

# READY TO MOVE UP TO A BIGGER POND?



**Become a Certified Business Appraiser (CBA) and join the big fish.**

Hold a BV credential? See page 4 for the CBA Fast Track.

60-Day Advanced Registration Discount 10%

# CBA Introduction

In every profession there are noted practitioners whose quality and competence stand out from the rest. In the field of business appraisal, these “stand-outs” are Certified Business Appraisers. The Institute of Business Appraisers’ five-day 8003 *Introduction to Business Appraisal* and five-day 8004 *Comprehensive Certified Business Appraiser Workshops*, offered through CTI, give participants the foundational skills needed to earn the hallmark business appraisal credential, the Certified Business Appraiser (CBA). Recognized throughout the world for more than 30 years, the CBA is the pioneering business appraisal credential that appraisers ascend towards.

The CBA credential’s reputation of excellence is unrivaled, and is sought by ABVs, ASAs, AVAs, CPAs, CFAs, CVAs, Business Brokers, Business Consultants, Financial Analysts, and Investment Bankers all over the world.

The CBA designation grants its recipients prestige among fellow appraisers, the judicial system, and throughout the business appraisal community. IBA’s premier designation, the CBA, is granted only to members who demonstrate the highest levels of profes-

sional competence and conduct. This competence is a result of 80 hours of specialized business appraisal training, study, and practice, the successful completion of a proctored six-hour examination, and two favorable reviews of the candidate’s actual appraisal reports by The Institute of Business Appraisers’ Qualifications Review Committee. **Business Appraisers who hold accreditations from the AICPA, ASA, NACVA, CICBV, and the CFA Institute are exempt from the education and examination requirements listed above. See page 4 for the CBA Fast Track.**

Worth its weight in gold, the CBA is the only designation in the profession that offers a peer review process of two demonstration reports which fully demonstrate the candidate’s high degree of knowledge, skill, and judgment.

Attend the *Introduction to Business Appraisal* and *Comprehensive Certified Business Appraiser Workshops* to set your foundation to join the ranks of the CBA. Additionally, CBA candidates are encouraged, but are not required, to attend IBA’s 1010 *Advanced Report Writing and Analysis Workshop* and the 1006 *Preparation for the CBA Examination* course or webinar. Contact IBA at 800-299-4130 to learn more.

## Introduction to Business Appraisal (8003)

Level: Beginner (40 CPE hours)



### Program Content

*Introduction to Business Appraisal* (IBA Course 8003) is a hands-on course designed to train an individual in the complexities of business appraisal. The objectives of this five-day workshop are twofold; (1) to provide educational tools for those seeking an introduction to the basics of business appraisal; and (2) to provide fundamental information on the application of the income, asset, and market approaches to valuation.

### Learning Objectives

At the completion of this course attendees will be able to:

- List the standards and basic appraisal principles of the major business appraisal professional organizations, IBA, and USPAP
- Determine and apply present value and the time-value-of-money calculations
- Recognize and apply IRS rulings and procedures related to business appraisal
- Adjust financial statements and develop a financial ratio analysis
- Develop calculations for the income, asset, and market approaches to valuation
- Recognize the sources of information used to support the appraisal methods
- Develop capitalization and discount rates
- List standards of value, definitions of value, and financial theory
- Apply basic statistical techniques to the appraisal process
- Locate and analyze data to determine how local and national economic conditions affect the value of a subject company
- List the appraisal process and steps needed to write a comprehensive appraisal report

### Day One – Business Valuation Organizations, Standards, and Authoritative Guidance

To understand the business valuation profession, attendees need

to know the major national organizations and their thresholds for certifications. The International Glossary of Business Appraisal terms are discussed to provide attendees with an understanding of the terminology used in this profession. An understanding of these terms will assist attendees in communicating complex business appraisal concepts to attorneys, bankers, and the courts. In this course, attendees will learn about IRS Revenue Rulings 59-60, 68-609, 77-287, 83-120 and 93-12.

The asset, income, and market approaches to valuation are outlined in an overview format. Attendees will learn the fundamental differences in providing an indication of value versus a final opinion of value and what premise of value (for example, “going-concern” or “liquidation”) appraisers should use in developing a conclusion of value.

### Day Two – Business Appraisal Assignment

Students will learn the actual valuation process, steps, and calculations needed to perform the appraisal engagement, as well as which documents are needed from management and when to accept or reject the assignment. Attendees will learn what information is vital to their report and where to find the answers to questions that are essential prior to starting the assignment.

