

# Business Valuation

## GUIDE TO PROFESSIONAL ACCREDITATION



*The International Society of Professional Valuers®*

July 1, 2009

# Table of Contents

ASA's Advancement Process .....	2
Business Valuation (BV) Guidelines .....	3
ASA Accreditation Application .....	4
Appraisal Experience Requirements .....	6
Preparing an Appraisal Experience Log .....	7
Appraisal Reports .....	8
Appraisal (Client) Report Release Form .....	10
Affirmation Statement for Appraisal Reports Submitted to ASA .....	11
Affirmation Statement for Demonstration Appraisal Reports Submitted to ASA .....	12
College Degree Equivalency Program Form .....	13
Moving from AM to ASA .....	14
Earning an Additional Designation .....	14
Reaccreditation/Maintaining Your Designation .....	14

Congratulations on your decision to earn a professional designation from the American Society of Appraisers! You should be proud of what you have accomplished thus far with ASA and we are happy to help you move through the process of achieving either the Accredited Member (AM) or the Accredited Senior Appraiser (ASA) designation.

This guide will provide you with clear, step-by-step instructions on how to earn your designation. In addition, ASA has dedicated staff members, specifically trained in your discipline's accreditation process, to help you with any questions or problems you may have. ASA's accreditation specialists may be reached by calling our member service center at (800) 272-8258 or (703) 478-2228.

# ASA's Advancement Process

The ASA advancement process does take time. When ASA receives your completed accreditation file, it is sent out for review by the International Board of Examiners (BOE) which is made up of volunteers including those specific to the Business Valuation (BV) discipline. Two members of the BOE will review your entire accreditation package. The initial examiner will complete a review of your file within 40 days and return the packet to ASA Headquarters. The file is then sent to an adviser who also has 40 days to review and return your file to ASA Headquarters. The results will be mailed to you once the two reviews are completed.

While your reports are being reviewed, your discipline accreditation specialist will verify the information provided on your application. He/she will also contact you to conduct a short interview to discuss your experience, education and ethical standing.

Your advancement to Accredited Member (AM) or Accredited Senior Appraiser (ASA) is complete once the International Board of Examiners (with the assistance of your discipline accreditation specialist) approves your full-time appraisal experience, educational background (i.e., college degree) and appraisal reports, and determines that you completed and passed the education requirements of the BV discipline and passed the comprehensive examination.

When all the requirements have been approved, you will be awarded your designation and provided with your AM or ASA certificate (this will be mailed to your chapter president within four to six weeks after your designation is awarded).

If some portion of the package fails to meet ASA guidelines, you will be provided comments on what needs to be resubmitted or repeated. If you do not agree with the decision of the BOE, you may forward a written appeal to the attention of the Business Valuation Committee vice chair, in care of the director of education and accreditation at ASA Headquarters.

# Business Valuation (BV) Guidelines

In order to apply for a designation with ASA, the following prerequisites must be met:

1. You must be a "Candidate," meaning you have passed both the ASA's Ethics exam and the Uniform Standards of Professional Appraisal Practice (USPAP) exam and you have either met the Business Valuation education requirements or you have an acceptable equivalency (see below for more details).
2. You must have a four-year college degree or its equivalent. For more information on degree equivalencies, see page 13.
3. You need to have two years of full-time appraisal experience for the Accredited Member (AM) designation or five years of full-time appraisal experience for Accredited Senior Appraiser (ASA) designation (2,000 hours = one year of work experience).

