

The National Association of Certified  
Valuators and Analysts

**CVA & AVA Candidate Handbook**



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## Introduction

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Practitioner members of the Association may apply for certification as a Certified Valuation Analyst (CVA) or Accredited Valuation Analyst (AVA). The designations serve 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 fields of business valuation.

The examination and recertification process is designed to ensure a valuation practitioner who earns the CVA or AVA 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 and AVA certification programs NACVA members oversee the certification programs through the mechanism of the Valuation Credentialing Board (VCB).

### ***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/AVA 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/AVA 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 and AVA 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 both CVA and AVA 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

## **Certification Process**

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### ***Qualifications for CVA Certification***

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

1. Hold a 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. Be a Practitioner member in good standing with NACVA;
3. 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;
4. Attend an optional five day training program;
5. Submit three personal and three business references; and
6. Pass a comprehensive, five-hour, multiple-choice, proctored examination.

### ***Qualifications for AVA Certification***

To qualify for the Accredited Valuation Analyst (AVA) designation, the applicant must:

1. Hold a business degree (i.e. management, economics, finance, marketing, accounting, or other business field) and/or an MBA (masters of business administration) or higher business degree from an accredited college or university;
2. 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:
  - a. Two years or more of full-time or equivalent experience in business valuation and related disciplines; or
  - b. Having performed ten 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
  - c. 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 Ph.D. in finance or economics or D.B.A. from an accredited institution of higher education and having some work experience. Or, having obtained a certification from another recognized valuation-accrediting organization.
3. Be a Practitioner member in good standing with NACVA;
4. Successfully demonstrate the 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;
5. Attend an optional five day training program;
6. Submit three personal and three business references; and
7. Pass a comprehensive, five-hour, multiple-choice proctored examination.

## ***AVA Qualifications for Government Employed Valuation Analysts***

NACVA offers the AVA 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. Attend an optional five day training program;
8. 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.

## **Completing the Application**

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### ***Application Overview***

To apply for the CVA or AVA credentials 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 email or phone when their application has been accepted.

Applicants have 2 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 2 month period, for up to 10 months.

### ***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. 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 will be posted on NACVA's website or can be obtained by calling NACVA's Executive Director. The Chairperson will place the appeal on the agenda for its next meeting and consideration by the full board. There will be no follow-up by the VCB for additional information; as such the applicant should be sure to include any relevant information with the initial appeal. The Chairperson will advise the applicant and NACVA's Department Director of Member Services of the VCBs decision.

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

### ***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.

### ***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 a \$50 administrative processing fee. Cancellations received less than two weeks prior to an exam (or training) date will receive credit toward any future NACVA exam, product, or training fee.

## **Policies**

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### ***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.

### ***Confidentiality***

NACVA will release the following information in response to a request to verify the certification status of a CVA or AVA: name, current certification status, certification expiration date, credential held (CVA or AVA). In addition NACVA maintains a directory of certificants on its web site (see Directory of Certificants below).

Pass/fail reports are given directly to the applicant/candidate. Exam results will not be disclosed to anyone else without written permission.

All other information in NACVA files pertaining to certificants is held in strict confidence, and only under court order will it be released to outside parties. Member files, exam materials, and all other confidential materials are stored in a secure manner at all times.

### ***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 street address, fax number, web site link, photograph, areas/industries of specialty, and biographical information.

### ***Examination and Experience Threshold Determination Appeals***

Members may appeal an unsatisfactory review of the Case Study 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 Facilitation Specialist. Many issues regarding the Case Study can be resolved at this level as in most cases the Case Study will be reviewed for a second or third opinion (as the case may be). Multiple-choice exams may be hand-scored to ensure accurate grading.
2. If the response from step one regarding the Case Study is not satisfactory, the members should call the Chair of the Exam and Grading Committee 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 the contact information.
3. If step one and step two resulted in what the member considers an unsatisfactory resolution – he/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 will assign a board member to contact the complaining member 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.

