



An AICPA Sample Valuation Report
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BLOCK CHECK
CASHING SERVICE, INC.
CALCULATION REPORT
DECEMBER 31, 2006

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Understanding Business Valuation, 3rd Edition, by Gary Trugman,
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BLOCK CHECK CASHING SERVICE, INC.

CALCULATION REPORT

DECEMBER 31, 2006

March 3, 2007

Ms. Jill Brown
Block Check Cashing Service, Inc.
312C Main Avenue
Some City, NJ 07000

Re: Calculation of value of 60 percent of the common stock of Block Check Cashing Service, Inc.

Dear Ms. Brown:

We have performed a calculation engagement, as that term is defined in the Statement on Standards for Valuation Services (SSVS) of the American Institute of Certified Public Accountants. We performed certain calculation procedures on Block Check Cashing Service, Inc. as of December 31, 2006. In particular, we were asked to perform a limited analysis to estimate a negotiable price of 60 percent of The Company as of December 31, 2006, to be used in lieu of the more definitive estimate of fair market value. The calculation procedures were performed solely to assist in transitioning the business to a related party, and the resulting calculation of value should not be used for any other purpose or by any other party for any purpose. This calculation engagement was conducted in accordance with the SSVS. The estimate of value that results from a calculation engagement is expressed as a calculated value.

In a calculation engagement, the valuation analyst and the client agree on the specific valuation approaches and valuation methods the valuation analyst will use and the extent of valuation procedures the valuation analyst will perform to estimate the value of the subject interest. A calculation engagement does not include all of the procedures required in a valuation engagement, as that term is defined in the SVSS. Had a valuation engagement been performed, the results might have been different.

This calculated value is subject to the Statement of Assumptions and Limiting Conditions found in Appendix 1 and to the Valuation Analyst's Representation found in Appendix 2. We have no obligation to update this report or our calculation of value for information that comes to our attention after the date of this report.

Although the purpose of this Calculation Engagement is to determine the reasonable value of the subject interest, the client has requested only limited analyses to be performed. Based on these limitations, Trugman Valuation Associates, Inc. will not be rendering an opinion of value based on the standards established by the The Appraisal Foundation in its *Uniform Standards of Professional Appraisal Practice*, the American Society of Appraisers or The Institute of Business Appraisers.

As previously stated, this assignment was performed using a limited amount of information. Users of this report who are unfamiliar with the facts and circumstances surrounding this assignment may be misled. Therefore, it is not recommended that this report be distributed to a third party that is unfamiliar with the circumstances.

Our calculations have been based on the following information:

1. Financial statements and tax returns for Block Check Cashing Service, Inc., for the years ended December 31, 2002 through 2006, prepared by Dewey, Cheatum & Howe, P.C., The Company's outside accounting firm.
2. Information obtained during telephone conversations with Marion Brown, Michael Simplot, Esq., and Ben Kole, CPA.
3. Information from *Executive Compensation 2006 Survey Analysis* published by the National Institute of Business Management.
4. Information from *American Salaries and Wages Survey*, Fifth Edition.
5. Salary data from New Jersey Occupational Wages; website www.wnjpin.state.nj.us/OneStopCareerCenter/LaborMarketInformation/lmi23/njtabl.
6. Salary data from the International Association of Administrative Professionals; website www.iaap-hq.org/ResearchTrends/salaries.htm.
7. Data from The Institute of Business Appraisers' market data base.
8. Data regarding interest rates from the Federal Reserve Statistical Release.
9. Data from *SBBI: Valuation Edition 2007 Yearbook* published by Morningstar.
10. *Business Reference Guide 2007*.
11. Franchise information from United Check Cashing website www.unitedcheckingcashing.com.
12. Franchise information from Ace Cash Express website www.acecashexpress.com.
13. Other items referenced throughout report.

Based on the information noted above, the following valuation calculations have been performed to determine a reasonable value for The Company.

Financial Analysis

A balance sheet analysis was performed as of December 31, 2006. Block reflected a book value of \$682,307 as of this date. During our analysis, we determined that there was a stockholder loan in the amount of \$184,964 recorded on the books that did not appear to be a necessary debt of The Company. Block's assets consist primarily of cash, and there appears to be no need for debt. In addition, The Company has not been treating this debt as an arm's-length transaction, as no interest has been paid on this debt during the five years analyzed. Therefore, the appraiser reclassified this debt as equity and determined that the adjusted book value of the tangible assets of The Company amounts to \$862,271, or \$862,000 rounded.