## Applying for the AM/ASA Designation

Candidates must pass all four Principles of Valuation courses in Business Valuation (BV201–BV204) and then submit the following information to ASA Headquarters:

- The completed accreditation application (page 4)
- The accreditation application fee
- Proof of education (copy of degree, transcript or the education equivalency form found on page 13)
- Appraisal experience log (an example is on page 7) or a letter from an ASA or supervisor stating that you have been engaged in full-time BV appraisals (two years for AM, five years for ASA)
- One narrative, self-contained appraisal report performed in the last two years (this refers to the report submission date, not the valuation date). Please contact your BV accreditation specialist to verify if your report requires a BV checklist. This report must be an actual report that was done for a client.
- Proof of equivalency certification (if applicable)

## Professional Education Equivalency Certification Program (PEECP)

If you hold a designation from one of the following organizations, you may be exempt from having to complete some of the BV requirements. To ensure proper credit, please be sure to include your certificate or proof of designation in your accreditation packet submitted to ASA Headquarters.

AICPA: ABV designation (if an eight-hour exam was passed) = ASA's BV201–204

CPA: (with five or more years of public service) = one year of experience requirement credit

CICBV: CBV designation = ASA's BV201–204

The CFA Institute: CFA = ASA's BV201

IBA: MCBA designation = ASA's BV201–204

IBA: CBA designation = ASA's BV201–204

ICBI: CBI with five years of public service = one year of experience requirement credit



# ASA Accreditation Application (Part 1)

Candidate to Accredited Member (AM)  Candidate to Accredited Senior Appraiser (ASA)  AM to ASA  Additional Designation

Full name \_\_\_\_\_ ASA chapter \_\_\_\_\_  
Address \_\_\_\_\_  
Phone \_\_\_\_\_ Fax \_\_\_\_\_  
E-mail address \_\_\_\_\_  
Will you accept referrals?  Yes  No  
Discipline \_\_\_\_\_

### Education

Please submit a copy of your diploma or college transcript. If no college degree, please attach College Degree Equivalency Program Form on page 13.

Name of college/university \_\_\_\_\_ Location \_\_\_\_\_  
Years of attendance \_\_\_\_\_ To \_\_\_\_\_ Degree(s) secured, and year(s) \_\_\_\_\_

### Current Employment

Applicant may attach personal résumé or curriculum vitae in lieu of completing this section.

From	To	Company	Location	Position and type of work
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

### Professional Organization(s) of Which You Are a Member and Designation(s) Held

Have you ever been declined for membership in a professional organization or had such a membership revoked?  
 Yes  No If yes, please explain \_\_\_\_\_

Are you a CPA ?  Yes  No In public accounting?  Yes  No For five years or more?  Yes  No  
Are you a CFA ?  Yes  No For five years or more?  Yes  No  
Are you a CBI ?  Yes  No For five years or more?  Yes  No

If you answered yes to any of the last three questions, please attach a copy of your certificate.

Have you taken USPAP (Uniform Standards of Professional Appraisal Practice)?  Yes  No

If yes, please enter date of last course taken \_\_\_\_\_  
(Attach a copy of your certificate or letter)

I hereby certify that the statements contained herein are correct and, if elected to designated membership, I agree to abide by ASA's constitution, bylaws, administrative rules, Principles of Appraisal Practice and Code of Ethics, and by the provisions of the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation.

Signature \_\_\_\_\_ Date \_\_\_\_\_

continued on next page

# ASA Accreditation Application (Part 2)

## Payment

The fee of \$275 must be enclosed with this accreditation application.

Check enclosed (payable to ASA)    VISA    MasterCard    American Express

Credit card # \_\_\_\_\_ Exp. date \_\_\_\_\_

Signature \_\_\_\_\_

## AM and ASA Accreditation Checklist

To ensure you have completed your accreditation packet, complete this checklist and submit it with your application package.

