

# **AREAS FOR CONTINUING PROFESSIONAL EDUCATION\***

## **1. 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

## **2. 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
- Code of Professional Conduct and Professional Standards

## **3. Analysis of Financial Information**

- Linkage between Purpose for the Valuation, Standard of Value, Ownership
- Characteristics, and Normalized Earnings
- Normalizing Earnings
- Sources and Uses of Industry Financial and Operating Data

## **4. Financial Forecasting**

- Statistical Techniques: Simple and Multiple Regression, Time Series Analysis,
- Exponential Smoothing
- AICPA Prospective Financial Reporting Guidelines
- Determining and Documenting Significant Forecast Assumptions
- Company and Industry Data
- Sources and Uses of Economic Data

## **5. 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 Company, including Guideline Companies'
- Levered Beta (bL) and Guideline Companies' Proxy Unlevered Beta (bu)

## **6. 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

## **7. 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
- The Sources for Estimating Discounts such as: Identifying and Understanding
- the Empirical Research of Liquidity and Control Issues
- Methods used to Select and Apply Proper Discounts

## **8. 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, Fair Value

## **9. Entity and Specialized Industry Issues**

- ESOP Companies
- Family Limited Partnerships
- Medical Practices
- Professional Service Business
- Other Service Businesses
- Start-Up, Research and Development (R&D), or Technology-Based Businesses
- Initial Public Offering (IPO) Candidates
- Merger and Acquisition (M&A) Valuation Engagements
- Real Estate or other Holding Companies
- Specialized Industries (Construction, Retail, Restaurants, etc.)

## **10. 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
- Engagement Letters and Letters of Representation

## **11. Litigation and Dispute Resolution Services**

- Rules of Evidence
- Qualification of Experts
- The Role of the Consulting Expert and Testifying Expert
- Depositions and Court Testimony

## **12. Attendance at Annual AICPA Conferences and Conferences of Other Professional Organizations Containing Valuation-related Topics.**

*\*Note: This is not an all inclusive list nor specific titles, but subject areas that may be offered through the AICPA, State Societies, or other appraisal organizations.*