

National Association of Certified  
Valuators and Analysts

**CVA\* Candidate Handbook**



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**National Association of Certified Valuators and Analysts**  
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\* Effective April 1, 2013, the AVA credential was merged into the CVA. Holders of the AVA may continue to hold themselves out as an AVA through March 31, 2014, after which they must drop the AVA appellation and use only the CVA. AVAs may adopt the CVA appellation any time prior to March 31, 2014, but may not use both appellations—they must choose one or the other.

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## I. INTRODUCTION

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Practitioner members of the Association may apply for certification as a Certified Valuation Analyst (CVA). The designation serves to advise other professionals, prospective clients, and the community at large that the member has satisfied the Association's rigorous standards of professionalism, expertise, objectivity, and integrity in the field of business valuation.

The examination and recertification process is designed to ensure a valuation practitioner who earns the CVA has the requisite skills and ethics to uphold the highest standard for competent practice in the business valuation profession.

To assure the integrity of the CVA certification program, NACVA members oversee the certification programs through the mechanism of the Valuation Credentialing Board (VCB).

### A. VALUATION CREDENTIALING BOARD

The Valuation Credentialing Board's (VCB) Mission is to promulgate the growth and numbers in the CPA and financial professional communities of holders of the CVA credential. To achieve this Mission the VCB must keep its mind open to the underlying qualities and characteristics that constitute a capable candidate for the certification, recognizing that it is only with proper education and testing that an individual can become fundamentally qualified to perform the tasks for which the CVA credential is intended to signify. Board decisions may not be enacted upon if, in the sole discretion of the Board of Directors, such decisions could impair the financial wherewithal and security of the Association.

The VCB has direct decision-making responsibility over the CVA certification criteria including test development and maintenance; testing, scoring, and grading procedures; eligibility and experience requirements; CPE reporting; CPE requirements; and recertification. The VCB has the authority to review the administrative procedures at NACVA headquarters (HQ) over the testing and recertification processes. VCB directives in these regards are made to the Executive Director. If the Executive Director does not comply, the VCB has the authority to take the matter to a higher level, that being the CEO or Board of Directors. The VCB, at its discretion, may evaluate other organizations' testing processes, study and evaluate new technology and approaches to testing methodologies, in order to maintain the highest quality standards in NACVA's certification process. The VCB has no direct responsibility for education. The VCB does not have the authority to create a new credential. The VCB is responsible to uphold the mission of the valuation credentialing program.

The VCB is composed of twelve members, nine of whom have full voting privileges. One of the appointed voting positions is a public member. Members of the VCB include representation by CVA designees. Additional information on the election and nomination process is available in The Association brochure available from NACVA or at [www.NACVA.com](http://www.NACVA.com).

<b>VCB Composition</b>	<b>Voting</b>	<b>Non-Voting</b>
Elected by NACVA Membership	6	
Appointed by Executive Advisory Board	2	
Appointed by VCB	1	3

### B. PURPOSE OF CERTIFICATION

The CVA designation is designed to ensure that certificants have met NACVA's rigorous standards of professionalism, expertise, objectivity, and integrity in the fields of business valuation and the services that fall within the scope of business valuation.

The examination and recertification process is designed to ensure a valuation practitioner who earns the CVA has the requisite skills and ethics to uphold the highest standard for competent practice in the business valuation profession.

## II. CERTIFICATION PROCESS

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### A. QUALIFICATIONS FOR CVA CERTIFICATION

To qualify for the Certified Valuation Analyst (CVA) designation, the applicant must:

#### 1. For CPAs

Hold an active, valid, and unrevoked CPA license issued by a legally constituted state authority (the Chartered Accountant [CA] designation issued in Canada is equivalent to the CPA in the U.S.).

#### 2. For Non-CPAs

Hold a business degree (i.e., management, economics, finance, marketing, accounting, or other business field) and/or an MBA (master of business administration) or higher business degree from an accredited college or university; and

#### 3. For All Applicants

- A. Be a Practitioner member in good standing with NACVA;
- B. Successfully demonstrate that applicant meets NACVA's "Experience Threshold" by completing a sample Case Study or submitting an actual and sanitized Fair Market Value (FMV) report (FMV as defined by Revenue Ruling 59–60) prepared in the last 12 months for peer review;
- C. Attend an optional five-day training program;
- D. Submit three personal and three business references; and
- E. Be able to demonstrate with business references or attestations from current or previous employers and/or partners "substantial experience" in business valuation. For this purpose, substantial could mean:
  - (1) Two years or more of full-time or equivalent experience in business valuation and related disciplines (for an expanded definition of what constitutes experience, see how it is defined under our **Recertification policy** under "Points for Experience"); or
  - (2) Having performed 10 or more business valuations where the applicant's role was significant enough to be referenced in the valuation report or a signatory on the report; or  
Being able to demonstrate substantial knowledge of business valuation theory, methodologies, and practices. For example, having a combination of published works on the subject and completed either a PhD in finance or economics or a doctor of business administration (DBA) from an accredited institution of higher education and having some work experience. Or, having obtained an accreditation from another recognized valuation-accrediting organization.

#### 4. Pass a comprehensive, five-hour, multiple-choice, proctored examination.

An application to take the examination must be submitted prior to issuance of the exam. To hold an active CVA designation, individuals must maintain current Practitioner or Academic member, or

Government employed valuator in NACVA. CVAs who allow their membership to lapse will lose their certification and must reapply to become certified if they later choose to reinstate their membership.

