



Comprehensive Business Valuation Reporting Checklist for Detailed Reports

Published by the National Association of Certified Valuation Analysts

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*“The principal goal of education is to create men who are capable of doing new things,
not simply of repeating what other generations have done.”*

— Jean Piaget

Publication Date: January 31, 2008

Comprehensive Business Valuation

— Reporting Checklist for Detailed Reports —

Use this document in verifying that the necessary information has been addressed in your valuation report to communicate your analysis and the results in the performance of a business valuation, thus gaining added assurance you are in compliance with the Reporting Standards promulgated by the National Association of Certified Valuation Analysts (NACVA) in their newly released Professional Standards, and the American Institute of Certified Public Accountants (AICPA) in their recently published Statement on Standards for Valuation Services No. 1 (SSVS). Both organizations' new standards have an effective implementation date of January 1, 2008.

Disclaimers:

- 1) By no means is the use of this document intended to replace the User's responsibility for having read and being fully conversant with both NACVA's and the AICPA's standards. The authors of this document are fallible and it is very possible that items have been overlooked. Thereby, we disclaim any and all liability for one's use of this document should it turn out that the valuation report produced while using this Checklist is not in compliance with the aforementioned standards.
- 2) This comprehensive checklist is designed for use in engagement to determine a "Conclusion of Value."
- 3) SSVS #49 states the report should indicate restrictions on its use, which is elaborated on in SSVS #65.
- 4) SSVS #67 states the report should contain information on the analyst's qualifications.
- 5) SSVS #71 states a Summary Report is an abridged version of a Detailed Report, and lists the minimum requirements of a Summary Report.
- 6) SSVS #73 through SSVS #76 refer to the requirements of a Calculation Report and lists the minimum requirements for reporting.
- 7) Specifically not referenced, herein, as the pronouncements did not pertain to the reporting of your results are: SSVS numbers 47, 48, 50, 69, 70, 72, 77, 78, and 79.

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	Initials	Date
Prepared By		
Approved By		

— Critical Elements Summary —

1. SUMMARY AND DATES:

- ☐ The effective date of the valuation (and alternative valuation date if appropriate)
- ☐ The date and type of 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

Comments: _____

The above addresses: SSVS 51, 52

2. 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 (including hypothetical assumptions)
- ☐ Qualifications of the valuation analyst

Comments: _____

The above addresses: SSVS 51, 52, 65

3. PURPOSE AND FUNCTION OF THE VALUATION:

- ☐ Statement as to why the company is being valued,
- ☐ Purpose and intended use of the valuation,
- ☐ Intended users of the valuation,
- ☐ The type (estate tax, gifting, ESOP, divorce, etc.) of the valuation, and
- ☐ The premises of value (going concern, liquidation, etc.)

Comments: _____

The above addresses: SSVS 51, 52

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

Comments: _____

The above addresses: SSVS 51, 52

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—— Critical Elements Summary ——

Continued

5. METHODS OF VALUATION:

- ☐ All three valuation approaches (asset, market, income) must be considered
- ☐ Methods used
- ☐ Analysis of subject entity and related non-financial information
- ☐ Financial statement analysis/Information analysis
- ☐ Valuation adjustments

Comments: _____

The above addresses: SSVS 59, 60, 67

6. WORKPAPERS:

- ☐ The workpapers must be included (Developmental Standards)

Comments: _____

7. REPORT WRITING:

- ☐ Letter of transmittal
- ☐ Table of contents
- ☐ Introduction section
- ☐ Sources of information, names of persons interviewed
- ☐ Appendices and exhibits
- ☐ Identity of client
- ☐ Restrictions or limitations
- ☐ Subsequent events
- ☐ Jurisdiction exception
- ☐ Non-operating assets, non-operating liabilities, and excess or deficient operating assets (if any)
- ☐ Representation of the valuation analyst
- ☐ Reconciliation of estimates and conclusion of value
- ☐ Industry and economic data
- ☐ Identification of financial statements used

Comments: _____

The above addresses: SSVS 51, 52

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REPORT ELEMENTS IN DETAIL

SECTION I—REPORT FUNDAMENTALS

1. Introduction and Sources of Information

- a. Provide all of the sources used to value the company
- b. Where information is received from management, provide a list of documents received and reviewed
- c. Where information is utilized from other resources, provide the proper footnote or endnotes
- d. Describe who engaged you
- e. Transmittal letter—who engaged valuator, purpose for valuation, per unit value
- f. Is the report understandable to the reader?
- g. Is there an appropriate table of contents?
- h. Are there any obvious errors in the report?
- i. Are there any obvious omissions in the report?
- j. Does the report lead to a logical conclusion?
- k. Is the report signed by the valuation analyst or persons responsible for issuing the report?
- l. Is the report free of mathematical errors?
- m. Is the report free of spelling errors?
- n. Is the company identified?
- o. Purpose and intended use of report
- p. Identify subject entity
- q. Provide valuation and report dates
- r. Identify premise and standard of value
- s. State source of financial information
- t. Description of subject interest
- u. Control characteristics and degree of marketability
- v. Type of report issued

Comments: _____

The above addresses: SSVS 51, 52, 53

SECTION II—QUALITATIVE FOUNDATIONS

2. Analysis of Subject Entity and Non-Financial Information

- 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.