- \_\_\_\_\_ 1. You are an approved ASA Candidate.
- \_\_\_\_\_ 2. You submitted a copy of your college diploma or transcript for a four-year degree or completed the required education equivalency form if you do not have a degree (page 13).
- \_\_\_\_\_ 3. You submitted an appraisal experience log or letter documenting two years (AM) or five years (ASA) of full-time appraisal experience or the equivalent part-time experience (an example is on page 7).
- \_\_\_\_\_ 4. You demonstrated your appraisal expertise by passing the ASA Principles of Valuation (POV) courses in Business Valuation or submitted the appropriate documentation if applying through the Professional Education Equivalency Certification Program.
- \_\_\_\_\_ 5. You submitted one narrative appraisal report that was completed within the past two years. This report must be an actual report that was done for a client. (Please contact your BV accreditation specialist to verify if your report requires a BV checklist.)
- \_\_\_\_\_ 6. You included the signed client release form (page 10).
- \_\_\_\_\_ 7. You included the two signed affirmation statements (pages 11–12).
- \_\_\_\_\_ 8. You submitted the completed accreditation application.
- \_\_\_\_\_ 9. You submitted the \$275 accreditation application fee.

Please mail your complete accreditation packet to:

ASA Accreditation Services  
555 Herndon Parkway, Suite 125  
Herndon, VA 20170

If you would like to submit your documents electronically, please call your BV accreditation specialist at (800) 272-8258 or (703) 478-2228 for special instructions.

# Appraisal Experience Requirements

## Appraisal Experience

Appraisal experience is difficult to define, especially for appraisers who appraise property less than 100 percent of the time. These definitions may be helpful:

Value—The monetary worth of something

Valuation or Appraisal—The act or process of estimating the value of property

Appraiser—One who appraises

Determine—To come to a decision concerning, as a result of investigation, reasoning, etc.

Appraisal practice, as defined by ASA, encompasses estimating the value of property; forecasting the earning power of property; estimating the cost of property; and determining nonmonetary benefits or characteristics that contribute to value. Appraising by definition, as adopted by ASA's International Board of Examiners, means the preparation of formal written opinions of value. Again, pricing is not necessarily appraisal.

## Experience Requirement for Accreditation

AM: At least two years of full-time-equivalent appraisal experience

ASA: At least five years of full-time-equivalent appraisal experience

2,000 hours = one year of experience

## Full-Time-Equivalent Experience

Appraisal experience is experience in the act or process of estimating value. ASA requires five years of such experience, on a full-time basis, to achieve the Accredited Senior Appraiser (ASA) designation. Therefore, an appraiser can fulfill the experience requirement for ASA in five years, provided he or she appraises full time. This is not the case if, for example, the appraiser spends only 75 percent of his or her time appraising. In such a case, more time will be required to achieve five years of full-time experience. (In the 75 percent example, it would be equivalent to six years, eight months.)

BV Candidates with five or more years of experience as a CPA (public accountant), CFA or CBI will receive one year of full-time appraisal experience. Documentation of this experience must be included in the Candidate's accreditation packet submitted to ASA.

## Understanding the Appraisal Experience Requirement

When a Candidate fills out ASA's accreditation application, he or she should supply sufficient information to enable the International Board of Examiners and the local chapter to determine whether or not the Candidate meets ASA's experience requirements. It is the obligation of the Candidate to portray the actual, provable experience sufficiently well to allow examiners to quantify that experience in terms of months and years of full-time or full-time-equivalent experience. It should be noted that appraisal experience is specific, not generic. The experience must be relevant to the Business Valuation discipline. In instances where the local chapter is unable to determine whether a Candidate has sufficient experience, the Candidate's file and credentials will be forwarded to the International Board of Examiners for review and resolution.

# Preparing an Appraisal Experience Log

Appraisal experience logs are common in the business world and an excellent tool for all appraisers to keep track of their assignments. The sample log shown below is an example and the definitions may not apply to your type of appraisal assignment. In that case, you should develop a log of your own that better fits your needs. Any log will do, as long as it is useful to you.

An appraisal experience log is helpful to the International Board of Examiners and to your chapter to verify your appraisal experience. It should cover a period of two years or five years, depending on whether you are applying for the AM or the ASA designation.

