

Application Kit

A Guide to the AICPA
Accredited in Business Valuation Credential





Table of Contents

| | |
|---|----|
| Introduction | 2 |
| Objectives of the Program | 2 |
| How the ABV Credential Will Enhance Your CPA Practice | 2 |
| Benefits of the FVS Section Membership | 3 |
| Benefits of the ABV Credential | 4 |
| ABV Credential Requirements. | 4 |
| ASA Credential Holders Application Process | 7 |
| ABV Credential Application Audit. | 8 |
| Receiving the ABV Credential. | 8 |
| ABV Credential Maintenance Requirements. | 9 |
| Additional Information | 9 |
| Frequently Asked Questions. | 10 |
| ABV Credential Application | 11 |

Introduction

The American Institute of Certified Public Accountants (AICPA) established the Accredited in Business Valuation (ABV®) credential program in 1998 for CPAs who specialize in valuation. The ABV credential is granted exclusively to CPAs who demonstrate considerable expertise in valuation through their knowledge, skill and experience.

This guide provides information on how to obtain the ABV credential.

Objectives of the Program

The objectives of the ABV credential program:

- Achieve public recognition of the ABV as the preferred valuation professional
- Enhance the quality of valuation services ABVs provide
- Increase practice development and career opportunities for ABVs
- Promote members' services through the FVS website

How the ABV® Credential Will Enhance Your CPA Practice

CPAs who provide valuation services obtain the ABV credential because it:

- Positions the credential holder as a premier valuation services provider
- Enhances the practitioner's image as a competent, trustworthy valuation expert
- Promotes a greater level of confidence for current and potential clients
- Demonstrates commitment to continuously improving valuation skills and expertise, resulting in increased professional competency
- Offers greater revenue opportunities — valuation consistently has been in the top three growing service areas in the *Accounting Today* profile of Top 100 Firms
- Expands opportunities for referrals from other practitioners, strategic partners attorneys and clients
- Opens up a community of CPA valuation professionals with similar interests and practices
- Distinguishes your practice with the powerful combination of a CPA certificate and an ABV credential

Benefits of the FVS Section Membership

AICPA OFFERS ABV CREDENTIAL HOLDERS AUTOMATIC FVS SECTION MEMBERSHIP, WHICH INCLUDES:

- **Practice Aids and Other Non-Authoritative Guidance** – Guidance on technical issues in valuation, such as intellectual property, analyzing financial ratios, engagement letters and litigation support services
- **Web Seminars** – Topics include forensic- and valuation-related technical issues, as well as hot topics that affect niche practices
- **FVS Consulting Digest** – Bi-monthly electronic newsletter with articles on forensic, valuation and practice management issues
- **Conference Discounts** – Discounted rates at the AICPA FVS Educational Conferences:
 - AICPA National Business Valuation Conference
 - AICPA National Forensic Accounting Conference
 - AICPA Fair Value Measurement and Reporting Conference
 - AICPA National Family Law Conference
 - AICPA/AAML National Conference on Divorce
- **Exclusive FVS Website Content** – Access to articles, case studies, checklists, worksheets and tools
- **Forensic and Valuation Reporter** – Monthly electronic newsletter with updates on trends, news, legislation and events of interest to CPAs who practice in the forensic and valuation service arena
- **Professional Resources and Discounts** – FVS members benefit from vendor discounts and special offers on selected products and publications used in their valuation practices
- **Regulatory Insight** – Timely information on this field's complex laws and regulations
- **Networking Opportunities** – Participation in FVS Town Hall at the annual AICPA National Business Valuation Conference as well as the ABV Mentor Program
- **Advocacy** – Support regarding federal regulatory issues that impact CPA professionals who specialize in valuation services
- **Marketing Assistance** – creative ideas for marketing and managing an FVS practice