To thoroughly understand a business it is important for every appraiser to learn the importance of analyzing a business (economic, industry, and financial analysis). Attendees will learn how to use financial ratios to assign risk factors and how to make and support adjustments to the income statement. Attendees perform income statement adjustments in an exercise, learn why adjustments are frequently made during the valuation assignment, discuss control and minority interest appraisal issues, and learn how to reconcile the various appraisal methods used in an assignment. They will learn the fundamental application of word processing and spreadsheet software, and how these programs are used in a typical assignment.

## Day Three – Income Approach to Appraisal

Day three will cover time-value-of-money concepts and commonly used earnings streams for developing an estimate of value for both equity and invested capital. Rates of return, commonly called discount or capitalization rates, are covered extensively. Learn how rates are developed using the build-up method, weighted average cost of capital, factor rating method, risk premium guideline table, rates derived from market multiples, forecasting the various earnings streams, and how to apply the rates of returns in estimating value. Several hands-on exercises will illustrate the methods used in matching rates of return to various earnings streams. Attendees will learn the major differences between the capitalization of earnings method and the discounted future earnings method. A key component is to understand when to use one income-based method over the other.

## Day Four – Asset Approach to Appraisal

Day four will introduce attendees to the conceptual basis of the asset approach. Attendees learn the use of ratio analysis to analyze the balance sheet, how to distinguish between net tangible

asset and intangible asset values, and the important component of developing rates of return for tangible and intangible assets. They will learn the proper technique in applying each step of the excess earnings method for estimating intangible asset value, and the complex steps required when the liquidation value method is selected. This course will familiarize attendees with adjustments commonly made with regards to the asset and liabilities categories found on the balance sheet.

## Day Five – Market Approach to Appraisal

Attendees will come away from this lesson with an understanding of how and when to apply methods from the market approach. It is important to recognize the advantages and disadvantages of the various market-based methods. Attendees will know the sources of market transaction data for application in the direct market data method (DMDM), the guideline public company method, and the merger and acquisition method, along with the characteristics of value derived by each method. Students will become familiar with and learn how to apply and adjust the various market valuation multiples. Attendees will also be able to use IBA's Market Database.

# Comprehensive Certified Business Appraiser Workshop (8004)

Level: Intermediate (40 CPE hours)



## Program Content

This intermediate level, five-day workshop is intended to provide an in-depth discussion of topics for individuals seeking a more advanced knowledge of business appraisal methodology and report writing. Applicants for the CBA designation will find the course invaluable in producing their demonstration reports required for the Certified Business Appraiser (CBA) credential.

Assignments after class will center on exercises related to the day's lesson and on questions one might expect on the CBA examination.

## Learning Objectives

At the completion of this course, attendees will be able to:

- Recognize the key components needed to adjust financial statements
- Create financial forecast models and perform the financial analysis
- Analyze, compare, and contrast adjustment decisions for controlling and minority interest valuation assignments
- Recognize which valuation approaches and methods are appropriate for each valuation assignment
- Calculate and apply each element in the income, asset, and market approaches
- List the sources of information used to support the valuation methods
- Apply and calculate discounts and premiums
- Support decisions and appraisal conclusions in a well-written and organized manner
- Write an in-depth business appraisal report that complies with IBA standards and satisfies the CBA requirements
- Compare a comprehensive business appraisal written report using inductive and deductive reasoning to support valuation conclusions

## Day One – Key Components of Adjusting Financial Statements and Forecasting

Day one starts with a short best practices marketing exercise, and

then introduces the pre-engagement procedures identifying who the client is, what is being valued, what standard of value should be used, and whether the engagement should be accepted or rejected.

Financial statement indicators are covered with hands-on exercises to identify the thought process in considering important trends of the income statement and balance sheet. Students will learn to compare financial results with industry financial data and ratios, develop the rationale behind making adjustments to financial statements for business appraisal purposes, and how to support each adjustment in a defensible manner. Students will become acquainted with how a forecast differs from a projection, and will learn the acceptable steps in financial forecasting and avoid costly mistakes. Discover why proper adjustments for a minority interest holder are often very different from those for a controlling interest.

## Day Two – Advanced Application of the Income Approach

To properly carry out any business appraisal assignment, appraisers need to know how and when to apply income methods. This lesson overviews the time-value-of-money, economic income streams, and equity capital and invested capital. Discount and capitalization rates will be developed using the build-up method, capital asset pricing model, weighted average cost of capital, rates derived from market appraisal multiples, and factor rating models. Having comprehensive knowledge of how rates of return are developed and how they are applied provides a solid foundation to preparing credible business appraisal reports. There will be hands-on exercises in the application of the discounted future earnings method and the capitalization of earnings method.