### ***Military Deployment***

NACVA supports those in military service and provides concessions on dues and recertification requirements 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 and certifications will be reinstated;

If recertification became due during the period of deployment, the member is granted one year from when he or she returns to fulfill the recertification requirements.

### ***Nondiscrimination***

NACVA does not discriminate on the basis of age, race, color, religion, gender, disability, 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.

### ***Records Retention***

Member files include membership and certification applications, any correspondence, case study report, 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.

## ***Transferring Designations***

NACVA allows CVA and AVA designated members to transfer from one credential to another, i.e. CVA to AVA or AVA to CVA. Applicants must meet all the eligibility requirements for the credential to which they wish to change.

## ***Verification of Certification Status***

Certification status of any CVA or AVA may be verified by contacting the NACVA headquarters office.

## **Examination Information**

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### ***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.

### ***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 Kryterion's locations NACVA has contracted 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 office to make alternate testing arrangements.

### ***Scheduling the Exam***

Applicants have 2 months from the date of application approval to take the proctored exam, or 2 months from completing the optional NACVA sponsored training program.

Candidates who wish to take the exam may:

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

Candidates must contact the NACVA HQ for scheduling assistance.

### ***Exam Day***

#### **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 letter with a test authorization code. Test center candidates should bring a copy of their letter, two

forms of identification (one must be a photo ID), a basic calculator and the authorization code in the confirmation letter.

### **Test Security Provisions**

- Access to the testing area is strictly monitored. Only authorized personnel are permitted to enter during a test session.
- Test takers should not bring personal items to the examination site, this includes bags, hats, briefcases, books, beepers, cell phones, smart phones, PDAs, and any other devices with recording features.
- The testing area will be observed by a trained proctor whenever testing is in progress.

### ***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 (5 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.

The psychometric analysis of the current exam shows it to have a validity of 0.940 (out of a possible 1.0 rating), which is considered very reliable in the testing industry.

### ***Exam Grading***

Based on expert evaluation and recommendation from NACVA's testing consultant, the VCB has established a passing score of 72% for the exam.

The Exam & 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/AVA Case Study Review Team. Case Study reviewers are compensated for their services.

### ***Exam Results***

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

Failing candidates are also notified of the process for examination determination appeals.

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).

### ***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 frequently than once a month. Candidates who fail the exam will be provided with a retest application.

### ***How the Exam was Developed***

#### **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 and AVAs (see the job analysis description below for more information). The job analysis process is repeated every five years.

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

#### **Job Analysis**

A formal Job Task Analysis (JTA) study was used to validate the CVA/AVA 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/AVA exam is current and relevant. The process provides evidence that the tasks addressed in the examination reflect actual practice necessary for successful performance.

## **Maintaining Certification**

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### ***Ethics Oversight & Complaints***

The 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. A copy of the EOB's Policies & Procedures Manual can be found on NACVA's website 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 the NACVA 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 the NACVA office.

### ***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. CVA's who allow their membership to lapse will lose their certification and must reapply to become certified if they later choose to reinstate their membership.

To hold an active AVA designation, individuals must maintain current Practitioner, Academic or Government membership in NACVA. AVAs 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 or AVA initials after their name, display their certificate and identify themselves as either a CVA or AVA.

### **Retired Status**

Individuals, 62 years and older, who are retired and issuing six or fewer valuation or calculation 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/her curriculum vitae, and valuation reports, as long as they include "retired" after their designation, for example, CVA (retired), AVA (retired), or CFFA (retired). Those who elect retired status can maintain NACVA membership as a Professional member or an Associate member, and are not required to comply with recertification requirements, which for CVAs includes no longer having to maintain their CPA license. A retired member may not market his/her services, but may accept unsolicited valuation or financial forensics projects, and must adhere to special requirements as defined 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. If the retired member is issuing a report of any kind, written or oral, the retired member has three options as identified in items 1, 2, and 3 below.