## **B. QUALIFICATIONS FOR GOVERNMENT-EMPLOYED VALUATION ANALYSTS**

NACVA offers the CVA certification to government employees under a different set of criteria.

To qualify the applicant must:

1. Have a four-year college degree, i.e., a minimum of a BA, BS, or similar degree;
2. Have the combined equivalent of two years of full-time experience in business valuation (BV). BV experience requirements must be approved by the applicant's immediate supervisor or the BV Committee for the applicable government-funded institution;
3. Have a minimum GS-12 or comparable rating (exceptions will be considered upon written request from a supervisor attesting to the applicant's qualifications and competency to pursue certification);
4. Be a Government employee member in good standing with NACVA;
5. Be currently employed by a federal or state government agency;
6. Successfully demonstrate that applicant meets NACVA's "experience threshold" requirement by completing a sample Case Study, or submitting an actual and sanitized fair market value report, prepared in the last 12 months, for peer review;
7. Submit three personal and three business references; and
8. Attend an optional five day training program;
9. Pass a comprehensive, five-hour, multiple-choice, proctored examination.

The Case Study Experience Threshold requirement is reviewed using a standardized grading key developed by a committee of NACVA Subject-Matter Experts and approved by the VCB. The grading key, in conjunction with training provided by NACVA for all graders, is designed to provide a consistent and fair evaluation process.

## **III. COMPLETING THE APPLICATION**

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### **A. APPLICATION OVERVIEW**

To apply for the CVA credential, individuals must complete the application form included in this handbook and available at [www.NACVA.com](http://www.NACVA.com) in full. Each application for certification is reviewed by NACVA staff members to ensure that all qualifications for certification are met. NACVA reserves the right to verify any of the information provided in the application.

Applications for certification will be reviewed by NACVA HQ staff within 30 days of receipt and candidates will be contacted via e-mail or phone when their application has been accepted.

Applicants have two months from the date of application approval, or two months from completing the optional NACVA sponsored training program, to take the proctored exam and complete all eligibility requirements. Monthly extensions are permitted, for a fee, beyond the two-month period, for up to 10 months.

### **B. ELIGIBILITY APPEALS**

An applicant who has been advised by NACVA staff that they do not qualify to sit for the exam may appeal to the VCB. Appeals, or exception requests, may also be made under this policy by individuals

whose Candidate status (see “Use of the Certification Mark” section) is expiring and who feel significant extenuating circumstances warrant an extension of the Candidate period. This appeal should be in writing, along with the applicant’s reasoning as to why they do qualify, and any documentation to assist the VCB in making a determination. The data should be faxed or e-mailed to the current Chairperson of the VCB. This contact information is posted on NACVA’s website or can be obtained by calling NACVA’s Executive Director. The appeal will be reviewed by the VCB, or its designated sub-committee, and a recommendation will be placed on the agenda for the next VCB meeting and consideration by the full board. The VCB, at its discretion, may follow-up with the applicant to request additional information; as such the applicant should be sure to include all relevant information with the initial appeal. The Chairperson will advise the applicant and NACVA’s Director of Member/Client Services of the VCB’s decision.

For appeals related to the experience threshold Case Study requirement, see Examination and Experience Threshold Determination Appeals below.

### **C. FEES**

Current fee information may be obtained at [www.NACVA.com](http://www.NACVA.com) or by contacting NACVA HQ. The examination fee covers the cost to review the sample Case Study. If an actual report is submitted in place of the sample Case Study, an additional fee will apply. Candidates may also pay the exam fee as a package price with an optional training course.

### **D. CANCELLATIONS**

Examination cancellations may be made by contacting NACVA by phone or in writing. Cancellations received at least two weeks prior to an exam (or training) date will receive a refund less an administrative processing fee. Cancellations received less than two weeks prior to an exam (or training) date will receive credit toward a CTI seminar, webinar, conference, self-study course, software, exam, or product sold by NACVA. If requesting a “credit,” any credit vouchers and/or Pacesetter Points applied to the original purchase will be added back to the purchaser’s account for future use. There are no exceptions to this policy.

## **IV. POLICIES**

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### **A. ACCOMMODATIONS**

Individuals with disabilities may request specific accommodations, in writing, to NACVA, no fewer than sixty (60) days prior to the published exam administration date. The written request must be accompanied by official documentation of the disability. Reasonable requests for special accommodations will be provided for when the documentation supports the need.

### **B. CONFIDENTIALITY**

All members designated by the Association are published in our Credentialed Member web directory; information provided there is made available to the public. All other information in our files pertaining to a member of NACVA, other than whether or not someone is a member of the Association, is held in strict confidence, and only under court order or a signed release from the member, will it be released to outside parties.

Paper records pertaining to Continuing Professional Education and the Certification Exams are destroyed after five years. (The Case Study Workpapers, however, are destroyed immediately upon successful completion of peer review.)

### **C. DIRECTORY OF CERTIFICANTS**

NACVA maintains a directory of credentialed professionals on its web site. All certificants are listed in the directory which includes name, city, state, phone number, and applicable designations. In addition, designees may elect to include their web site link, photograph, areas/industries of specialty, and biographical information.

The Referral Directory *only* features those members who hold a NACVA credential and have completed all the fields of information, including uploading a photo in their profile. When your potential client performs a search for experts by industry, area of specialization, geographic location, and/or zip code, results are delivered on a random basis, and different members are featured each time.