An analysis of Block's income statements was also performed utilizing the figures for the period December 31, 2002 through 2006.

As a result of our analysis of the income statements, certain adjustments were made to provide a more accurate indication of Block's earnings. The following adjustments have been made:

**NORMALIZATION OF INCOME
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Historic Net Income	\$ 25,952	\$ 182,055	\$ 88,320	\$ 48,480	\$ 108,966
Adjustments					
Bad Debts ¹	-	-	-	-	112,500
Officers' Compensation - Addback ²	119,080	188,970	483,800	541,900	346,600
Officers' Compensation - Reasonable ³	(147,875)	(152,311)	(166,019)	(171,000)	(177,840)
Salaries & Wages - Reasonable ⁴	(31,097)	(32,030)	(32,991)	(33,981)	(35,000)
Professional Fees ⁵	-	-	-	15,000	-
Repairs and Maintenance ⁶	-	54,000	-	-	-
Historic Income Taxes ⁷	14,276	115,596	44,598	13,850	59,405
ADJUSTED PRETAX NET INCOME	\$ (19,664)	\$ 356,280	\$ 417,708	\$ 414,249	\$ 414,631
Income Taxes ⁷	(4,454)	141,759	166,833	165,451	165,604
ADJUSTED HISTORIC NET INCOME	<u>\$ (15,210)</u>	<u>\$ 214,521</u>	<u>\$ 250,875</u>	<u>\$ 248,798</u>	<u>\$ 249,027</u>

1. Bad debt expense in 2006 was considerably larger than it had been in any earlier year. According to management, this was due to one customer who wrote a large number of bad checks to The Company. This is not expected to be repeated, and has been added back as a non-recurring expense.
2. Officers' compensation has been added back as a reasonable level of compensation has been calculated in number three.
3. According to management, Marion Brown is about to retire and will be replaced with an administrative person. In addition, a willing buyer would replace Jill Brown with a person of similar skills and pay him or her a market salary. According to the *2006 Executive Compensation Survey*, executives of financial services firms in the upper quartile were paid \$171,000 in 2005. Most companies in this category were smaller than Block and less profitable. For these reasons, the upper quartile salary was selected. This salary includes bonuses. Salaries for the other years are inflated or deflated based on average salary increases reported in the *2006 Executive Compensation Survey*.
4. Management has indicated the one person cannot perform all of the administrative work when Marion Brown retires, and therefore, an administrative person will have to be hired. Based on New Jersey Department of Labor statistics, an administrative person would earn an annual salary of \$35,000 in 2006. Prior years' salaries were deflating using a cost of living factor of 3 percent.

5. Professional fees were much higher in 2005 than in any of the other years analyzed. This adjustment adds back an amount that exceeds the average of the other years.
6. Repairs and maintenance expenses were much higher in 2003 than in any of the other years analyzed. This adjustment adds back an amount that exceeds the average of the other years.
7. Historic taxes have been added back, and taxes have been calculated on the adjusted income utilizing current tax rates.

Normalized net income for The Company has varied with revenues over the last five years. Revenues increased dramatically from 2002 to 2003, and then appeared to stabilize; normalized net income followed a similar trend. Since 2004, both revenues and income appear to have stabilized. Therefore, an average of The Company's cash flows for the last three years will be used in the income approach as they appear to best represent what is anticipated in the future.

Valuation Calculations

In order to determine the value of Block, we utilized the market and income approaches to valuation. To determine a value under the market approach, we utilized The Institute of Business Appraisers' database.

The market data base produced by The Institute of Business Appraisers contained 12 transactions grouped in Standard Industrial Classification code 6099, which is defined as "establishments primarily engaged in performing functions related to depository banking not elsewhere classified."¹ This description includes check cashing agencies. One of these transactions was eliminated as the transaction was of a company that was considerably larger than any of the other transactions; we eliminated this transaction as an outlier. Of the remaining transactions, the following sales price to gross revenue multiples and sales price to earnings² multiples were derived:

	<u>Price to Revenues</u>	<u>Price to Earnings</u>
Mean	0.55	1.25
90 th Percentile	0.75	2.92
75 th Percentile	0.69	1.30
Median	0.62	0.90
25 th Percentile	0.52	0.77
10 th Percentile	0.33	0.65
Selected Multiple	0.55	0.80

¹ Occupational Safety and Health Administration website www.osha.gov/cgi-bin/sic.