1. If such report is to be signed or verbally communicated by the retired member, the retired member must first have it reviewed/critiqued by an active designated member as assigned by NACVA headquarters, and follow the advice of the reviewer (such service will be provided for a nominal fee); or
2. The following disclaimer must be footnoted on the signature page of a written report, or verbally communicated in an oral report: "The analyst signing this report has elected retired status with the National Association of Certified Valuation Analysts. Retired status means

the analyst no longer must comply with the Association's recertification requirements. See [www.nacva.com](http://www.nacva.com) for a description of the recertification requirements." or

3. The retired member may issue the report, but is prohibited from having any document or communication related to the report or the engagement make reference or mention to the retired member's CVA (retired), AVA (retired), or CFFA (retired) status, including but not limited to, letterhead, headers/footers of the report, business cards, and/or his/her curriculum vitae.

### **Candidate Status**

1. Designations: CVA (Certified Valuation Analyst) and AVA (Accredited Valuation Analyst).
2. Designation Applicant: Person who is seeking to attain either the CVA or the AVA Designation, but has not completed all of the requirements or finalized the process of attaining the Designation.
3. 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, or AVA 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.
4. 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 applicable Designation, however, the Designation Applicant must display the qualification "Candidate" after the Designation, i.e., CVA Candidate, or AVA 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.
5. Experience Requirements for Designations:
  - a) Experience Requirement for a "CVA Candidate": Applicant must have the legal right to display "CPA" after their name. A CVA Applicant lacks the Experience Requirement if he/she has either (i) passed the CPA exam, but is lacking the experience requirement as identified by his/her state, which prevents the Applicant from obtaining the CPA license and displaying "CPA" after his/her name, or (ii) who has a suspended or lapsed CPA license. Candidates must comply with NACVA's recertification requirements.
  - b) Experience Requirement for an "AVA Candidate": Applicant must have met the Substantial Experience Requirement, as defined in "Qualifications for AVA Certification found in section 301.01B." Candidates must comply with NACVA's recertification requirements.
6. Experience Threshold: Effective April 1, 2010, CVA/AVA Applicants are required to demonstrate that they meet NACVA's "Experience Threshold" by completing a sample Case Study, or submitting an actual and sanitized fair market value (FMV) valuation report. FMV

as used herein is to be fair market value as defined by Revenue Ruling 59-60. Previously, the submission of a Case Study was part of the examination process, but as of April 1, 2010, the Case Study is a demonstration case that indicates that the Applicant meets NACVA's "Experience Threshold." Demonstration of the "Experience Threshold" is submission of the Case Study or an actual FMV valuation report, and receiving notification from NACVA that the demonstration report meets the "Experience Threshold" standard.

### **Inactive Status**

Certified members who wish to defer recertification compliance and reporting due to extended inactivity in business valuation, 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 may not use the NACVA designation in any capacity, i.e., on business cards, company letterhead, website, etc. and will have to fulfill the recertification requirements for one reporting period to reactivate. If reactivation occurs within one year, the member may keep his/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, 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 their 36-hour CPE recertification requirement. This is to assure the members are abreast of recent industry developments. Five or more years of Inactive Status require that one retake the CVA/AVA exam to reactivate. 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 Headquarters.

### ***Recertification***

Recertification is required for all CVAs and AVAs every three years. The recertification requirement is designed to enhance the continued competence of CVAs and AVAs 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.

### **Point System**

NACVA's recertification program follows a 100-point system, whereby credentialed members must obtain 100 or more points to comply with recertification. The point system allows points credit for lifelong learning, contributions to industry knowledge, and for experience, upon meeting certain criteria.

### **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.

## **Reporting Requirements**

Designees may earn the required 100 points from the following categories:

### ***I. Points for Continuing Professional Education (CPE)***

Designees are required to obtain a minimum of 36 hours of CPE in business valuation, litigation support, fraud consulting, or related areas for which the designee will receive 50 points towards fulfilling the 100-point requirement. At least 18 of the 36 minimum hours must be business valuation or litigation consulting (not all 36 hours can be fraud). An additional 25 points will be awarded to designees who can demonstrate having earned 25 hours or more of applicable CPE in “excess” of their 36-hour requirement.