## Day Three – Advanced Application of the Market and Asset Approaches

Day three focuses on how and when to apply market-based and asset-based methods, as well as the basic components of these

methods. Market methods covered are the merger and acquisition method, the direct market data method, and the guideline company method. The sources of finding public company and closely held transactions will be identified, as will the techniques for selecting appropriate multiples, how to make proper adjustments to and apply market multiples, and the differences between asset and stock transaction data. Asset methods discussed are the net asset value, liquidation value, and excess earnings methods, along with how to calculate a rate of return on net tangible assets, develop a capitalization rate for intangible assets, and practical applications of when to use the asset approach. Finally, students will learn when to apply the asset approach to an operating company or a holding company. Attendees will perform group exercises highlighted by the selection and support of financial measurements and market appraisal multiples.

### Day Four – Discounts, Premiums, Court Cases and Reconcile Values

Day four will address the following topics: the underlying process of selecting and developing shareholder and entity level adjustments; shareholder level adjustments including control premiums, discount for lack of control, discount for lack of marketability, and S corporation premium; discounts in relation to each methodology of the income, market, and asset approaches; entity level discounts including voting versus nonvoting stock, key person discount, portfolio discounts, and discounts for trapped-in capital gains; how select court cases relate to various business appraisal assignments; how the appraisal methods used in a given assignment are reconciled and supported; and if mathematical weight or subjective weighting is appropriate when more than one approach or method is used and how to support the decision.

### Day Five – Report Writing

Day five provides an overview of available writing tools and formats, along with a sample report. The course materials cover comprehensive requirements for appraisal reports, including report formats, layout, and organization; use of grammar; text selection; how to develop a table of contents; use of headers, footers, and page numbering; how to present mathematical models and statistical in-

formation using text, graphs, and charts; supporting stated opinions; persuasive writing skills; expressions to avoid; and how to proofread the report. A report writing checklist is included to help attendees develop a professional and credible report that satisfies requirements for the CBA designation.

### Development and Instruction Team

The Introduction to Business Appraisal development and instruction team includes Dennis Bingham, MCBA, BVAL, president of Corporate Appraisal, Inc. and KC Conrad, CBA, CMEA, ASA, a principal in American Business Appraisers, LLC. Both practitioners are experienced authors and instructors.

### Who Should Attend

This course is geared towards individuals who are entering the business valuation profession. These individuals include: Business Appraisers, CPAs, CFOs, Financial Analysts, Attorneys, M&A Professionals, Business Consultants, Business Brokers, and participants who wish to enhance their knowledge and improve the quality of their written business appraisal reports. Students should have a basic understanding of accounting and finance. Highly recommended for CBA applicants.

### 2010 Pricing

(Before early registration discounts.)

	Non-Member
Five Days of Training	\$2,500
One-Year IBA Membership (Appraisal Practitioner)	\$495
CBA Exam, Grading, Proctor, and Peer Review Fee	\$ 595
Total Value When Purchased Separately	\$3,590
<b>Package Price</b>	<b>\$2,995</b>
Savings	\$ 595

Register for both 8003 and 8004 workshops as part of the package above for an **additional \$1,880.00.**

For IBA NASBA related information on CPE, please refer to the education area of [www.go-iba.org](http://www.go-iba.org) or call IBA at 800-299-4130 to register now.

### CBA Fast Track

Applicants who hold the following certifications are exempt from the CBA exam and required courses: ABV, ASA, AVA, CFA, CBV, and CVA. However, the following courses are highly recommended: IBA's **8004 Comprehensive Certified Business Appraiser (CBA) Workshop** or IBA course **1010 Advanced Report Writing Workshop**. To achieve the CBA credential, accredited appraisers listed above must hold an active IBA membership, submit a CBA application with professional references, hold a college degree or equivalent, and submit two demonstration reports which meet IBA's peer review requirements.



The Institute of Business Appraisers is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be addressed to the National Registry of CPE Sponsors, 150 Fourth Avenue North, Suite 700 Nashville, TN 37219-2417. Web site: <http://www.nasba.org>



### The Institute of Business Appraisers

PO Box 17410 • Plantation, FL 33318  
 Toll Free: (800) 299-4130 • Fax: (954) 584-1184  
[hqiba@go-iba.org](mailto:hqiba@go-iba.org) • [www.go-iba.org](http://www.go-iba.org)

