium used?
	f. Describe in detail how the company specific risk was determined.
	g. Is there an adequate discussion of the expected long-term earnings growth rate and the justification for the long-term growth rate selected?
Needs Improvement:	
Page Reference or N/A	<b>20. Capital Asset Pricing Model—CAPM—Attributes to Consider</b>
	a. Is the risk free rate of return effective as of the valuation date? Are the other components of the rate effective either as of the valuation date or the year of the valuation date?
	b. Is the equity risk premium adequate?
	c. Is the size premium adequate?
	d. Is there adequate support for the beta?
	e. Is there a discussion as to the Assumptions of the capital asset pricing model?
	f. Is the discount/capitalization rate appropriate for the valuation?
Needs Improvement:	





## BUSINESS VALUATION SCENARIO EXPERIENCE REQUIREMENT SCORING KEY

Page Reference or N/A	<b>21. Risk Rate Component Model—Attributes to Consider</b>
	a. Does the report demonstrate an understanding of how to use the risk rate component model?
Needs Improvement:	
Page Reference or N/A	<b>22. Use of Projections—Attributes to Consider</b>
	a. Income Statements <ul style="list-style-type: none"> <li>i. Are the projected income statements presented with adequate detail (Nominal, common sized, trends)?</li> <li>ii. Are the projected income statements presented in a form comparable to the historical financial statements?</li> <li>iii. Are the assumptions for the projected income statements adequately disclosed and are they reasonable?</li> </ul>
	b. Balance Sheet <ul style="list-style-type: none"> <li>i. Are the projected balance sheets presented with adequate detail (Nominal, common sized, trends)?</li> <li>ii. Are the projected balance sheets presented in a form comparable to the historical financial statements?</li> <li>iii. Are the assumptions for the projected balance sheets adequately disclosed and are they reasonable?</li> </ul>
	c. Statement of Cash Flows <ul style="list-style-type: none"> <li>i. Are the projected statement of cash flows presented with adequate detail (Nominal, common sized, trends)?</li> <li>ii. Are the projected statement of cash flows presented in a form comparable to the historical financial statements?</li> <li>iii. Are the assumptions for the projected statement of cash flows adequately disclosed and are they reasonable?</li> </ul>
	d. Ratios <ul style="list-style-type: none"> <li>i. Are the projected ratios presented with adequate detail (Nominal, common sized, trends)?</li> <li>ii. Are the projected ratios presented in a form comparable to the historical financial statements?</li> <li>iii. Are the assumptions for the projected ratios adequately disclosed and are they reasonable?</li> </ul>
Needs Improvement:	
<b>SECTION IV: VALUATION FOUNDATION—Number of Points Awarded out of 30 Points:</b> <span style="float: right; border: 1px solid black; width: 40px; height: 20px; display: inline-block;"></span>	
Section IV Comments:	



## BUSINESS VALUATION SCENARIO EXPERIENCE REQUIREMENT SCORING KEY

SECTION V—VALUATION ADJUSTMENTS (20 Points)			
Page Reference or N/A	23. Premium/Discounts—Attributes to Consider		
	a. Discuss the adequacy of including a control premium to the final value.	Number of Points out of 5:	
	b. Discuss the adequacy of including a minority interest discount to the final value.		
	c. Discuss the adequacy of including a marketability discount to the final value. Demonstrate an understanding and the ability to apply the following marketability studies (Institutional Investors Study, Public Offering Studies, Security Exchange Commission Study, The Gelman Study, Trout Study, The Moroney Study, The Maher Study, Standard Research Consultants, Pittock/Stryker Study, Silber Study, FMV Opinions, Inc. [Hall/Polleck] Study, IPO Studies, Emory Study).	Number of Points out of 5:	
	d. If a model was used to support a marketability discount, has the report demonstrated adequate understanding and use of that model?		
	e. Summarize the various marketability discount studies.		
	f. Discuss the adequacy of including other premiums and/or discounts (e.g., key man, stock restrictions, one-time loss, built-in gains, etc.) to the final value if appropriate.	Number of Points out of 2:	
	g. Discuss the application of all discounts or premiums as applied to both a control and minority shareholder.	Number of Points out of 5:	
	h. Is there adequate support for the premiums and or discounts applied?		
	i. Discuss the degree of control or lack of control characteristics		
	j. Discuss and provide rational and calculations for control premium or lack of control discounts		
	k. Has the report adequately addressed the impact and applicability of court decisions in arriving at the final discount or premium?	Number of Points out of 3:	
Needs Improvement:			
<b>SECTION V: VALUATION ADJUSTMENTS—Number of Points Awarded out of 20 Points:</b>			<input style="width: 40px; height: 20px; border: 1px solid black;" type="text"/>
Section V Comments:			