### **D. EXAMINATION AND EXPERIENCE THRESHOLD DETERMINATION APPEALS**

Members may appeal an unsatisfactory review of the Case Study as to meeting the Experience Threshold and/or a failed determination on their exam. The process of appeal follows three steps:

1. The member's first step is to contact NACVA's Exam Facilitator. At the applicant's request, multiple-choice exams may be hand-scored to ensure accurate grading. Many issues regarding the Case Study and/or valuation report can be resolved at this level as in most cases the Case Study will be reviewed for a second or third opinion.
2. If the response from step one regarding the Case Study is not satisfactory, the member should call the Chair of the CVA Exam and Grading Committee/Team who will deliberate the matter with members of the Committee and render a decision accordingly. The Committee Chair changes periodically, so members should call NACVA to obtain current contact information.
3. If step one and step two resulted in what the member considers an unsatisfactory resolution he or she should put the facts, as the member perceives them, in writing, and e-mail or fax them to the Chair of the VCB, requesting VCB review. The Chair will place the complaint on the agenda for full board consideration, and assign a board member to review the complaint and offer a solution to the VCB Board as a whole. The assigned board member may contact the member who filed the appeal for more information, if it is thought that the written document does not have enough detail to make a well-considered decision. The assigned board member may contact the reviewer(s) involved for more information. The assigned board member will present the case to the full board for resolution. The Chair will advise the member, by e-mail or fax, as to the resolution and decision made by the board. The VCB's decision is final.

### **E. MILITARY DEPLOYMENT**

NACVA supports those in active military service and provides special consideration during deployment.

1. Upon notification and prior to deployment, NACVA membership dues will be suspended (put on hold) for the duration of deployment;
2. When the member returns from active duty, membership dues will be reinstated;
3. If recertification became due during the period of deployment, member is granted one year from when he or she returns to fulfill his or her recertification requirements.

### **F. NONDISCRIMINATION**

NACVA does not discriminate on the basis of age, race, color, religion, creed, national origin or ancestry, citizenship, ethnicity, sex, gender (including sexual orientation and gender nonconformity), physical or mental disability (as defined by law), marital status, or veteran status.

NACVA does not tolerate discrimination in our internal hiring practices, membership recruitment, and in the conduct of the hundreds of individuals who represent the association in many capacities including

instructor, Board/Committee member, grader, mentor, support group or team member, and anyone acting as an emissary on our behalf anywhere in the world.

## **G. RECORDS RETENTION**

Member files include membership and certification applications, any correspondence, case study report, pass/fail exam status, and a copy of any certificates. Examination scores are not kept in individual files. Case study reports are retained for five years; however, case study work papers are destroyed once the candidate has successfully met the requirement. (Refer to Confidentiality as stated above.)

## **H. VERIFICATION OF CERTIFICATION STATUS**

Certification status of any CVA may be verified by contacting the NACVA headquarters office, however, please refer to Confidentiality as stated above prior to contacting NACVA HQ. However, all credentialed members in good standing are made public in NACVA's online Member Directory. All other information pertaining to a member of NACVA, other than whether or not someone is a member of the Association, is held in strict confidence, and only under court order will it be released to outside parties. Any questions should be directed to the Executive Director.

# **V. EXAMINATION INFORMATION**

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## **A. EXAM OVERVIEW**

The five-hour, proctored exam consists of multiple-choice questions. The exam is designed to test the candidate on concepts within the Body of Knowledge (BOK) for the discipline. The examination is delivered to candidates either via computer or paper-and pencil exam, depending on the test location. Paper-and-pencil exams may be used following training courses in the unlikely event that problems are encountered with online access to the exam.

## **B. EXAMINATION SITES**

The proctored multiple-choice exam is administered at the conclusion of the optional five-day training program **or** at one of hundreds of Drake Kryterion locations NACVA has contracted with throughout the country for the applicant's convenience. Candidates may choose to take the exam at the conclusion of a training program whether or not they have participated in the training.

If a testing center is not available where the candidate is located, they may contact the NACVA HQ to make alternate testing arrangements.

## **C. SCHEDULING THE EXAM**

Applicants have two months from the date of application approval to take the proctored exam, or two months from completing the optional NACVA sponsored training program.

Candidates who wish to take the exam may:

1. Sign up for a NACVA training course which includes the exam
2. Take the exam on-site following a NACVA training course (without taking the training course)
3. Schedule an exam administration at a Kryterion test center

Candidates may contact the NACVA HQ for scheduling assistance.



## D. EXAM DAY

### 1. What to Bring

Candidates taking the exam on-site following a NACVA training course will receive a registration confirmation. Candidates must bring a laptop for the exam. System requirements are detailed in the registration confirmation letter. Candidates may also bring a basic calculator.

Candidates taking the exam at a Kryterion test center will receive an exam confirmation e-mail with a test authorization code. Test center candidates should bring a copy of their e-mail, two forms of identification (one must be a photo ID), a basic calculator, and the authorization code in the confirmation letter.

### 2. Test Security Provisions

a) Access to the testing area is strictly monitored. Only authorized personnel are permitted to enter during a test session.

### 3. Test takers should not bring personal items to the examination site; this includes bags, hats, briefcases, books, cell phones, smart phones, and any other devices with recording features.

a) All devices with recording features are prohibited. This includes, but is not limited to, electronic items such as cell phones, tablets, smart phones, Google Glass, any calculator other than a simple non-programmable calculator, and any other device capable of recording. Note pads, scratch paper, and other similar items are also prohibited.

b) Exam proctors will check for prohibited items. To facilitate the check-in process, leave all personal items outside of the examination site, this includes items in your pockets as well as bags, purses, briefcases, etc.