Evidence of compliance means attesting to which courses – or parts of courses taken – meet the requirement. NACVA has not defined specific approved courses, but any course or conference sponsored or endorsed by NACVA, or any course or conference with valuation, litigation, or financial forensics/fraud in its title would clearly apply. There will be gray areas, i.e. courses having some application to these disciplines, and NACVA asks designees to use their best judgment to determine compliance and the appropriate hours to report. NACVA reserves the right to request more specific proof or evidence of course attendance and content, upon which full determination can be made as to actual compliance with NACVA’s CPE requirement.

### ***II. Points for Participating in NACVA Recommended Programs***

NACVA offers two programs it considers helpful and beneficial to designees at all levels. Participation in either of these programs will award the designee 25 points each.

#### **A. Knowledge of Current Developments (KCD)**

It is recommended that designees take NACVA’s course entitled, “Current Update in Valuations” (CUV) in each three-year Reporting Cycle towards satisfying the recertification requirement. The eight CPE hours (12 hrs CPE for self-study) awarded for CUV can be included in the CPE reporting requirement in section I above, plus the designee will receive 25 points toward the 100-point requirement for having taken CUV. NACVA makes its CUV course available at most of NACVA’s events and locations. It is also available in a self-study format (12 hours CPE).

#### **B. Knowledge of Quality Issues (KQI)**

It is recommended that designees participate in NACVA’s “Knowledge of Quality Issues” (KQI) program in each three-year Reporting Cycle. There are five options to do so:

- (a) Participate in a Case Analysis in Person (or by phone) (CAP) (two hours CPE);
- (b) Complete NACVA’s Quality Enhancement Questionnaire (QE) (two hours CPE);

- (c) Submit a sanitized business valuation report, prepared in the last 12 months, representative of Designees' work product, for review and grading by NACVA's Valuation Credentialing Board (VCB) or designated body (this option does not qualify for CPE and a separate fee applies);
- (d) Attend one of NACVA's endorsed courses on writing a valuation report;
- (e) Attend NACVA's endorsed webinar entitled "Working through the BV Standards & Ethics Maze".

Only one of these five options can be applied towards recertification under KQI receiving a maximum of 25 points. CPE awarded from these can be included towards the 36 hours CPE required under the CPE Reporting Requirement in Section 1.

The purpose of KQI is to provide a measure of quality control over designee's work product, giving NACVA's membership and the business valuation user-community added assurance NACVA's members are performing services that meet with an acceptable level of quality and competence.

### ***III. Professional Development: Points for Authorship, Course Development and Instructing***

Upon written request, NACVA's Valuation Credentialing Board (VCB) or designated body may award a designee points towards fulfilling his/her 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. The request must be submitted in writing to NACVA headquarters (HQ) detailing contributions to the intellectual capital of the industry during the Reporting Cycle, and for which the certificant is requesting credit/points towards recertification. The request must include copies of all relevant works or documentation validating the noted contributions. The amount of points one may obtain in this category is 25. A determination, which is non-contestable, will be made and communicated within 30 days as to the number of points.

### ***IV. Points for Experience***

Designees who demonstrate with business references or attestations to having qualifying experience during their three year Reporting Cycle may receive 25 points towards fulfilling the requirements. Qualifying experience is defined as 1500 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:

- A. **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
- B. **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; performing analytical procedures to evaluate the risk and worthiness of an investment; studying investment characteristics to ascertain risk, sensitivity and alternatives; constructing economic financial statements adjusting various data recorded in historical financial statements to the current economic reality and appropriateness; evaluating industry transaction data to determine its appropriateness and fit to a subject company; designing analytical processes to test assumptions in models and forecasts to ascertain reliability and applicability to a specific application; and determining the cost of capital for evaluating an investment decision.