## BUSINESS VALUATION SCENARIO EXPERIENCE REQUIREMENT SCORING KEY

SECTION VI—CONCLUSION OF VALUE (10 Points)			
Page Reference or N/A	24. CONCLUSION OF VALUE—Attributes to Consider		
	a. Is there an adequate synthesis and reconciliation of the values?		
	b. If necessary, does the report address mathematical versus subjective weighting?	Number of Points out of 5:	
	c. Is there replicability of all calculations in the report?		
	d. Is there an adequate justification of the methods of valuation selected?	Number of Points out of 5:	
	e. Is the final opinion of value consistent with the analysis performed?		
Needs Improvement:			
<b>SECTION VI: CONCLUSION OF VALUE—Number of Points Awarded out of 10 Points:</b>			<input style="width: 40px; height: 20px; border: 1px solid black;" type="text"/>
Section VI Comments:			

Additional Comments from Grader: \_\_\_\_\_

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## BUSINESS VALUATION SCENARIO EXPERIENCE REQUIREMENT SCORING KEY

..... **For Official Use Only** .....

### —— REPORT REVIEW SCORING ——

SECTION	MAXIMUM SCORE	POINTS AWARDED
Section I	5 Points	
Section II	15 Points	
Section III	20 Points	
Section IV	30 Points	
Section V	20 Points	
Section VI	10 Points	
Total Points	100	
<b>TOTAL ASSIGNED SCORE:</b>		

CRITICAL ELEMENTS	PASSED	FAILED
Summary & Dates (6 elements)		
Limiting Conditions & Assumptions (5 elements)		
Purpose and Function of the Valuation (3 elements)		
Standard of Value (2 elements)		
Methods of Valuation (1 element)		
Workpapers (1 element)		

**For Headquarters Use Only**

This Report Has:  Passed  Failed

Scored By: \_\_\_\_\_

Date Scored: \_\_\_\_\_



## Suggested Work Papers List

Every engagement is different, of course, but this list indicates what would normally be a part of most valuations:

- Work program (such as from PPC's *Guide to Business Valuations*)
- Assumptions made and documented
- Various checklists
- Copies of industry data obtained
- Copies of national, regional, and local economic information obtained
- Copies of any possible comparable sales such as of publicly traded companies, BIZCOMPS®, Pratt's Stats, IBA database, etc.
- Notes from analysis of company financial statements
- Notes in support of discounts or premiums considered
- Notes from interviews with management and from site visit
- Copies of engagement letter and management representation letter
- Basically, anything and everything you used to support your report

Failure to submit workpapers will result in an automatic failure of your Case Study experience requirement.



# NACVA's Certified Valuation Analyst® (CVA®) Designation Application



Please complete the information below (Print or Type): Your name and address exactly as you wish it to appear in NACVA's Credentialed Member Directory and on your CVA Certificate. To better serve you, NACVA requests a curriculum vitae and a business photo (head shot) be submitted along with your application. Please read the certification criteria provided in *The Association* brochure prior to submitting this application. This information can also be accessed on NACVA's website at: [http://www.NACVA.com/PDF/association\\_brochure.pdf](http://www.NACVA.com/PDF/association_brochure.pdf)

**SECTION A:** NACVA Member #: \_\_\_\_\_

Name: \_\_\_\_\_ Designations held: \_\_\_\_\_

Firm Name: \_\_\_\_\_

Supervisor/Employer (if applicable)†: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_

Tel: \_\_\_\_\_ Fax: \_\_\_\_\_ E-mail: \_\_\_\_\_

Signature of Applicant\*: \_\_\_\_\_ Date: \_\_\_\_\_

\* Your signature will authorize NACVA to confirm the information in this application via e-mail and/or fax, if necessary, and authorize NACVA to use either medium for future communication. NACVA will not disclose or share this information with third parties to secure confidentiality.

By signing this application you acknowledge that you have read and understand the information in the CVA Candidate Handbook (for CVA applicants), that you agree to: adhere to the Code of Conduct, keep all exam content confidential and not disclose or share in any manner content of the exam, and abide by all certification program policies.