Benefits of the ABV® Credential

- **ABV Marketing Toolkit** – Designed to help ABV credential holders market their skills and build their valuation practices
- **Public Awareness Program** – The AICPA's ongoing media relations campaign heightens the awareness of the ABV credential among clients, the business and legal communities, and various media outlets
- **Recognition at the AICPA National FVS Conferences** – Networking opportunities with other ABV credential holders
- **Find an ABV** – An online directory of all ABV credential holders, which is also available to the public
- **Professional Discounts** – ABVs also benefit from vendor discounts and special offers on selected products and publications used in their valuation practices

ABV® Credential Requirements

To qualify, a CPA must:

1. Maintain AICPA membership in good standing.
2. Hold a valid and unrevoked CPA certificate issued by a legally constituted state authority.
3. Pass the ABV Examination and meet minimum Business Experience and Education requirements.
4. Complete the ABV credential application and pay the credential fee of \$350* upon successfully passing the ABV Examination.
5. Comply with the requirements of ABV credential maintenance process found on page 9.

*Credential fees may vary based upon current level of membership.

THE EXAMINATION REQUIREMENT

There are two ways to satisfy the examination requirement:

1. Pass the 6-hour ABV Examination; or
2. Hold the ASA or AM credential

For more information about the 6-hour ABV Examination, registrants should visit aicpa.org/ABVexam to find out about exam fees, the registration & scheduling process, the Content Specification Outline, exam preparation, and receiving exam results. Upon passing the ABV examination, in order to apply for the credential, candidates must meet minimum business experience and education requirements. See the requirements below.

Have questions? Call 888.777.7077 or submit an email to ABV@aicpa.org

THE BUSINESS EXPERIENCE REQUIREMENT

There are two ways an ABV credential candidate may successfully fulfill the Business Experience Requirement:

1. A credential candidate will successfully complete the requirement by serving as a full-time instructor who has taught at least 4 accredited college courses covering at least 50% of the material included in the business valuation body of knowledge indicated in the ABV Exam Content Specification Outline.
2. A credential candidate will also successfully complete the requirement by completing at least 150 hours of or 6 business valuation engagements where the valuation analyst must use professional judgment and the engagement results in the estimation of value culminating in the expression of either a conclusion of value or a calculated value (see paragraph 21 of Statement on Standards of Valuation Services No. 1). Examples of methods used on such engagements include, but are not limited to:
 - **Cash Flow Valuation** – Analyze the historical performance of the business; estimate the cost of capital; calculate the value of the cash flow stream; and interpret the results
 - **Specialized Valuation Skills and Training** – Security market options; research techniques and research tools; company, industry and economic data analysis; valuation calculations and conclusions; engagement reporting; and Code of Professional Conduct and Professional Standards
 - **Analysis of Financial Information** – Linkage between purpose for the valuation, standard of value and ownership; and sources and uses of industry financial and operating data
 - **Financial Forecasting** – Statistical techniques: simple and multiple regressions; time series analysis; AICPA Prospective Financial Reporting Guidelines; determining and documenting significant forecast assumptions; company and industry data; and sources and uses of economic data
 - **Estimating Cost of Capital (Discount and Capitalization Rates)** – Understanding the sources and limitations of data; security market line; market efficiency, theoretical underpinning of discount and capitalization rates — capital asset pricing model, multi-factor models, difference and similarities of CAPM and the build-up method; sources of small-firm risk premiums, firm-specific risk premium and other adjustments to cost of capital (when and how); Beta — understanding the sources and calculations, R-squared and other potential limitations; estimating Beta for privately owned companies, including guideline companies' levered Beta (bL) and Guideline Companies' Proxy unlevered Beta (bu)
 - **Selecting and Evaluating Guideline Company Data** – Screening and selection process; goodness of fit issues; guideline companies; data to use and the proper use of the data; linkages between the Standard of Value, purpose for the valuation, selection of guideline companies and specific data; court cases involving acceptance and rejection of guideline company data
 - **Determining the Proper Valuation Discounts or Premiums** – Reasons for discounts and premiums such as marketability and control issues; Standard of Value, purpose for the valuation, ownership issues and the proper usage of discounts; sources for estimating discounts such as identifying and understanding the empirical research of liquidity and control issues; and methods used to select and apply proper discounts and premiums
 - **Linkages Between Approaches, Standards of Value** – Purpose of Valuation and Discounts Income methods; market methods; asset-based methods; liquidity and marketability issues; control and minority ownership positions; fair market value, investment value and fair value
 - **Entity and Specialized Industry Issues** – ESOP plans; Family Limited Partnerships; medical practices; professional service business, other service businesses; start-up, research and development, or technology-based businesses; initial public offering (IPO) candidates; merger and acquisition valuation engagements; real estate or other holding companies; and specialized industries (construction, retail, restaurants, etc.)