### 4. The testing area will be observed by a trained proctor whenever testing is in progress.

## E. EXAM QUESTIONS

The questions on the multiple-choice exam come from many places. The general membership provides the bulk of the questions. Periodically, NACVA contracts with experienced (five years or more in valuation practice) valuers to read a resource and generate multiple-choice questions. Questions also come from authors to *The Value Examiner*, the association's professional journal. Once the questions are received by NACVA, two contracted exam Q&A consultants gather them together, and with their team of 20+ Subject Matter Experts (SME), review each question. Each question must be documented—where, if readily identifiable, is the concept discussed in the literature, why it is relevant, do the multiple choice responses reflect enough difference so there is one correct choice, is the answer clear and correct, where does the question fit within the body of knowledge, etc.? After the Exam Development Team has completed their work, the new questions go to the Valuation Credentialing Board (VCB), or its designated body, for approval and potential inclusion into the Exam Database. The VCB, or its designated body, accepts or rejects questions.

## F. EXAM GRADING

Based on expert evaluation and recommendation from NACVA's testing consultant, the VCB establishes the passing score for the exam.

The Exam and Grading Committee comprises the Subject Matter Experts (SMEs) for the NACVA and its responsibility is to review and make recommendations on grading procedures, answer keys, and the

quality of questions on a periodic basis. Its members also have the charge to feed questions and answers and review questions and answers already in or submitted to NACVA's Q&A database and assess exam content for balance in addressing all relevant topics. The Committee's primary purpose is to provide added assurance NACVA's examination and grading processes are of the highest integrity. It is hoped that most members of the EGC will also participate on NACVA's CVA Case Study Review Team. Case Study reviewers are compensated for their services.

## **G. EXAM RESULTS**

Candidates receive the results of the exam via a letter/e-mail sent from HQ staff within two weeks of completing the exam. Failing candidates receive a letter noting areas of strength and weakness.

Failing candidates may appeal a failed determination on their exam; the content of the exam is not appealable. See the "Examination and Experience Threshold Determination Appeals" policy on page 5 of this handbook for details.

After passing both the exam and successfully completing all eligibility requirements, candidates receive a letter from NACVA confirming their certification status. Information on passing rates for the exam is available at [www.NACVA.com](http://www.NACVA.com).

## **H. UNDERSTANDING YOUR SCORE**

A criterion-referenced standard setting process is used to establish the passing point for each exam. This means that each candidate's performance on the exam is measured against a predetermined standard. Candidates are not graded on a curve and do not compete against each other or against a quota. This passing point is established using a panel of subject matter experts who understand the content standards and the performance of candidates. The passing point for the exam is established to identify individuals with an acceptable level of knowledge and skill. Receiving a higher than passing score is not an indication of more advanced knowledge or a predictor of better job performance. All individuals who pass the exam, regardless of their score, have demonstrated an acceptable level of knowledge.

## **I. RETESTS**

The exam, if failed, may be retaken for a fee. Candidates may take the exam no more than six times per year and no more than once a month. Candidates who fail the exam will be provided with a retest application.

## **J. HOW THE EXAM WAS DEVELOPED**

### **1. Body of Knowledge**

The first comprehensive Body of Knowledge was developed by NACVA staff, instructors, and SMEs in 1997. This outline began to evolve as it was used, modified, debated, checked and rechecked, and agreed upon. In early 2003, the document was reviewed by the VCB, and the VCB and its Exam & Grading Committee (EGC) began its debate, working with the outline, comparing it to the existing multiple-choice exam and scenario-based exam, and came up with the final outline. The VCB then deliberated what percentage weighting within the proctored exam should be given to various topics. In September 2004, the VCB agreed to use the resulting document as NACVA's Body of Knowledge. In 2006, the Body of Knowledge was further validated by NACVA's job analysis—a formal study of the tasks performed by CVAs (see the job analysis description below for more information). The job analysis process is repeated every five years and was most recently conducted in 2011–2012.

The complete Body of Knowledge is included at the end of the Candidate Handbook.

## 2. Job Analysis

A formal Job Task Analysis (JTA) study was used to validate the CVA certification examination and provide a basis for defending the appropriateness of the examination content. By assessing what valuers do in their practice, the JTA study ensures that the Body of Knowledge used to create the CVA exam is current and relevant. The process provides evidence that the tasks addressed in the examination reflect actual practice necessary for successful performance.

## VI. MAINTAINING CERTIFICATION

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### A. ETHICS OVERSIGHT & COMPLAINTS

The Ethics Oversight Board (EOB) is charged with the monitoring of NACVA's membership with regards to ethical and professional standards. The EOB's responsibilities include creating policies for educating, monitoring and enforcing compliance. The EOB's duties also include facilitating awareness and enhancing the membership's understanding of NACVA's standards, and when necessary investigating and determining whether a member or members have violated NACVA's Standards. Any Standards recommendations and issues that fall under the scope of this Board should be submitted, preferably in writing, directly to the EOB Chair and NACVA's Executive Director. A copy of the EOB's Policies & Procedures Manual can be found on NACVA's website along with the Standards at [www.NACVA.com](http://www.NACVA.com).

All Professional and Ethical Standards are set by the Standards Committee. They in turn, report to the Ethics Oversight Board, which has the overall responsibility of monitoring NACVA members' performance and standards compliance.

When a Member is reported to NACVA for a potential breach of ethical or professional standards, the Reporting Party will be required to submit a written complaint. The EOB has prepared a "complaint form" which is available to anyone on NACVA's website at [www.NACVA.com](http://www.NACVA.com). Note, all correspondence with the Complainant shall be sent via "certified mail return receipt requested."