## Appraisal Experience Log Sample

Candidate's name \_\_\_\_\_ Company \_\_\_\_\_

Number of pages \_\_\_\_\_

Date	As of	Interest	Property Type	Purpose	Type of Assignment	Intended Use	Report	Value
Signature: _____						Date: _____		

### Definitions of Terms Used

Date—Date of the appraisal report

As of—Effective date of value

Interest—Interest being valued (only if applicable to your discipline)

Property Type—Must be appropriate to the discipline in which certification is being sought

Purpose—Purpose of the appraisal

Value—Total appraised value

# Appraisal Reports

Appraisal reports represent an important component of the accreditation process. Reports that are prepared by a Candidate, for clients, demonstrate the quality and professionalism offered by the Candidate to the public. Such reports assist the Board of Examiners in evaluating the scope of practice, ethical attitude and levels of education and appraisal competence achieved by the Candidate.

## BV Appraisal Report Submittal Guidelines

One report must be submitted. To ensure that a Candidate's report meets the Business Valuation criteria for written appraisal reports, the following documents should be used:

- Uniform Standards of Professional Appraisal Practice (USPAP)
- ASA Principles of Appraisal Practice and Code of Ethics (Sections 6.2 and 8)
- Business Valuation Standards (downloaded from <http://www.bvappraisers.org/standards/bvstandards.pdf>)

These same documents are used by examiners in reviewing the Candidate's reports and determining whether they meet the requirements for accreditation. In addition to the general checklist of the documentation that must be submitted (see page 3), the Candidate will also need to include a BV-specific checklist that can be downloaded from ASA's Web site (<http://www.appraisers.org/join/accreditation.htm>) for the report. Completing this checklist should help Candidates assess their report and determine whether or not it meets the required criteria. It is incumbent on the report writer to make clear his/her reasoning, especially in areas that lack universal acceptance. Not all of the elements on the checklist are required or appropriate for every appraisal. However, the report must comply with the guidelines set by USPAP and the ASA BV Standards. Reports that do not meet these standards or are missing vital information will not be approved. If the report is not approved, the examiner will provide a list of Pass/Fail items omitted, if any, and specific reasons why the report was not accepted. If the report does pass, the examiner may still give constructive comments to help Candidates improve their report writing.

Even if a report contains all of the information noted in the checklist, it does not mean that it will be approved. The report must be supported, logically consistent, and replicable by the grader in order to pass. Also, superficial inclusion in the report of the individual items in the checklist (e.g., two sentences about Management or Competition) may be wholly insufficient to convey to the examiner the relevance of these items to the valuation and its findings. This is a common error in many reports submitted. The reader of the report should be able to come to a full and comprehensive understanding of the company being valued, its risks and opportunities, factors internal and external to it, and a full understanding of how and why the appraiser took the steps he or she did in assessing the company and arriving at a valuation conclusion.

Candidates should be careful to ensure that their report fully documents all of the adjustments and other steps taken in arriving at valuation findings, including careful citation of all sources relied upon. The report must stand on its own such that an examiner could fully reproduce every adjustment, calculation and source of information in the report without having to talk to the appraiser or review their workpapers. Reports that do not meet this acid test will not pass, regardless of discussing the items in the checklist.

Complete narrative reports such as would be written for gift tax-related, estate tax-related or Employee Stock Ownership Plan (ESOP) purposes are the best types of reports to submit for review. In order to successfully meet the report review criteria, the report submitted must include a comprehensive business valuation report or a "discount study" or technical report (e.g., FLP, LLC, intangible asset or allocation of purchase price valuation). FLP or LLC "discount" reports are not accepted by the BV International Board of Examiners. However, the report may be an intangible asset valuation.

As of January 1, 2008:

- Operating business valuation reports: The report submitted must include the use of both the income approach AND the market approach (this is required in a report for an operating business, not for a holding company, FLP or intangible asset valuation). Based on the facts and circumstances, it is up to the Candidate which method(s) within each of those approaches is used (e.g., merger and acquisition or guideline public company

methods under the market approach, or the capitalization or discounted future income methods under the income approach). However, the report must contain at least one method under each of these two approaches.