² The Institute of Business Appraisers defines earnings as net income plus interest, taxes and owner's compensation.

The values derived from using the data from The Institute of Business Appraisers result in a value that is considered to be control, non-marketable, which is equivalent to the value that is being derived in this analysis. They also reflect what the willing buyer would pay for 100 percent of a company, whereas our assignment is to determine an approximate value of 60 percent of The Company. In selecting the appropriate multiple, we began with the median multiples.

Based on *Business Reference Guide*, check cashing companies sell at an average multiple of 65 percent of revenues, which is supported by the data in The Institute of Business Appraisers' database. We then reduced the median multiples by approximately 10 percent to reflect the reduction in the price paid because the willing buyer would only be buying 60 percent of The Company. This reduction reflects the fact that the buyer would still have to accept and deal with a minority shareholder who could block corporate actions because a stockholder agreement requires a super majority (67 percent) for corporate actions. Due to these restrictions, we believe that the willing buyer would reduce the purchase price of a partial interest.

Based on the forgoing, the calculation of value of 100 percent of The Company is as follows:

	<u>Price to Revenues</u>	<u>Price to Earnings</u>
Selected Multiple	0.55	0.80
Subject Company Earnings Stream	<u>\$ 1,388,207</u>	<u>\$ 592,471</u>
Indication of Value *	\$ 763,514	\$ 473,977
Calculation of Retained Assets		
Cash	809,614	809,614
Total Liabilities	<u>(21,302)</u>	<u>(21,302)</u>
Plus Net Retained Assets	<u>\$ 788,312</u>	<u>\$ 788,312</u>
Estimate of Value - Control, Non-Marketable	<u>\$ 1,551,826</u>	<u>\$ 1,262,289</u>
Rounded	<u><u>\$ 1,552,000</u></u>	<u><u>\$ 1,262,000</u></u>

* The value derived when applying a multiple from The Institute of Business Appraisers' database includes the value of the fixed assets and intangibles (goodwill). The net assets retained by the buyer must then be added.

The final methodology utilized is a single period capitalization method. This is a methodology under the income approach to value and is also referred to as the capitalization of cash flow method.

As previously discussed, the cash flow to be capitalized is the three year average. To apply this methodology properly, this figure must be adjusted to reflect future earnings. This is done by increasing net cash flow by long-term sustainable growth which has been estimated at 2 percent. Applying an 18 percent capitalization rate to this figure results in a calculation of value as follows:

	<u>1997</u>	<u>1998</u>	<u>1999</u>
Normalized Net Income	\$ 250,875	\$ 248,798	\$ 249,027
Depreciation and Amortization	9,705	8,283	40,423
Gross Cash Flow	\$ 260,580	\$ 257,081	\$ 289,450
Capital Expenditures	(35,219)	-	53,530
Change in Working Capital	53,349	(180,146)	47,707
Change in Other Assets/Liabilities	300	1,000	1,000
Net Cash Flow	<u>\$ 279,010</u>	<u>\$ 77,935</u>	<u>\$ 391,687</u>
Three Year Average Net Cash Flow			\$ 249,544
One Plus the Long-Term Rate of Growth			<u>× 1.02</u>
Net Cash Flow for Capitalization			\$ 254,535
Capitalization Rate			<u>÷ 18.00%</u>
Capitalized Value			<u><u>\$ 1,414,084</u></u>

This value reflects a certain amount of public marketability in it, as the capitalization rate is derived from data in the public marketplace. In other words, in the public marketplace, one calls a broker and has cash in three days. In the private marketplace, it takes time to consummate a transaction, which reduces the ultimate amount received by the seller. In addition, a buyer would be subject to a stockholder agreement that requires a super majority vote for all corporate actions. This would reduce the marketability of this interest. Therefore, a 20 percent discount for lack of marketability has been applied to reflect the loss in value due to the time it would take to market the interest and finalize a deal.