# Body of Knowledge

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SUBJECT MATTER	% of Exam Questions
<b>I. THE ENGAGEMENT—OVERVIEW</b>	9%
A. Purposes for Business Valuation/Standards of Value	
1. Definitions of standards of value, including:	
a. Fair market value	
b. Fair value	
c. Investment value	
d. Intrinsic (fundamental) value	
2. Relationship between purpose of the valuation and standard of value	
B. Ownership Characteristics	
1. Lack of control (minority) versus control	
2. Marketable versus non-marketable	
C. Premise of Value	
1. Going concern	
2. Assemblage of assets	
3. Liquidation (orderly vs. forced)	
D. Engagement Letters	
1. Purpose	
2. Content	
<b>II. PROFESSIONAL AND REGULATORY STANDARDS</b>	3%
A. NACVA—National Association of Certified Valuation Analysts	
B. AICPA—American Institute of Certified Public Accountants	
C. ASA—American Society of Appraisers	
D. IBA—Institute of Business Appraisers	
E. USPAP—Uniform Standards of Professional Appraisal Practice (The Appraisal Foundation)	
F. IRS—Internal Revenue Service	
G. SEC—Sarbanes–Oxley Act of 2002 and related Securities and Exchange Commission rules	
H. Other applicable rules, requirements, and authoritative sources	
I. Ethical Considerations	
<b>III. QUALITATIVE ANALYSIS</b>	5%
A. Sources of Data	
B. Economics	
1. National economic data	
2. Industry economic data	
3. Metropolitan economic data	
4. Industry structure	
5. Firm economics (cost structure, pricing power, marginal analysis)	
6. Relationship of economic activity to valuation	
7. International elements and impact	

SUBJECT MATTER	% of Exam Questions
<ul style="list-style-type: none"> <li>C. Qualitative Analysis               <ul style="list-style-type: none"> <li>1. Macro environment</li> <li>2. Industry</li> <li>3. Competitive analysis</li> <li>4. Subject company</li> </ul> </li> </ul>	↓
<b>IV. QUANTITATIVE ANALYSIS</b>	10%
<ul style="list-style-type: none"> <li>A. Financial Statements               <ul style="list-style-type: none"> <li>1. Common size</li> <li>2. Trend analysis</li> <li>3. Ratios</li> <li>4. Comparative analysis                   <ul style="list-style-type: none"> <li>a. Specific companies</li> <li>b. Industry averages</li> </ul> </li> </ul> </li> <li>B. Adjustments to Financial Statements               <ul style="list-style-type: none"> <li>1. Normalizing</li> <li>2. Operating versus non-operating items</li> <li>3. Off-balance sheet items</li> </ul> </li> <li>C. Quantitative Techniques               <ul style="list-style-type: none"> <li>1. Understanding of measures of central tendency (including, but not limited to, arithmetic, harmonic and geometric means)</li> <li>2. Understanding of measures of dispersion (including variance and standard deviation)</li> <li>3. Understanding of statistical strengths of numerical relationships (including covariance, correlation, coefficient of determination and coefficient of variation)</li> <li>4. Understanding of linear regression</li> </ul> </li> </ul>	↓
<b>V. VALUATION APPROACHES</b>	30%
<ul style="list-style-type: none"> <li>A. Income Approach               <ul style="list-style-type: none"> <li>1. General theory</li> <li>2. Sources of data</li> <li>3. Capitalization/Discount rates (methods, data sources, court conclusions)</li> <li>4. 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</li> </ul> </li> <li>5. Direct equity model versus invested capital model</li> <li>6. Estimating terminal value (techniques, forecast horizon, sanity checks)</li> </ul> </li> <li>B. Market Transactions Approach               <ul style="list-style-type: none"> <li>1. General theory</li> <li>2. Sources of data</li> <li>3. Financial variables most commonly used</li> </ul> </li> </ul>	↓