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—— Critical Elements Summary ——

Continued

5. METHODS OF VALUATION:

- ☐ All three valuation approaches (asset, market, income) must be considered
- ☐ Methods used
- ☐ Analysis of subject entity and related non-financial information
- ☐ Financial statement analysis/Information analysis
- ☐ Valuation adjustments

Comments: _____

The above addresses: SSVS 59, 60, 67

6. WORKPAPERS:

- ☐ The workpapers must be included (Developmental Standards)

Comments: _____

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- ☐ Letter of transmittal
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- ☐ Sources of information, names of persons interviewed
- ☐ Appendices and exhibits
- ☐ Identity of client
- ☐ Restrictions or limitations
- ☐ Subsequent events
- ☐ Jurisdiction exception
- ☐ Non-operating assets, non-operating liabilities, and excess or deficient operating assets (if any)
- ☐ Representation of the valuation analyst
- ☐ Reconciliation of estimates and conclusion of value
- ☐ Industry and economic data
- ☐ Identification of financial statements used

Comments: _____

The above addresses: SSVS 51, 52

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SECTION II—QUALITATIVE FOUNDATIONS*— Continued —***2. Analysis of Subject Entity and Non-Financial Information—Continued**

- dd. Summary of positive and negative company-specific factors and how they impact the risk associated with the company

Comments: _____

*The above addresses: SSVS 57***3. Economic Condition**

- 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

Comments: _____

*The above addresses: SSVS 53h***SECTION III—ANALYTICAL FOUNDATIONS****4. Financial Statement/Information Analysis**

- 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.

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—— Critical Elements Summary ——

Continued

5. METHODS OF VALUATION:

- ☐ All three valuation approaches (asset, market, income) must be considered
- ☐ Methods used
- ☐ Analysis of subject entity and related non-financial information
- ☐ Financial statement analysis/Information analysis
- ☐ Valuation adjustments

Comments: _____

The above addresses: SSVS 59, 60, 67

6. WORKPAPERS:

- ☐ The workpapers must be included (Developmental Standards)

Comments: _____

7. REPORT WRITING:

- ☐ Letter of transmittal
- ☐ Table of contents
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- ☐ Sources of information, names of persons interviewed
- ☐ Appendices and exhibits
- ☐ Identity of client
- ☐ Restrictions or limitations
- ☐ Subsequent events
- ☐ Jurisdiction exception
- ☐ Non-operating assets, non-operating liabilities, and excess or deficient operating assets (if any)
- ☐ Representation of the valuation analyst
- ☐ Reconciliation of estimates and conclusion of value
- ☐ Industry and economic data
- ☐ Identification of financial statements used

Comments: _____

The above addresses: SSVS 51, 52

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SECTION III—ANALYTICAL FOUNDATIONS— *Continued* —Insert Page Ref. in
Report, N/A, or ✓**5. Financial Statement/Information Analysis—Industry Comparison—Continued**

- 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.
- 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?

Comments: _____

*The above addresses: SSVS 58c***6. Financial Statement/Information Analysis—Ratios**

- a. Summary of Financial and Industry Comparison Analysis—discuss how the ratios listed above affect the value of the company.

Comments: _____

*The above addresses: SSVS 58c***7. Financial Statement/Information Analysis—Ratios—Normalizing Adjustments**

- 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 or excess assets identified and adjustments made when appropriate?

Comments: _____

*The above addresses: SSVS 63, 64****Table of Contents***

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SECTION IV—VALUATION APPROACHES AND METHODS USEDInsert Page Ref. in
Report, N/A, or ✓**METHODS OF VALUATION—ASSET****8. Asset Approach**

- 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?
- f. Rationale and support for valuation methods used

Comments: _____

*The above addresses: SSVS 61b***9. Excess Earnings Method**

- a. Is the earnings capacity supportable? 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.
- 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?

Comments: _____

*The above addresses: SSVS 59***METHODS OF VALUATION—MARKET APPROACH****10. Market Data Analysis—Public Companies**

- 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.