A copy of the complaint form, the EOB policy and procedure manual, and the appeals process may be requested by contacting NACVA HQ, if you are unable to find these on our website.

### B. USE OF THE CERTIFICATION MARK

Once all certification requirements have been successfully met, candidates will receive written notification of their certification status. Once this notification has been received, designees may use the certification mark as permitted by NACVA.

To hold an active CVA designation, individuals must maintain current Practitioner, Academic, or Government membership in NACVA and maintain their CPA designation, if applicable. CVAs who allow their membership to lapse will lose their certification and must reapply to become certified if they later choose to reinstate their membership.

Candidates who pass the examination and meet the requirements may display the CVA initials after their name, display their certificate, and identify themselves as a CVA.

#### 1. Emeritus Status for Retiring Members

Individuals, 62 years and older, who are retired and issuing six or fewer valuations, calculation or financial forensic reports per year, can continue to display their credential in business communications, including, but not limited to, letterhead, headers/footers of the report, business cards, and/or his or her curriculum vitae, and valuation reports, as long as they include "emeritus"

after their designation, for example, CVA (emeritus), MAFF (emeritus), or ABAR (emeritus). Those who elect Emeritus status can maintain NACVA membership as a Professional or Associate member, and are only required to comply with one component of recertification; taking NACVA's *Current Update in Valuations (CUV)* course once every three years (via live, webinar, or self-study). CPA-CVAs no longer have to maintain their CPA license.

A retired member may not market his or her services, but may accept unsolicited valuation or financial forensics projects, and must adhere to special requirements that may be subsequently promulgated by NACVA's Valuation Credentialing Board or Litigation Forensics Board, as applicable. In all cases, the retired member must follow NACVA's Professional Standards in the performance of such work. Exceptions to the 62 years of age or older requirement will be considered if, upon written request to the applicable Board, the member can show valid reasons why early retirement was taken or required, such as health considerations or forced retirement where re-employment may not be feasible or practical.

Retired members who wish to reinstate their designation to full non-emeritus status, must reactivate their credentialed status following the same procedures as required for members who have been on Inactive Status (see "Electing or Imposed Inactive Status").

## **2. Candidate Status**

- a) Designation: CVA (Certified Valuation Analyst).
- b) Designation Applicant: Person who is seeking to attain the CVA Designation, but has not completed all of the requirements or finalized the process of attaining the Designation.
- c) Designation Applicants who lack the necessary Experience Requirement, but who have passed NACVA's proctored certification exam and have demonstrated that they meet NACVA's "Experience Threshold" (Case Study) can use the applicable Designation, however, the Designation Applicant must display the qualification "Candidate" after the Designation, i.e., CVA Candidate. The Designation Candidate has up to three years to fulfill the applicable Experience Requirement, and to attest to such evidence, at which time the qualification of "Candidate" will no longer be required to be displayed with the attained Designation. If such evidence is not produced within three years, the Designation Applicant will lose the right to use the Designation altogether.
- d) Designation Applicants who lack the necessary "Experience Threshold" requirement (Case Study), but who have passed NACVA's proctored certification exam and have demonstrated that they meet NACVA's "Experience Requirement", can use the Designation, however, the Designation Applicant must display the qualification "Candidate" after the Designation, i.e., CVA Candidate. The Designation Candidate has up to three years to fulfill the applicable Experience Requirement, and to attest to such evidence, at which time the qualification of "Candidate" will no longer be required to be displayed with the attained Designation. If such evidence is not produced within three years, the Designation Applicant will lose the right to use the Designation altogether.

## **3. Experience Requirements for Designations:**

(1) Experience Requirement for a "CVA Candidate":

(a) For CPAs

Applicant must have the legal right to display "CPA" after their name. A CPA-CVA Applicant lacks the Experience Requirement if he or she has either (i) passed the CPA exam, but is lacking the experience requirement as identified by his or her state, which prevents the Applicant from obtaining the CPA license and displaying

“CPA” after his or her name, or (ii) who has a suspended or lapsed CPA license. Candidates must comply with NACVA’s recertification requirements.

(b) For Non-CPAs

Applicant must have met the Substantial Requirement, as defined in the qualifications for Non-CPA candidates. Candidates must comply with NACVA’s recertification requirements.

- 4. Experience Threshold:** CVA applicants are required to demonstrate that they meet NACVA’s “Experience Threshold” by completing a sample Case Study, or submitting a sanitized Fair Market Value (as defined by Revenue Ruling 59-60) business valuation report on an operating business, prepared in the last 12 months, representative of the practitioner’s work product. The Case Study Experience Threshold requirement is reviewed using a standardized scoring key developed by a committee of NACVA subject matter experts and approved by the VCB. A fee must be submitted along with the application, and the applicant must be a current Practitioner (or Academic or Government) member of NACVA prior to consideration for waiver.

Certified Valuation Analyst® (CVA®) candidates with *substantial experience* in the field of business valuation may qualify to waive NACVA’s prerequisite for demonstrating they meet NACVA’s Experience Threshold, currently requiring that one either take our Case Study or submit an actual valuation report. Proof of *substantial experience* is automatic if one possesses either the Certified Business Appraiser™ (CBA™) or Accredited Senior Appraiser (ASA) (for business valuation) designations awarded by the Institute of Business Appraisers™ or American Society of Appraisers, respectively. This is because both accreditations have a report submission requirement that undergoes a critical review and grading process which one must pass before being awarded the designation. Presently, NACVA will only consider those possessing one or both of the aforementioned designations for waiver of this requirement.