- Intangible asset valuation reports: The report must involve the valuation of the enterprise or operating unit or it will not be accepted.
- Reports must be complete narrative reports. Summary reports will not be accepted. Lost profits and damages types of reports will only be accepted as valuation reports if they involve a valuation of the enterprise or an interest in the enterprise (e.g., but for the damage the fair market value of the shares would have been \$x).

If your practice area or your firm report format or policy makes it difficult to write a complete narrative report, you may submit a report that is based on actual appraisal assignments, but for which the written output was expanded beyond the scope required or requested by the client. These “demonstration” reports must be identified with an explanation as to which portions of the written report differ from what was received by the client and why.

You will be required to sign an affirmation that the report was prepared by you and is either an actual or demonstration report, whichever is appropriate (see forms on page 11–12).

If the report does not pass, a new one must be submitted. However, a report may be resubmitted if the BV vice chair of the Board of Examiners decides that a report failed for one or more technical issues (such as lack of a signature, missing page or exhibit, etc.). In that case, it may be corrected and resubmitted.

A submitted report shall not be more than two years old. This refers to the date the report was issued, not the valuation date.

# Appraisal (Client) Report Release Form

This form must be signed by Candidates using an appraisal report containing a client's name and information. In addition, a signed letter from the client giving written permission to use the report for accreditation purposes must accompany this form. Each applicant for accreditation as an Accredited Member or Accredited Senior Appraiser is requested to proceed in conformance with the following provision of ASA's Code of Ethics.

I have requested and received authorization from my client(s) that the appraisal report(s) submitted herewith may be used for professional examination review purposes by the ASA International Board of Examiners for its evaluation as part of my accreditation application for professional appraisal designation.

Signature of Candidate \_\_\_\_\_ Date \_\_\_\_\_

Print name \_\_\_\_\_

# Affirmation Statement for Appraisal Reports Submitted to ASA

I hereby affirm and certify the appraisal report I have submitted was primarily prepared by me and is a copy of an actual report prepared for an actual client.

I hereby affirm and certify that the statements contained herein are truthful, and if approved for a designation, I agree to abide by ASA's constitution, bylaws, administrative rules, Principles of Appraisal Practice and Code of Ethics and by the provisions of the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation.

Signature of Candidate \_\_\_\_\_ Date \_\_\_\_\_

Print name \_\_\_\_\_

# Affirmation Statement for Demonstration Appraisal Reports Submitted to ASA

I hereby affirm and certify that the demonstration appraisal report I have submitted was primarily prepared by me and is based on an actual report prepared for an actual client.

It is recognized by ASA that a Candidate may work in a practice area or for a company or government agency where there is a policy or firm report format that specifically precludes the inclusion of one or more of the pass/fail items noted in the checklist in appraisal reports. In such a case, the Candidate is allowed to expand the original report to make it a demonstration report. A demonstration report is a report prepared by the Candidate for an actual client that has been expanded to include items required by ASA that were not included in the original report because of a company policy. If a Candidate submits a demonstration report, he or she must clearly indicate that it is a demonstration report and state why a demonstration report is being submitted, including the company policies that limited the completeness of the report.

I hereby affirm and certify that the statements contained herein are truthful and if approved for a designation I agree to abide by ASA's constitution, bylaws, administrative rules, Principles of Appraisal Practice and Code of Ethics and by provisions of the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation.

Signature of Candidate \_\_\_\_\_ Date \_\_\_\_\_

Print name \_\_\_\_\_

# College Degree Equivalency Program Form

Name of Candidate \_\_\_\_\_

Chapter name \_\_\_\_\_

A college degree represents four years of education beyond the secondary (high school) level. In terms of hours, such a degree means that the individual has completed approximately 120 semester hours, or 180 quarter hours, of college courses, or the equivalent of 1,800 hours of classroom instruction time. This total does not include class preparation, laboratory time, study time or the time required to do term papers and the special projects required by some courses of study. In other words, 450 hours of equivalency equals one year of college.