- **Report Preparation and Engagement Administration** – Awareness of appropriate SSVS1 and USPAP reporting standards; proper documentation of research; presentation of and support for the valuation conclusion; sufficient and competent evidential matter; guidelines for work paper and supporting documentation; and engagement letters and letters of representation
- **Litigation and Dispute Resolution Services** – Rules of evidence; qualifications of experts; roles of the consulting expert and the testifying expert; and depositions and court testimony

THE EDUCATION REQUIREMENT

An ABV candidate must have a minimum of 75 hours of business valuation-related education. The objectives of the Education component of the program are:

- Maintain competency by requiring timely updates of valuation knowledge and skills
- Provide a mechanism for monitoring maintenance of competency

In order to maintain the ABV credential, ABVs must comply with CPE Standards issued by AICPA and NASBA. It is suggested ABV credential candidates and members visit aicpa.org/cpe to become familiar with these standards, the CPE requirements for AICPA members, and the specific CPE requirements for each state board and society.

The following are examples of education related to business valuation:

- **Cash Flow Valuation** – Analyze the historical performance of the business; forecast future performance; estimate the cost of capital; estimate the continuing value; calculate and interpret the results
- **Specialized Valuation Skills and Training** – Security market options; research techniques and research tools; company, industry and economic data analysis; valuation calculations and conclusions; engagement reporting; and Code of Professional Conduct and Professional Standards
- **Analysis of Financial Information** – Linkage between purpose for the valuation, standard of value and ownership; characteristics, and normalized earnings; normalizing earnings; sources and uses of industry financial and operating data
- **Financial Forecasting** – Statistical techniques: simple and multiple regressions; time series analysis; exponential smoothing; AICPA Prospective Financial Reporting Guidelines; determining and documenting significant forecast assumptions; company and industry data; and sources and uses of economic data
- **Estimating Cost of Capital (Discount and Capitalization Rates)** – Understanding the sources and limitations of data; security market line; market efficiency, theoretical underpinning of discount and capitalization rates — capital asset pricing model, multi-factor models, difference and similarities of CAPM and the build-up method; sources of small-firm risk premiums, firm-specific risk premium and other adjustments to cost of capital (when and how); Beta — understanding the sources and calculations, R-squared and other potential limitations; estimating Beta for privately owned companies, including guideline companies' levered Beta (bL) and Guideline Companies' Proxy unlevered Beta (bu)
- **Selecting and Evaluating Guideline Company Data** – Screening and selection process; goodness of fit issues; guideline companies; data to use and the proper use of the data; linkages between the Standard of Value, purpose for the valuation, selection of guideline companies and specific data; court cases involving acceptance and rejection of guideline company data
- **Determining the Proper Valuation Discounts or Premiums** – Reasons for discounts and premiums such as marketability and control issues; Standard of Value, purpose for the valuation, ownership issues and the proper usage of discounts; sources for estimating discounts such as identifying and understanding the empirical research of liquidity and control issues; and methods used to select and apply proper discounts