If a candidate wishes to pursue this avenue to CVA accreditation, he or she must submit a letter and supporting documentation to the Valuation Credentialing Board (VCB) requesting such waiver. The VCB may request additional information. Under no circumstances, will NACVA waive the requirement for candidates to take and pass our proctored multiple choice exam. Please allow up to 60 days for the VCB to review and respond to waiver requests.

- 5. Individuals may maintain Candidate Status for up to three years. In exceptional circumstances, an appeal of the three-year time limit may be filed for consideration. See the “Eligibility Appeals” policy in this handbook for details.**

**6. Inactive Status**

Certified members who wish to defer recertification compliance and reporting due to extended inactivity in business valuation, financial forensics, unemployment, or a medical condition, but do not want to lose their certification, may elect “Inactive Status” as an Associate or Professional member for up to five years. Under this election (which is automatically imposed for non-compliance with recertification), the member cannot use his or her NACVA designation in any capacity, i.e., on their business cards, company letterhead, website, CV, member directories, LinkedIn (any social media), sign reports, other organization websites, yellow pages, etc., and will have to fulfill his or her recertification requirements for one reporting period to reactivate. If reactivation occurs within one year, the member may keep his or her original date of certification, but must continue on the original recertification cycle. Otherwise, the member’s effective date of certification will be changed and a new certificate issued to reflect the current date reissued, placing the member on a new three-year recertification cycle.

Members who have gone more than three, but less than five years, as inactive are required to take *certain* courses (call NACVA for a list) to fulfill part of his or her 36-hour minimum CPE recertification requirement. This is to assure the member is abreast of recent industry developments. Five or more years of Inactive Status require that one retake the CVA exam and submit a sample case study or actual sanitized fair market value report. A reactivation fee is assessed to reinstate one's status from Inactive to Active Status regardless of whether or not it was elected or automatically imposed by HQ and membership must be upgraded to Practitioner level.

## C. RECERTIFICATION

Based on the frequency of changes and developments in the industry, the VCB determined that recertification requirements must be completed every three years. The recertification requirement is designed to enhance the continued competence of CVAs by ensuring continual training, awareness of recent developments in valuation, and being alert to quality issues as described below.

Recertification is paramount to a credentialing program as it assures that designees maintain a level of competence current with the progress of the industry. In its recertification program NACVA considers three aspects of the valuation discipline that, if addressed, help practitioners stay well-rounded in the competent performance of their services: continual training in the discipline, awareness of recent industry developments, and being alert to issues that lead to or contribute to the quality of one's work product.

### 1. Recertification Schedule

Recertification requirements must be completed within three years, starting with the first full calendar year after receiving the designation and in three-year cycles thereafter. The Reporting Date for recertification is December 31 of the year the compliance is due. For example, if the designee certified in July 2008, the recertification requirements must be completed by December 31, 2011, the compliance due date. Reporting to NACVA Headquarters (HQ) is also required by December 31, 2011. Using the example above, the next Compliance Due Date would be December 31, 2014. Reporting to HQ would be required by December 31, 2014, as well. Fees will periodically be assessed designees to cover HQ costs to administer and process the recertification program.

### 2. Reporting Requirements

Designees may earn the required 60 points from the following categories:

#### a) Points for Continuing Professional Education (CPE)

Designees are required to obtain 60 hours of CPE in each three-year cycle in business valuation, litigation support, financial forensics, or related areas for which they will receive one point for each hour of CPE towards fulfilling the 60-point requirement. The 60-hour CPE requirement can be reduced if one attends one of NACVA's recommended courses (see below). Actual hours of CPE taken and reported may not be less than 36 hours.

#### b) Points for Participating in NACVA Recommended Training Programs

NACVA currently offers seven (7) programs (refer to Supplement to Recertification Reporting Form at [www.NACVA.com](http://www.NACVA.com)) it considers helpful and beneficial to valuers at all levels, and participation in any of these programs will award the designee "bonus" points plus the points for the CPE awarded (one hour of CPE awarded equals one point).

c) **Points for Authorship, Course Development, or Instructing (refer to Supplement to Recertification Reporting Form at [www.NACVA.com](http://www.NACVA.com))**

Points are awarded if you have made significant contributions to the intellectual capital of the industry. Designees can receive 12 bonus points toward fulfilling their recertification requirements for works of authorship on subject matter pertinent to valuation, litigation or financial forensics/fraud. This includes writing books, articles, and developing courses for instruction or self-study purposes. Designees may obtain points for teaching/presenting in these relevant areas, as well.

d) **Points for Experience (refer to Supplement to Recertification Reporting Form at [www.NACVA.com](http://www.NACVA.com))**

Designees who have substantial experience in business valuation during their three-year Reporting Cycle can receive 12 bonus points towards fulfilling the requirements.

*Points for experience will no longer be awarded for recertification cycles ending after December 31, 2015.*

**3. Points for Authorship, Course Development, and Instructing**

Designees can receive 12 bonus points towards fulfilling their recertification requirements for works of authorship on subject matter pertinent to valuation, litigation, or fraud. This includes writing books, articles, and developing courses for instruction or self-study purposes. Designees may obtain bonus points for teaching/presenting in these relevant areas, as well. To obtain this award of bonus points, simply check the applicable box on the Recertification Form, which is your attestation to your contributions to the intellectual capital of the industry during your Reporting Cycle.