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SECTION IV—VALUATION APPROACHES AND METHODS USED— *Continued* —Insert Page Ref. in
Report, N/A, or ✓**METHODS OF VALUATION—MARKET APPROACH—*Continued*****10. Market Data Analysis—Public Companies—*Continued***

- _____ e. Specify the sources of the earnings growth rates for the public companies.
- _____ 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?

Comments: _____

*The above addresses: SSVS 60, 61c***11. Direct Market Data Method—Mid Market**

- _____ 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.

Comments: _____

*The above addresses: SSVS 61c****Table of Contents***

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SECTION IV—VALUATION APPROACHES AND METHODS USED

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METHODS OF VALUATION—MARKET APPROACH—*Continued*

- 12. Direct Market Data Method—Transaction Databases (BIZCOMPS[®], IBA, Pratt's Stats[™], etc.)**
- Are the criteria for selection of transactions adequately discussed?
 - Is the population from which the transactions selected adequately disclosed?
 - Is it clear that all qualified companies from the population have been considered?
 - Does the report clearly discuss which market multiples were used and why they are or are not appropriate?
 - Are the transactions appropriate as of the valuation date?
 - Are the transactions close enough to the valuation date to be relevant?
 - If the transaction data is somewhat removed from the valuation date: discuss the reason for its use.
 - 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)
 - Is there an adequate discussion of when and how to use the mean multiple?
 - Is there adequate analysis of the sales price to earnings and the sales price to gross sales ratios?
 - Is there an adequate explanation as to why a multiple was or was not selected?
 - Is there a discussion of when to use or not use premium or discounts when using the direct market data method?

Comments: _____

The above addresses: SSVS 61c

13. Industry-Specific Multiples

- Does the report clearly discuss the criteria for selection, which industry-specific multiples were used, and why they are or are not appropriate?
- 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.
- Is there an adequate discussion of which multiple was used and why it was used?
- Is there a discussion of when to use or not use premium or discounts when using the industry-specific multiples

Comments: _____

The above addresses: SSVS 61c

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SECTION IV—VALUATION APPROACHES AND METHODS USED

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METHODS OF VALUATION—INCOME APPROACH

14. Income Approach

- a. Is the type of income clearly defined? (Net income, operating income, net cash flow to equity, net cash flow to invested capital, etc.)
- b. Is there adequate support for determining the earnings capacity of the company?
- c. Is the discount rate adequately supported?
- 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?

Comments: _____

The above addresses: SSVS 60, 61a

15. Capitalization of Earnings Method

- 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?

Comments: _____

The above addresses: SSVS 61a

16. Discounted Cash Flow Method

- 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.

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SECTION IV—VALUATION APPROACHES AND METHODS USED— *Continued* —Insert Page Ref. in
Report, N/A, or ✓**METHODS OF VALUATION—INCOME APPROACH—Continued****16. Discounted Cash Flow Method—Continued**

- _____ 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?

Comments: _____

*The above addresses: SSVS 61a***17. Weighted Average Cost of Capital (WACC)**

- _____ 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?

Comments: _____

*The above addresses: SSVS 61a***18. Build-Up Methods**

- _____ 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?

Comments: _____

*The above addresses: SSVS 61a****Table of Contents***

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SECTION IV—VALUATION APPROACHES AND METHODS USED*— Continued —*

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METHODS OF VALUATION—INCOME APPROACH—*Continued***19. Capital Asset Pricing Model—CAPM**

- 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?

Comments: _____

The above addresses: SSVS 61a

20. Risk Rate Component Model—RRCM

- a. Does the report demonstrate an understanding of how to use the Risk Rate Component Model?

Comments: _____

The above addresses: SSVS 61a

21. Use of Projections

- a. Income Statements
 - i. Are the projected income statements presented with adequate detail? (Nominal, common sized, trends)
 - ii. Are the projected income statements presented in a form comparable to the historical financial statements?
 - iii. Are the assumptions for the projected income statements adequately disclosed and are they reasonable?
- b. Balance Sheet
 - i. Are the projected balance sheets presented with adequate detail? (Nominal, common sized, trends)
 - ii. Are the projected balance sheets presented in a form comparable to the historical financial statements?
 - iii. Are the assumptions for the projected balance sheets adequately disclosed and are they reasonable?
- c. Statement of Cash Flows
 - i. Are the projected statement of cash flows presented with adequate detail? (Nominal, common sized, trends)
 - ii. Are the projected statement of cash flows presented in a form comparable to the historical financial statements?

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SECTION IV—VALUATION APPROACHES AND METHODS USED

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METHODS OF VALUATION—INCOME APPROACH—*Continued*

21. Use of Projections—*Continued*

- iii. Are the assumptions for the projected statement of cash flows adequately disclosed and are they reasonable?
- d. Ratios
 - i. Are the projected ratios presented with adequate detail? (Nominal, common sized, trends)
 - ii. Are the projected ratios presented in a form comparable to the historical financial statements?
 - iii. Are the assumptions for the projected ratios adequately disclosed and are they reasonable?