- **Linkages Between Approaches, Standards of Value, Purpose of Valuation and Discounts** – Income methods; market methods; asset-based methods; liquidity and marketability issues; control and minority ownership positions; fair market value, investment value and fair value
- **Entity and Specialized Industry Issues** – ESOP companies; Family Limited Partnerships; medical practices; professional service business, other service businesses; start-up, research and development, or technology-based businesses; initial public offering (IPO) candidates; merger and acquisition valuation engagements; real estate or other holding companies; and specialized industries (construction, retail, restaurants, etc.)
- **Report Preparation and Engagement Administration** – USPAP reporting standards; proper documentation of research; presentation of and support for the valuation conclusion; sufficient and competent evidential matter; guidelines for work paper and supporting documentation; and engagement letters and letters of representation
- **Litigation and Dispute Resolution Services** – Rules of evidence; qualifications of experts; roles of the consulting expert and the testifying expert; and depositions and court testimony
- **Attendance at Annual AICPA Conferences and Conferences of Other Professional Organizations Containing Valuation-related Topics.**

ASA Credential Holders Application Process

The ABV Exam is waived for a CPA holding a current Accredited Senior Appraiser (ASA) or Accredited Member (AM) credential provided by the American Society of Appraisers. The ASA or AM credential holder must then:

1. Maintain AICPA membership in good standing.
2. Hold a valid and unrevoked CPA certificate issued by a legally constituted state authority.
3. Complete the ABV credential Application.
4. Pay \$350 ABV credential fee.*
5. Comply with the requirements of ABV credential maintenance process found on page 9.

*Credential fees may vary based upon current level of membership.

ABV® Credential Application Audit

A minimum of 10% of accepted applications are selected for a random audit by the AICPA ABV Credential Committee. Any misrepresentations or incorrect information provided to the AICPA can result in disciplinary action, including suspension or revocation of eligibility and/or credential. In the event of an audit, documentation of Business Experience and Education will be required. The AICPA recommends maintenance of the following records:

BUSINESS EXPERIENCE

- Dates of engagement
- Role in the engagement
- Type of Industry
- Type of Entity
- Purpose of the Valuation
- Interest Being Valued
- Approach(es) Employed
- Form of Documented Conclusion

EDUCATION

- **For CPE, approved courses at a university, other continuing education courses and trade association conferences** – Title of course/session, related body of knowledge subject matter, sponsor of course, name of college/university, format of course, date(s), number of CPE credits, hours attended, semester credits, etc.
- **For Presenting** – Title of program/session, related body of knowledge subject matter, number of CPE credits awarded to participants or length of presentation, date(s) and location of presentation
- **For Authoring** – Title of work, related body of knowledge subject matter, name of publisher, type of publication, date published, number of hours to prepare

Receiving the ABV® Credential

After receiving notification of successfully passing the exam, apply for the ABV credential online at aicpa.org/abv and click on Join or complete the ABV credential application found in this application kit (located after page 10). Once documentation and payment has been submitted and approved, the candidate will be notified. At this time, the candidate will be eligible to use the ABV credential in compliance with the rules of the state in which he or she practices. The candidate is not authorized to use the credential until he or she receives this notice. At the candidate's request, the successful candidate's state society also will be notified that the candidate has been granted the ABV credential so that this information can be promoted in the state society's newsletters. An ABV credential certificate will be sent to the successful candidate under separate cover.

ABV® Credential Maintenance Requirements

To maintain the credential, ABV credential holders must continue to pay the appropriate annual credential fee and meet the following maintenance requirements every three years:

- AICPA membership in good standing
- A valid and unrevoked CPA certificate issued by a legally constituted state authority
- Verification of obtaining at least 60 hours of related Education over the preceding three years (Note: Authoring or publishing articles is limited to 24 hours. Classes taught or lectures given are limited to 36 hours.)
- Electronic submission of intent to continue to comply with all maintenance requirements. Attestations are requested in late April following the end of the credential holder's maintenance period

ADDITIONAL INFORMATION

For more information about the ABV credential program, contact the AICPA.