If you are awarding yourself bonus points under this option, CPE earned from this activity cannot be used toward the CPE requirement. You must choose between CPE credit or bonus points.

**4. Points for Experience\***

**\*Sunset Provision: Points for experience will no longer be awarded for recertification cycles ending after December 31, 2015.**

Designees who have substantial experience in business valuation during their three-year Reporting Cycle can receive 12 bonus points towards fulfilling their requirements. Qualifying experience is defined as 1,500 hours in a three-year cycle in related projects or assignments involving, but not limited to, any or all of the following types of activities in items “1” or “2” below. To obtain this award of bonus points, simply check the applicable box on the Recertification Form, which is your attestation that you meet this experience requirement as defined below.

*Engagements/Projects/Assignments* that are designed to arrive, or in part help to arrive at a determination of value for an entity, an interest therein, an investment instrument, a benefit stream, or that are designed to help improve the value of a business enterprise. Specific activities that fall within the scope of this type of qualifying experience include various tasks required in the performance of such engagements/projects/assignments as defining objectives; planning procedures; applying analytical applications; conducting research and interpreting findings; formulating the foundation for conclusions; organizing and documenting results; and communicating the results and conclusions of such engagement/project/assignment; or

**5. Work/Services/Tasks** performed as an employee, independent contractor, graduate student or owner/operator of a business enterprise, that is fundamental to one or more of the many

processes/steps characteristic to the valuation of an entity or interest therein, or of an investment interest or benefit stream. Specific activities that fall within the scope of this type of qualifying experience include various functions required in the performance of such work/services/tasks as: preparing financial forecasts for the purpose of strategically evaluating and planning a course of action; conducting economic research and analysis to assess opportunities, strategic alternatives and initiatives, competitive and economic risks; analyzing company and competitor financial statements identifying strengths, weaknesses, and competitive risks; constructing economic financial statements; evaluating industry transaction data to determine its appropriateness and fit to a subject company; and determining the cost of capital for evaluating an investment decision.



## VII. BODY OF KNOWLEDGE

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SUBJECT MATTER	Percentage Emphasis on CVA Exam
<b>I. OVERVIEW</b>	4%
A. Purpose for business valuation	
1. Financial accounting	
2. Tax valuations	
3. Litigation	
4. Merger and acquisition	
B. Standards of value	
1. Definitions of standards of value, including	
a) Fair market value	
b) Fair value	
(1) Statutory	
(2) Financial reporting	
c) Investment (strategic) value	
d) Intrinsic (fundamental) value	
2. Relationship between purpose of the valuation and standard of value	
C. Premise of value	
1. Going concern	
2. Assemblage of assets	
3. Liquidation (orderly or forced)	
D. Levels of value	
1. Lack of control (minority) vs. control	
2. Marketable vs. non-marketable	
3. Strategic and investment value	
<b>II. PROFESSIONAL RESPONSIBILITIES, QUALIFICATIONS, AND REGULATORY STANDARDS</b>	4.5%
See Appendix I for country-specific professional responsibilities, qualifications, and regulatory standards.	
<b>III. ENGAGEMENT ACCEPTANCE AND PLANNING</b>	3%
A. Defining the engagement	
1. Valuation date and its importance	
B. Engagement Letters	
1. Purpose	
2. Content	
C. Acceptance	
1. Experience	
2. Staffing	
3. Expectations	
<b>IV. QUALITATIVE ANALYSIS</b>	8%
A. Sources of Data	
B. Economic Environment	
1. Macro-environment	



SUBJECT MATTER

- a) National economic data
- b) Regional economic data
- c) Metropolitan economic data
- d) Relationship of economic activity to valuation
- e) International elements and impact Competitive analysis
- 2. Micro-environment
- C. Industry background
  - 1. Economic data
  - 2. Structure, trends, and life cycle
- D. Company background
  - 1. Site visit and discussions with management
  - 2. History and nature
  - 3. Economic data (cost structure, pricing power, marginal analysis)
  - 4. SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats)

**V. QUANTITATIVE ANALYSIS**

- A. Financial statements
  - 1. Source (audited/reviewed/compiled/tax returns/internal)
  - 2. Number of years to obtain
  - 3. Common size
  - 4. Trend analysis
  - 5. Ratios
  - 6. Comparative analysis
    - a) Specific company
    - b) Industry averages
- B. Adjustments to financial statements
  - 1. Normalizing
    - a) Control vs. non-control
    - b) Discretionary
    - c) Reasonable compensation analysis
    - d) See Appendix II for country-specific accounting principles
    - e) Extraordinary/non-recurring
  - 2. Operating vs. non-operating items
  - 3. Off-balance sheet and unrecorded items
- C. Statistical Analysis
  - 1. Measures of central tendency (arithmetic, harmonic, geometric means)
  - 2. Measures of dispersion (including variance and standard deviation)
  - 3. Statistical strengths of numerical relationships (including covariance, correlation, coefficient of determination, and coefficient of variation)
  - 4. Linear regression
- D. Types of benefit streams and selection
  - 1. Selection of appropriate time periods (including mid-year convention)
  - 2. Selection of appropriate type of income/cash flow
  - 3. Growth assumptions