Comments: _____

The above addresses: SSVS 61a

22. Intangible Asset Valuation

Were the following considered and explained in the valuation?

- a. Remaining useful life
- b. Current and anticipated future use of the intangible asset
- c. Rights attributable to the intangible asset
- d. Position of intangible asset in its life cycle
- e. Appropriate discount rate for the intangible asset
- f. Appropriate capital or contributory asset charge, if any
- g. Research and development or marketing expense needed to support the intangible asset in its existing state
- h. Allocation of income (for example, incremental income, residual income, or profit split income) to intangible asset
- i. Whether any tax amortization benefit would be included in the analysis
- j. Discounted multi-year excess earnings
- k. Market royalties
- l. Relief from royalty

Comments: _____

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SECTION V—VALUATION ADJUSTMENTS

23. Discounts and Premiums

- a. Discuss the adequacy of including a control premium to the final value.
- 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.)
- 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.
- g. Discuss the application of all discounts or premiums as applied to both a control and minority shareholder.
- 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 rationale 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?

Comments: _____

The above addresses: SSVS 58

SECTION VI—REPRESENTATIONS OF THE VALUATION ANALYST

24. Are the Following Attributes Present? (Check those that apply)

- a. The analyses, opinions, and conclusion of value included in the valuation report are subject to the specified assumptions and limiting conditions, and they are the personal analyses, opinions, and conclusion of value of the valuation analyst.
- b. The economic and industry data included in the valuation report have been obtained from various printed or electronic reference sources that the valuation analyst believes to be reliable (any exceptions should be noted). The valuation analyst has not performed any corroborating procedures to substantiate that data.
- c. The valuation engagement was performed in accordance with NACVA's Professional Standards and if applicable, the American Institute of Certified Public Accountants Statement on Standards for Valuation Services No. 1 (SSVS).
- d. The parties for which the information and use of the valuation report is restricted are identified; the valuation report is not intended to be and should not be used by anyone other than such parties.
- e. The analyst's compensation is fee-based or is contingent on the outcome of the valuation.

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	Initials	Date
Prepared By		
Approved By		

SECTION VI—REPRESENTATIONS OF THE VALUATION ANALYST

Insert Page Ref. in
Report, N/A, or ✓

— *Continued* —

24. Are the Following Attributes Present? (Check those that apply)—*Continued*

- f. The valuation analyst used the work of one or more outside specialists to assist during the valuation engagement. (An outside specialist is a specialist other than those employed in the valuation analyst's firm.) If the work of such a specialist was used, the specialist should be identified. The valuation report should include a statement identifying the level of responsibility, if any, the valuation analyst is assuming for the specialist's work.
- g. The valuation analyst has no obligation to update the report or the opinion of value for information that comes to his or her attention after the date of the report.
- h. The valuation analyst and the person(s) assuming responsibility for the valuation should sign the representation in their own name(s). The names of those providing significant professional assistance should be identified.
- i. Disclose any conflicts of interest.
- j. Disclose any hypothetical conditions.
- k. Disclose if did the audit, review or compilation, or prepare the tax returns, or that we assume no responsibility.

Comments: _____

The above addresses: SSVS 54, 55, 56, 64, 65, 66

SECTION VII—CONCLUSION OF VALUE**25. Conclusion of Value**

- a. Is there an adequate synthesis and reconciliation of the values?
- b. If necessary, does the report address mathematical versus subjective weighting?
- c. Is there replicability of all calculations in the report?
- d. Is there an adequate justification of the methods of valuation selected?
- e. Is the final opinion of value consistent with the analysis performed?

The following information should be included:

- a. A valuation engagement was performed, including the subject interest and the valuation date.
- b. The analysis was performed solely for the purpose described in this report, and the resulting estimate of value should not be used for any other purpose.
- c. The valuation engagement was conducted in accordance with NACVA's Professional Standards, and if applicable, the American Institute of Certified Public Accountants Statement on Standards for Valuation Services No. 1 (SSVS).
- d. A statement that the estimate of value resulting from a valuation engagement is expressed as a conclusion of value.
- e. The scope of work or data available for analysis is explained, including any restrictions or limitations (paragraph 19).
- f. A statement describing the conclusion of value, either a single amount or a range.
- g. The conclusion of value is subject to the assumptions and limiting conditions (paragraph 18) and to the valuation analysts' representation (paragraph 65).

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Insert Page Ref. in
Report, N/A, or ✓

— Continued —

- Comments: _____
- _____
- _____
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[illegible]

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