ASA's equivalency policy attempts to equate business/work experience (other than that required for accreditation as an appraiser—two years for AM and five years for ASA) and other noncollege educational courses to a four-year college program. This policy is similar to that of many colleges and universities that give credit for business/work/life experiences toward an undergraduate degree. Most of these institutions limit such credit to an equivalency maximum of two years.

Attach to this application all appropriate documentation to support your equivalency as described below:

1. College/university courses completed<sup>1</sup> \_\_\_\_\_ years
2. Professional designations earned<sup>2</sup> \_\_\_\_\_
3. Seminars, courses, conferences, institutes, lectures, etc., attended<sup>2</sup> \_\_\_\_\_ hours
4. Articles, papers and/or books published \_\_\_\_\_
5. Two years of appraisal experience can be credited for one year of college over and above the two-year Accredited Member and five-year Accredited Senior Appraiser requirement. \_\_\_\_\_ years
6. Business/work experience that is not appraisal/valuation related cannot be counted toward the Society's full-time appraisal experience requirement but can be credited toward degree equivalency; the same is true for teaching, administrative or supervisory positions (other than those of appraisal functions), personal property acquisition and retailing, museum or gallery supervision, etc. Such experience, for equivalency, may be credited at the rate of one year of experience for two years of degree equivalency. \_\_\_\_\_ years

I hereby certify that the above equivalencies are a true and correct representation of my applicable education and experience. I understand that any misrepresentation may result in a denial of my application for accreditation or other appropriate disciplinary action under ASA's constitution, bylaws and administrative rules.

Signature of Candidate \_\_\_\_\_ Date \_\_\_\_\_

<sup>1</sup> Attach transcripts or other appropriate documentation.

<sup>2</sup> Need not be related to the appraisal profession.

## Moving From AM to ASA

Any Accredited Member may apply to advance to Accredited Senior Appraiser status by submitting the following items to ASA International Headquarters:

- Accreditation application
- \$275 accreditation application fee
- Appraisal experience log

Contact your discipline's accreditation specialist at (800) 272-8258 or (703) 478-2228 for more information.

## Earning an Additional Designation

Any Accredited Senior Appraiser in good standing may apply for Accredited Senior Appraiser status in more than one appraisal specialty. The procedure is as follows:

- The ASA applicant must demonstrate, at minimum, the equivalent of three years of full-time-equivalent appraisal experience in the discipline/specialty requested.
- The ASA applicant must write a letter to his/her chapter president stating briefly his or her qualifications in the particular discipline/specialty and request the chapter's recommendation for Accredited Senior Appraiser status in the additional designation.
- The applicant must submit to ASA International Headquarters, along with a copy of the letter, an accreditation application and fee, a log documenting three years of appraisal experience in his or her discipline/specialty, and two appraisal reports demonstrating knowledge in the particular discipline/specialty.
- If the applicant has not already taken the necessary discipline appraisal education courses (i.e., POV courses, etc.), the applicant must take ASA's current accredited specialty examination if it is offered by the discipline. If the exam is not offered, the applicant must take the necessary appraisal education courses or hold an appropriate equivalency.
- Upon recommendation of the applicant's chapter and the International Board of Examiners, the applicant will be granted Accredited Senior Appraiser status in that particular additional appraisal discipline/specialty.

## Reaccreditation/Maintaining Your Designation

All designated members are required to submit evidence of professional growth through continuing education and/or participation in professional activities every five years to remain an accredited and designated ASA or AM. Those ASAs failing to reaccredit will revert to the grade of Accredited Member. Those AMs failing to reaccredit will revert to the grade of Candidate. Questions regarding the reaccreditation process can be answered by your discipline's membership and reaccreditation specialist at (800) 272-8258 or (703) 478-2228.