† May we also take the liberty to contact your supervisor/employer to extend our appreciation for their support in your pursuit of the CVA?  
 Yes  No  N/A

**PROFESSIONAL STATUS/CONDUCT:** (The following four questions **MUST** be answered to complete your application)

1. If you are a CPA, do you hold a current CPA License?  Yes  No  N/A—I am not a CPA If No, please explain: \_\_\_\_\_

2. Have you ever been convicted of any felony or any crime carrying a punishment of time in prison, whether or not time was served?  
 Yes  No If Yes, please explain: \_\_\_\_\_

3. Have you ever been convicted of a misdemeanor involving moral turpitude (lying, cheating, stealing, or other dishonest conduct) or any equivalent crime in any court of law?  Yes  No If Yes, please explain: \_\_\_\_\_

4. Have you ever had any professional/business license, professional certification, or professional membership revoked, refused, or suspended (other than for non-payment of dues)?  Yes  No If Yes, please explain: \_\_\_\_\_

NACVA reserves the right to refuse membership and/or certification to any person. A NACVA member or holder of a NACVA certification may have his or her membership or certification terminated based on appropriate grounds therefore as determined by the Executive Advisory Board.

**SECTION B (Business References):**

Company: \_\_\_\_\_ Contact: \_\_\_\_\_ Tel: \_\_\_\_\_

Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_

Company: \_\_\_\_\_ Contact: \_\_\_\_\_ Tel: \_\_\_\_\_

Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_

Company: \_\_\_\_\_ Contact: \_\_\_\_\_ Tel: \_\_\_\_\_

Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_

**SECTION C (Personal References):**

Company: \_\_\_\_\_ Contact: \_\_\_\_\_ Tel: \_\_\_\_\_  
 Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_  
 Company: \_\_\_\_\_ Contact: \_\_\_\_\_ Tel: \_\_\_\_\_  
 Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_  
 Company: \_\_\_\_\_ Contact: \_\_\_\_\_ Tel: \_\_\_\_\_  
 Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_

**SECTION D:**

I have included a recent Curriculum Vitae or Resume with this application.

**SECTION E:**

**IF YOU HOLD AN ACTIVE CPA LICENSE**, please complete Section E: *(you do not have to complete Sections F and G)*

I am a Practitioner Member in good standing with NACVA\*:  Yes  No  Applying for Membership

I currently hold an active, valid, and unrevoked CPA license:  Yes  No

CPA License #: \_\_\_\_\_ State(s) Issued: \_\_\_\_\_ Year Licensed: \_\_\_\_\_

**SECTION F:**

**IF YOU ARE NOT A CPA**, please complete Sections F and G:

I am a Practitioner Member in good standing with NACVA\*:  Yes  No  Applying for Membership

Business Degree(s): \_\_\_\_\_ Year Degree(s) received: \_\_\_\_\_

Received Degree(s) from what Accredited College or University: \_\_\_\_\_

*Do you consent to allow the NACVA to contact the institute(s) of higher education listed above for degree verification?*  Yes  No  N/A

**SECTION G:**

Please describe your experience in business valuation. It must be substantial, as defined by the Association, and you must provide enough detail, i.e., references, employers/partners, clients, books written, etc., so the Association can adequately validate that you meet the experience threshold. (Please include any relevant support documents with this application.)

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\* Note: Effective January 1, 2018, membership in the National Association of Certified Valuators and Analysts® (NACVA®) is no longer required to obtain or maintain NACVA’s Certified Valuation Analyst® (CVA®) credential. This policy change was enacted to comply with new standards promulgated by the National Commission for Certifying Agencies® (NCCA®), a division of the Institute for Credentialing Excellence™ (ICE™), with whom we have accredited our CVA credential. Candidates or designees who opt not to join/ belong to NACVA as a Practitioner, Academic, Government, or Student member will be subject to annual CVA Registration Renewal fees and tri-annual Recertification fees; and new CVA candidates, will be subject to a CVA Application Fee. For NACVA members, these fees are embedded in the current dues and fee structure. If one chooses not to be a member, he/she will pay a little less in fees but receive no NACVA benefits other than the ability to use the credential in reports and for marketing purposes. Such designees will also have a NACVA directory listing and must comply with NACVA’s Professional Standards. For more information on this non-member option and reduced pricing, contact NACVA headquarters for details at (800) 677-2009.

**RETURN APPLICATION VIA E-MAIL, FAX, OR MAIL TO:**

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