SUBJECT MATTER	% of Exam Questions	
<ul style="list-style-type: none"> <li>4. 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</li> </ul> </li> <li>5. Developing market multiples               <ul style="list-style-type: none"> <li>a. Determining and substantiating adjustments</li> </ul> </li> </ul>		
<ul style="list-style-type: none"> <li>C. Guideline Publicly Traded Company Method               <ul style="list-style-type: none"> <li>1. General theory</li> <li>2. Guideline merged and acquired company (transaction) method</li> <li>3. Selecting guideline companies                   <ul style="list-style-type: none"> <li>a. Sources of data</li> <li>b. Size adjustments</li> </ul> </li> <li>4. Equity versus invested capital (including multiples)</li> <li>5. Selection of appropriate time periods</li> <li>6. Selection of appropriate multiples</li> </ul> </li> </ul>		
<ul style="list-style-type: none"> <li>D. Asset Approach               <ul style="list-style-type: none"> <li>1. General theory</li> <li>2. Sources of data</li> <li>3. Commonly used methods                   <ul style="list-style-type: none"> <li>a. Cost accumulation</li> <li>b. Replacement cost</li> </ul> </li> <li>4. Considerations of liquidation</li> <li>5. Valuing intangible assets: approaches and methods</li> <li>6. Tax-Affecting the balance sheet</li> </ul> </li> </ul>		
<ul style="list-style-type: none"> <li>E. Hybrid/Other Methods               <ul style="list-style-type: none"> <li>1. General theory</li> <li>2. Sources of data</li> <li>3. Commonly used methods                   <ul style="list-style-type: none"> <li>a. Industry formulas ("rules of thumb")</li> <li>b. Justification of purchase</li> </ul> </li> </ul> </li> </ul>		
<ul style="list-style-type: none"> <li>F. Reconciliation of Indicated Values</li> </ul>		
<b>VI. COST OF CAPITAL CONCEPTS AND METHODOLOGY, AND OTHER PRICING MODELS</b>		15%
<ul style="list-style-type: none"> <li>A. Build-Up Methods               <ul style="list-style-type: none"> <li>1. Size adjustments</li> </ul> </li> </ul>		
<ul style="list-style-type: none"> <li>B. Capital Asset Pricing Model (CAPM) and Beta (B) including unlevered and relevered Betas</li> </ul>		
<ul style="list-style-type: none"> <li>C. Weighted Average Cost of Capital</li> </ul>		
<ul style="list-style-type: none"> <li>D. Other Recognized Methods and Approaches</li> </ul>		
<ul style="list-style-type: none"> <li>E. Understanding of Security Market Line</li> </ul>		
<ul style="list-style-type: none"> <li>F. Understanding of Option Pricing Theory</li> </ul>		

SUBJECT MATTER	% of Exam Questions
<b>VII. TYPES OF BENEFIT STREAMS AND SELECTION</b>	12%
A. Selection of Appropriate Time Periods (including mid-year convention)	
B. Selection of Appropriate Type of Income/Cash Flow	
C. Growth Assumptions	
1. Trend line, projected, constant, erratic, level, declining growth approaches	
D. Historical versus Projection-Based Considerations	
E. Relating Effects Due to Economic/Industry Events and Trends	
<b>VIII. DISCOUNTS, PREMIUMS AND OTHER ADJUSTMENTS</b>	13%
A. Levels of Value and Effect on Discounts and Premiums	
1. Synergistic value	
2. Control value	
3. Non-controlling marketable value	
4. Non-controlling	
B. Discount for Lack of Control (DLOC) and Control Premium	
1. Sources of data	
2. Ownership characteristics	
3. Magnitude	
C. Discount for Lack of Marketability (DLOM)	
1. Sources of data	
2. Ownership characteristics	
3. Restrictions on transferability	
4. Magnitude	
5. Quantifying Marketability Discount Model (QMD)	
D. Discounts and Premiums—Understanding the Empirical Studies	
E. Allocation between Voting and Non-Voting Stock	
F. S-Corp vs. C-Corp Issues	
G. Other Valuation Discounts and Adjustments	
H. Recent Challenges, Current Issues and Case Law	
<b>IX. RELATED TOPICS</b>	3%
A. Case Law	
1. Case law directly related to business valuation (including, but not limited to, income taxation, estate and gift taxation, and ESOPs)	
2. <i>Daubert vs. Merrill Dow Pharmaceuticals</i>	
3. <i>Kumho Tire Company vs. Carmichael</i>	
B. Intellectual Property	
1. Valuation approaches and methods	
2. Valuing specific assets	