CALL ABV Member Service Center
at 888.777.7077

WRITE ABV credential
AICPA
220 Leigh Farm Road
Durham, NC 27707

EMAIL ABV@aicpa.org

Visit the FVS Website at aicpa.org/ABV.

Frequently Asked Questions Regarding the ABV® Credential

Q. How does the ABV credential differ from other valuation credentials?

A. The ABV, unlike other valuation credentials, is awarded only to CPAs who are members of the AICPA. Accordingly, this credential represents the highest professional standards of any valuation credential and sets the ABV credential holder apart from other valuation experts.

Q. Do I have to be a CPA and a member of the AICPA to qualify?

A. Yes. To qualify for the ABV credential, you must be an AICPA member in good standing and hold a valid and unrevoked CPA certificate issued by a state authority. The ABV credential is granted exclusively by the AICPA.

Q. Do I need an active license to practice public accounting to become an ABV?

A. To qualify for the ABV credential, you must hold an active CPA certificate issued by a state authority and meet the other prescribed requirements. You need to have an active CPA license.

Q. How much will it cost to apply for the ABV credential?

A. Once you have met all of the requirements to become an ABV, the standard initial pricing for the ABV credential is \$350 unless you qualify for one of the exceptions listed below:

- If the job code in your AICPA profile is "Government", then the initial price is \$250
- If you hold the AICPA's Certified in Financial Forensics (CFF) credential, then the initial price is \$150
- If you hold another AICPA credential, then the initial price is \$200

Q. Do I have to take an examination to qualify for the ABV credential?

A. There are two ways to satisfy the examination requirement:

1. Pass the ABV (6-hour) Examination
2. Hold the Accredited Senior Appraiser (ASA) or Accredited Member (AM) credential issued by the American Society of Appraisers

All applicants must be AICPA members in good standing.

APPLICANT PROFILE

HOME BUSINESS

Member Name: _____ AICPA Membership No. _____

Firm or Organization: _____

Address: _____

City: _____ State: _____ ZIP: _____

Telephone: () _____ Fax No. () _____

Email Address: _____

Apply Online Today! Visit us at:
aicpa.org/abv and click on Join.
Mail application and payment to:
ATTN: Member Service Center
ABV credential
AICPA
220 Leigh Farm Rd
Durham, NC 27707
Or fax to: 800.362.5066

Please check here if you do **NOT** want your information to appear in the ABV referral database (findanABV.com).

APPLICANT QUALIFICATIONS

Check all boxes that apply

Section 1: Certificate/License

I hold a valid and unrevoked CPA certificate or license issued by a legally constituted state authority. _____

Section 2: Examination Requirement

I have passed the ABV exam and/or obtained one of the following credentials. Please check all that apply:

- AICPA Accredited in Business Valuation (ABV) exam _____
- Accredited Senior Appraiser (ASA) credential _____
- Accredited Member (AM) credential _____

Section 3: Education Requirement

I have completed at least 75 hours of state-authority approved CPE from topics covered in the ABV Body of Knowledge __

Education in the ABV Body of Knowledge areas may be obtained via the following means: successfully completing, presenting or lecturing continuing education courses and authoring publications on relevant subjects. More information can be found at aicpa.org/ABV.

Section 4: Experience Requirement

I have met the minimum experience requirement in the topics covered in the ABV Body of Knowledge:

- **Business:** I have at least 150 hours of business valuation experience _____
- **Business:** I have completed at least 6 business valuation engagements _____
- **Academic:** I am a full-time professor and have taught at least 4 accredited college courses with 50% of their material included in the ABV Body of Knowledge _____

DECLARATION OF INTENT

Please read and indicate agreement below.

Declaration

I hereby affirm that my statements given in the ABV Application (and any attachments and additional information I have provided) are true and complete to the best of my knowledge and freely given. I understand that any misrepresentation or omission of facts therein is cause for denial or revocation of the right to use the ABV Credential and logo. If so requested by the AICPA, I will furnish all additional information or documentation as deemed necessary for the verification of the information given here.