Therefore, utilizing the income approach methodology would result in a value as follows:

Value from Above	\$ 1,414,084
Less: Discount for Lack of Marketability	<u>(282,817)</u>
Value	<u><u>\$ 1,131,267</u></u>
Rounded	<u><u>\$ 1,130,000</u></u>

Determination of Discount and Capitalization Rates

A discount rate for net cash flow has been based on a risk free rate of return at the valuation date, an equity risk premium, a benchmark premium for size, and other risk factors associated with the financial operations of Block. In order to convert the discount rate to a capitalization rate, a growth rate of 2 percent was subtracted from the discount

rate. Had a complete analysis been performed, as opposed to a limited analysis, this rate may have been different.

Conclusion of Value

As a result of our analysis, several estimates of value were determined utilizing the valuation approaches discussed above. These values are summarized below.

IBA Price to Gross Revenues	\$ 1,552,000
Done Deals Price to Gross Revenues	1,262,000
Single Period Capitalization Model	1,130,000

Based on our limited analysis, we have estimated the value of Block at December 31, 2006 to be approximately \$1,269,000, and the value of 60 percent of The Company is approximately \$761,000 rounded. As noted earlier, had a complete valuation been performed, this value may have been substantially different.

Our contingent and limiting conditions and professional qualifications have been attached to the report, and are an integral part of it.

Very truly yours,

TRUGMAN VALUATION ASSOCIATES INC.

Linda B. Trugman
CBA/ABV, MCBA, ASA, MBA

LBT/ejb
Attachment

CONTINGENT AND LIMITING CONDITIONS

This Calculation Engagement is subject to the following contingent and limiting conditions:

1. The calculation of value arrived at herein is valid only for the stated purpose as of the effective date of the calculations.
2. Financial statements and other related information provided by the business or its representatives, in the course of this engagement, have been accepted without any verification as fully and correctly reflecting the enterprise's business conditions and operating results for the respective periods, except as specifically noted herein. Trugman Valuation Associates, Inc. has not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information.
3. Public information and industry and statistical information have been obtained from sources we believe to be reliable. However, we make no representation as to the accuracy or completeness of such information and have performed no procedures to corroborate the information.
4. We do not provide assurance on the achievability of the results forecasted by or for the subject company because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans, and assumptions of management.
5. The calculation of value arrived at herein is based on the assumption that the current level of management expertise and effectiveness would continue to be maintained, and that the character and integrity of the enterprise through any sale, reorganization, exchange, or diminution of the owners' participation would not be materially or significantly changed.
6. This report and the calculation of value arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. They may not be used for any other purpose or by any other party for any purpose. Furthermore the report and calculation of value are not intended by the author and should not be construed by the reader to be investment advice in any manner whatsoever. The calculation of value represents the considered opinion of Trugman Valuation Associates, Inc., based on limited information furnished to them by the subject company and other sources.
7. Neither all nor any part of the contents of this report (especially the calculation of value, the identity of any valuation specialist(s), or the firm with which such valuation specialists are connected or any reference to any of their professional designations) should be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other means of communication without the prior written consent and approval of Trugman Valuation Associates, Inc.

CONTINGENT AND LIMITING CONDITIONS

8. Future services regarding the subject matter of this report, including, but not limited to testimony or attendance in court, shall not be required of Trugman Valuation Associates, Inc. As a result of this engagement.
9. Trugman Valuation Associates, Inc. has not made a specific compliance survey or analysis of the subject property to determine whether it is subject to, or in compliance with, the American Disabilities Act of 1990, and this valuation does not consider the effect, if any, of noncompliance.
10. No change of any item in this Calculation Report shall be made by anyone other than Trugman Valuation Associates, Inc., and we shall have no responsibility for any such unauthorized change.
11. We have conducted limited interviews by telephone with the current management of the subject company concerning the past, present, and prospective operating results of the company. Except as noted, we have relied on the representations of these individuals.
12. Except as noted, we have relied on the representations of the owners, management, and other third parties concerning the value and useful condition of all equipment, real estate, investments used in the business, and any other assets or liabilities, except as specifically stated to the contrary in this report. We have not attempted to confirm whether or not all assets of the business are free and clear of liens and encumbrances or that the entity has good title to all assets.
13. Possession of this report, or a copy thereof, does not carry with it the right of publication of all or part of it, nor may it be used for any purpose without the previous written consent of the appraiser, and in any event only with proper authorization. Authorized copies of this report will be signed in blue ink by a director of Trugman Valuation Associates, Inc. Unsigned copies, or copies not signed in blue ink, should be considered to be incomplete.