**SUBJECT MATTER**

**% of  
Exam  
Questions**

- C. Financial Reporting
  - 1. Fair value
  - 2. Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) Nos. 141 and 142
- D. Litigation and Dispute Resolution Services
  - 1. Types of service, including:
    - a. Shareholder disputes
    - b. Marital dissolutions
    - c. Commercial damages: lost profits vs. loss of value
    - d. Estate taxes
    - e. Other services (including, but not limited to, M&A, succession planning, bankruptcy, fairness opinions, buy/sell agreements, split-offs, spin-offs, privatization, purchase or sale of a business, IPO, ISO eminent domain)
  - 2. Federal Rules of Civil Procedure (Rule 26)
  - 3. Roles of the valuation analyst in litigation services
    - a. Expert witness
    - b. Consultant
    - c. Other practitioner role
  - 4. Scope of services
    - a. Fact-finding (including discovery and analysis of data)
    - b. Document management
    - c. Expert testimony
- E. FLPs, LLCs and S-Corps
  - 1. Unique issues
  - 2. Data sources for discounts
  - 3. Tax considerations and issues
- F. ESOPs
  - 1. Leveraged vs. unleveraged
  - 2. Appropriate methods
  - 3. U.S. Department of Labor Adequate Consideration Regulations
  - 4. Discounts for lack of marketability
  - 5. Discounts for minority interest
  - 6. Fairness issues
    - a. Fairness opinions
  - 7. Income tax considerations
  - 8. Types of securities
- G. Special Classes of Securities
  - 1. General understanding of preferred stock
  - 2. General understanding of convertible instruments
  - 3. General understanding of stock options and other derivative instruments

TOTAL 100%



# NACVA Certified Valuation Analyst *or* Accredited Valuation Analyst 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/AVA 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:**

Name: \_\_\_\_\_ Designations currently hold: \_\_\_\_\_

Name of Firm, Organization, or Agency: \_\_\_\_\_

Address (include Mail Stop if applicable): \_\_\_\_\_

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

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_ Position in Firm (or Official title): \_\_\_\_\_

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.

**SECTION B:**

**Business References:**

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

Address: \_\_\_\_\_ City, St, ZIP: \_\_\_\_\_

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

Address: \_\_\_\_\_ City, St, ZIP: \_\_\_\_\_

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

Address: \_\_\_\_\_ City, St, ZIP: \_\_\_\_\_

**SECTION C:**

**Personal References:**

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

Address: \_\_\_\_\_ City, St, ZIP: \_\_\_\_\_

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

Address: \_\_\_\_\_ City, St, ZIP: \_\_\_\_\_

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

Address: \_\_\_\_\_ City, St, ZIP: \_\_\_\_\_

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

**SECTION D:**

I Have Included a recent Curriculum Vitae with this Application.

— Complete Both Sides of Application —

REV 5/1/08



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

**SECTION E:**

**IF APPLYING FOR CVA DESIGNATION**, please complete Section E (you do not have to complete Sections F & G):

I am a Practitioner member in good standing with NACVA:  Yes  No

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

**SECTION F:**

**IF APPLYING FOR AVA DESIGNATION**, please complete Sections F & G:

*(not required if you are applying for the CVA)*

I am a Practitioner member in good standing with NACVA:  Yes  No

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

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

**SECTION G:**

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

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**RETURN APPLICATION TO:**

**NACVA**  
National Association of Certified Valuation Analysts  
1111 Brickyard Road • Suite 200 • Salt Lake City • Utah • 84106-5401  
Tel: (801) 486-0600 • Fax: (801) 486-7500 • Internet: [www.nacva.com](http://www.nacva.com)

REV 5/1/08