Maintenance of the Credential

To maintain the ABV credential, credential holders must pay annual dues and must comply with the following requirements:

- 1) Maintain membership in good standing in the AICPA.
- 2) Hold a valid and unrevoked CPA certificate issued by a legally constituted state authority.
- 3) Recertify every three years. Recertification currently requires that ABV Credential holders: a) Earn 60 hours of continuing education related to Body of Knowledge areas during the three-year period preceding recertification; and b) Submit a written statement of their intent to continue to comply with all the conditions required to maintain the credential.

Agreement

- 1) I understand that I may not use the ABV credential or ABV logo or hold myself out as an ABV until I have received official notification of my ABV certification from the AICPA.
- 2) I hereby authorize investigation of all information I provided in the ABV application.
- 3) I understand that permission to use the ABV credential and is granted for a period of three years. At the end of such period, if ABV certification is not renewed, certification expires and any right to use the ABV credential and expires.

- 4) I understand that, if I fail to comply with the maintenance of credential requirements, I am required to and I agree to cease use of the ABV credential and ABV logo immediately and understand that in order to regain ABV certification, the requirements and fees on the ABV Reinstatement Application must be met again.
- 5) I understand that the recertification requirements noted under Maintenance of the Credential are subject to change as deemed appropriate by the AICPA and the ABV credential.
- 6) I further understand and agree that the AICPA has the absolute and unrestricted right to revoke any rights I have to use the ABV credential and ABV logo if I fail to hold a valid and un-revoked CPA certificate issued by a legally constituted state authority and maintain membership in good standing in the AICPA.
- 7) In consideration of the ABV certification granted hereby, I further agree that neither the AICPA, its officers, directors, employees nor others acting on its behalf, shall be liable to me for any actions taken or omitted to be taken in any official capacity or in the scope of employment and I hereby release the AICPA and the other persons identified above from any liability for such actions or omissions.
- 8) I affirm that I have read carefully, understand and agree to the items set forth in this Declaration of Intent. I further certify that I understand that a percentage of ABV applications will be randomly selected for further review and that, if selected, I will be required to provide detailed documentation (including specifics of Experience and Education) to support the assertions of the application. Failure to provide documentation will be considered non-compliance with the requirements for maintenance of the ABV credential.

Signature _____

Date _____

Inserting your name here electronically will serve as a valid representation of your signature and will be considered binding.

PAYMENT INFORMATION

The program enrollment fee for the ABV credential is due upon application submission. Please indicate your credential or membership status, as well as your method of payment, below.

Credential or membership status: (Check one)

- New ABV Credential Holder** \$350 **Current FVS Section Member** \$350* **Current CFF** \$150
 Current CITP \$200 **Current PFS** \$200 **Government Employee** \$250

*Fees may vary as unused portion of section dues will be credited against your credential fee.

PROMOTION CODE: _____

- Please find the enclosed check made payable to: AICPA/ABV credential**
(Please note: you will receive a full refund if your application is not approved.)

- Please bill my credit card**
(Please note: your credit card payment will be processed upon approval of your application.)

VISA MasterCard Discover American Express Diners Club

Card Number: _____ Expiration Date: _____

Billing Address (if different from address above):

City: _____ State: _____ ZIP: _____

Print Name of Credit Card Holder: _____

Sign Name: _____

Apply Online Today! Visit us at: aicpa.org/ABV

Application and payment can be mailed to:
ATTN: Member Service Center
AICPA ABV credential
American Institute of Certified Public Accountants
220 Leigh Farm Rd
Durham, NC 27707

Or faxed to: **800.362.5066**

Please Note: Acceptance of payment does not signify approval of your application. Upon approval of your application, you will receive a welcome email advising you of your authorization to use the ABV credential.

Email: ABV@aicpa.org

Call: **888.777.7077** (M – F 9am – 6pm ET)