16.5%

SUBJECT MATTER	Percentage Emphasis on CVA Exam
<ul style="list-style-type: none"> <li>a) Trend line projected</li> <li>b) Constant</li> <li>c) Erratic</li> <li>d) Level</li> <li>e) Declining growth approaches</li> </ul> <ul style="list-style-type: none"> <li>4. Historical vs. projection based on considerations</li> <li>5. Relating effects due to economic/industry events and trends</li> <li>6. Pass-through entities—tax effecting of the benefit stream</li> </ul>	
<p><b>VI. VALUATION APPROACHES</b></p> <p><b>A. Income Approach</b></p> <ul style="list-style-type: none"> <li>1. General theory</li> <li>2. Defining applicable income/cash flow</li> <li>3. Sources of data</li> <li>4. Capitalization/discount rates</li> <li>5. Commonly used methods <ul style="list-style-type: none"> <li>a) Capitalized Economic Income/Cash Flow Method (CCF), including Gordon Growth Model (Constant Growth Model)</li> <li>b) Discounted Economic Income/Cash Flow Method (DCF), including Gordon Growth Model (Two Stage Model)</li> <li>c) Excess Earnings (Cash Flow) Method <ul style="list-style-type: none"> <li>(1) See Appendix III for country-specific applications of the Excess Earnings Method</li> <li>(2) Reasonable Rate Method</li> </ul> </li> <li>d) Dividend paying capacity</li> </ul> </li> </ul> <p><b>B. Market Approach</b></p> <ul style="list-style-type: none"> <li>1. General theory</li> <li>2. Commonly used methods <ul style="list-style-type: none"> <li>a) Transactions in subject company's stock</li> <li>b) Transactions/sales of companies similar to subject <ul style="list-style-type: none"> <li>(1) Guideline public companies <ul style="list-style-type: none"> <li>(a) General theory</li> <li>(b) Selecting guideline companies <ul style="list-style-type: none"> <li>i) Sources of data</li> <li>ii) Size adjustments</li> </ul> </li> <li>(c) Equity vs. invested capital (including multiples)</li> <li>(d) Selection of appropriate time periods</li> <li>(e) Selection of appropriate multiples <ul style="list-style-type: none"> <li>i) Adjusting for growth, size, and company specific risk</li> </ul> </li> </ul> </li> <li>(2) Guideline merged and acquired companies <ul style="list-style-type: none"> <li>(a) General theory</li> <li>(b) Sources of data</li> <li>(c) Consideration of the selection of data points</li> <li>(d) Transactional databases</li> </ul> </li> </ul> </li> </ul> </li> </ul>	<p><b>27.5%</b></p> 

SUBJECT MATTER	Percentage Emphasis on CVA Exam
<ul style="list-style-type: none"> <li>i) See Appendix IV for country-specific transactional databases</li> </ul>	
C. Asset Approach	
1. General theory	
2. Sources of data	
3. Commonly used methods	
a) Book value	
b) Adjusted Net Asset Method	
c) Excess Earnings Method	
(1) See Appendix III for country-specific applications of the Excess Earnings Method	
(2) Reasonable Rate Method	
d) Liquidation Method (forced or orderly)	
4. Identifying and valuing intangible assets	
a) Approaches and methods	
b) Estimated life	
c) Impairment	
5. Tax effecting the balance sheet (built-in capital gains)	
D. Sanity Checks	
1. General theory	
2. Sources of data	
3. Commonly used methods	
a) Industry formulas (“Rules of Thumb”)	
b) Justification of purchase	
E. Reconciliation of indicated values	
<b>VII. COST OF CAPITAL CONCEPTS AND METHODOLOGY, AND OTHER PRICING MODELS</b>	<b>15%</b>
A. Build-Up Method	
1. Risk free rate	
2. Equity risk premium	
3. Size risk premium	
4. Industry equity risk premium	
5. Company specific risk	
6. Supply side equity risk premium	
7. Long-term sustainable growth	
8. Other	
9. See Appendix V for country-specific sources of risk premiums	
B. Capital Asset Pricing Model (CAPM) and Beta (B) including un-levered and re-levered Betas	
C. Weighted average cost of capital	
D. Converting after tax risk rates to pre-tax rates	
E. Other recognized methods	
<b>VIII. DISCOUNTS, PREMIUMS, AND OTHER ADJUSTMENTS</b>	
A. Levels of value and effect on discounts and premiums	
1. Synergistic value	

SUBJECT MATTER

- 2. Control value
- 3. Non-controlling, marketable value
- 4. Non-controlling, non-marketable value
- B. Adjustments for Control Issues
  - 1. General theory
  - 2. Sources of data
  - 3. Ownership characteristics
  - 4. Magnitude
  - 5. Relationship to how benefit stream is defined
- C. Adjustments for Marketability Issues
  - 1. General theory
  - 2. Sources of data
  - 3. Ownership characteristics
  - 4. Restrictions on transferability
  - 5. Magnitude
  - 6. Models
- D. Discounts and premiums—understanding the empirical studies
- E. See Appendix VI for country-specific entity structures
- F. Allocation between Voting and Non-voting stock
- G. Professional vs. practice goodwill
- H. Other valuation discounts and adjustments
- I. Current issues
- J. Subsequent events

**IX. RELATED TOPICS**

- A. Case law—See Appendix VII for country-specific case law issues
- B. Intellectual property
  - 1. General theory
- C. See Appendix VIII for country-specific financial reporting issues
- D. See Appendix IX for country-specific judicial guidance information
- E. Roles of the valuation analyst in litigation services
  - 1. Expert witness
  - 2. Consultant
  - 3. Fact witness
  - 4. Other practitioner role
- F. See Appendix X for country-specific special classes of securities

6%



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

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

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

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

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

*\* 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.*

**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 therefor 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: \_\_\_\_\_