Calculation Engagement For Block Check Cashing Service, Inc.

VALUATION ANALYST'S REPRESENTATION

We represent that, to the best of our knowledge and belief:

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- we have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.
- we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- our analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the *Statement on Standards for Valuation Services No. 1*, promulgated by the American Institute of Certified Public Accountants, the *Uniform Standards of Professional Appraisal Practice*, promulgated by the Appraisal Foundation, the business valuation standards of The Institute of Business Appraisers Inc. and the American Society of Appraisers.
- The American Institute of Certified Public Accountants, The American Society of Appraisers, and The Institute of Business Appraisers, Inc. have a mandatory recertification program for all of its senior accredited members. All senior accredited members of our firm are in compliance with all of these organization's programs.
- no one provided significant business and/or intangible asset appraisal assistance to the person signing this certification.

**LINDA B. TRUGMAN, C.P.A.*/A.B.V., M.C.B.A., A.S.A., M.B.A.
PROFESSIONAL QUALIFICATIONS**

Experience

Vice President of Trugman Valuation Associates, Inc., a firm specializing in business valuation and litigation support services. Business valuation experience includes a wide variety of assignments including closely-held businesses, professional practices and thinly traded public companies. Industries include security, automotive, funeral homes, health care, securities brokerage and financial institutions, retail, manufacturing, service, and professional business establishments.

Business valuation and litigation support services have been rendered for a variety of purposes including, but not limited to family law matters, business damages, lender liability litigation, buy-sell agreements, shareholder litigation, estate and gift tax matters, buying and selling businesses, malpractice litigation, wrongful death, sexual discrimination, age discrimination, wrongful termination, and breach of contract. Representation in litigation includes plaintiff, defendant, mutual, and court-appointed neutral.

Court Testimony. Has been qualified as an expert witness in State Courts of New Jersey and Florida.

Court Appearances. Has appeared in the following court: *New Jersey • Passaic; Essex.*

Professional Designations

- ***CPA:** Licensed in Florida (2003) and New Jersey (1987).
- **ABV:** Accredited in Business Valuation designated by The American Institute of Certified Public Accountants (1998).
- **MCBA:** Master Certified Business Appraiser designated by The Institute of Business Appraisers, Inc. (2005). Original certification (CBA) in 1995.
- **ASA:** Accredited Senior Appraiser designated by the American Society of Appraisers (1997). Reaccredited in 2007.

Education

- Masters in Business Administration - Fairleigh Dickinson University (1986).
- Bachelor of Science - University of North Carolina (1978).

Faculty

- *National Judicial College*, Reno, Nevada since 2001.

Appraisal Education

- *Impact of the Pension Protection Act of 2006.* American Institute of CPAs, 2007.
- *Quantification of Company Specific Risk: Theory and Applications.* Business Valuation Resources, 2007.

**LINDA B. TRUGMAN, C.P.A.* / A.B.V., M.C.B.A., A.S.A., M.B.A.
PROFESSIONAL QUALIFICATIONS**

Appraisal Education

- *BV Standards: AICPA, IRS and Beyond - Where Are We Headed?* Business Valuation Resources, 2007.
- *AICPA National Business Valuation Conference.* Austin, American Institute of Certified Public Accountants, 2006.
- *FCG Conference.* Austin, TX, Financial Consulting Group, 2006.
- *CICBV/ASA Sixth Joint Business Valuation Conference.* Toronto, American Society of Appraisers, 2006.
- *Ask the IRS.* Business Valuation Resources, 2006.
- *Tax Affecting.* Business Valuation Resources, 2006.
- *FICPA Valuation, Accounting and Litigation Services Conference.* Ft. Lauderdale, FL, Florida Institute of Certified Public Accountants, 2006.
- *Valuation².* Las Vegas, NV, American Institute of Certified Public Accountants and American Society of Appraisers, 2005.
- *AICPA National Business Valuation Conference.* Orlando, FL, American Institute of Certified Public Accountants, 2004.
- *23rd Annual Advanced Business Valuation Conference.* San Antonio, TX, American Society of Appraisers, 2004.
- *New Jersey Law and Ethics Course.* Parsippany, NJ, New Jersey Society of Certified Public Accountants, 2004.
- *2004 FICPA Business Valuation & Litigation Conference.* Fort Lauderdale, FL, Florida Institute of CPAs, 2004.
- *22nd Annual Advanced Business Valuation Conference.* Chicago, IL, American Society of Appraisers, 2003.
- *AICPA National Business Valuation Conference.* New Orleans, LA, American Institute of Certified Public Accountants, 2002.
- *Annual Member Firm Conference.* Denver, CO, Financial Consulting Group, LC, 2002.
- *Brown v. Brown: The Most Important Equitable Distribution Decision Since Painter.* Fairfield, NJ, New Jersey Institute for Continuing Legal Education, 2002.
- *2001 National Business Valuation Conference.* Las Vegas, NV, American Institute of Certified Public Accountants, 2001.
- *20th Annual Advanced Business Valuation Conference.* Seattle, WA, American Society of Appraisers, 2001.
- *2001 Share the Wealth Conference.* Orlando, FL, The Institute of Business Appraisers, 2001.

**LINDA B. TRUGMAN, C.P.A.* / A.B.V., M.C.B.A., A.S.A., M.B.A.
PROFESSIONAL QUALIFICATIONS**

Appraisal Education

- *2000 National Conference on Business Valuation.* Miami, FL, American Institute of Certified Public Accountants, 2000.
- *19th Annual Advanced Business Valuation Conference.* Philadelphia, PA, American Society of Appraisers, 2000.
- *Hot Issues in Estate and Gift Tax Returns: What do the Auditors Look For?* New Brunswick, NJ, New Jersey Institute for Continuing Legal Education, 2000.
- *Pulling Ahead of the Pack - The Institute of Business Appraisers' 2000 National Conference.* Phoenix, AZ, The Institute of Business Appraisers, 2000.
- *Business Valuation Conference.* Las Vegas, NV, American Institute of Certified Public Accountants, 1999.
- *1999 International Appraisal Conference.* Boston, MA, American Society of Appraisers, 1999.
- *1999 Annual Conference.* Boston, MA, American Society of Appraisers, 1999.
- *Chartered Financial Analyst Level II Self Study Program,* 1999.
- *1999 Annual Conference: The Future of Business Valuation.* Orlando, FL, The Institute of Business Appraisers, Inc., 1999.
- *1998 Joint Business Valuation Conference.* Montreal, Canada, American Society of Appraisers and Canadian Institute of Chartered Business Valuators, 1998.
- *Chartered Financial Analyst Level I Self Study Program,* 1998.
- *The Future of Business Valuation Annual Conference.* San Antonio, TX, The Institute of Business Appraisers, Inc., 1998.
- *Business Valuation Conference.* San Diego, CA, American Institute of Certified Public Accountants, 1997.
- *16th Annual Advanced Business Valuation Conference.* San Francisco, CA, American Society of Appraisers, 1997.
- *Quantifying Marketability Discounts.* San Francisco, CA, Mercer Capital, 1997.
- *Advanced Research Analysis.* Roseland, NJ, NJ Society of Certified Public Accountants, 1997.
- *1997 Business Valuation Conference.* New Brunswick, NJ, NJ Society of Certified Public Accountants, 1997.
- *National Conference on Appraising Closely-Held Businesses.* San Diego, CA, The Institute of Business Appraisers, Inc., 1997.
- *National Business Conference.* Phoenix, AZ, American Institute of Certified Public Accountants, 1996.

LINDA B. TRUGMAN, C.P.A.* / A.B.V., M.C.B.A., A.S.A., M.B.A.
PROFESSIONAL QUALIFICATIONS

Appraisal Education

- *15th Annual Business Valuation Conference.* Memphis, TN, American Society of Appraisers, 1996.
- *1996 Business Valuation Conference.* Holmdel, NJ, NJ Society of Certified Public Accountants, 1996.
- *National Conference on Appraising Closely-Held Businesses.* Orlando, FL, The Institute of Business Appraisers, Inc., 1996.
- *The 1995 National Business Valuation Conference.* New Orleans, LA, American Institute of Certified Public Accountants, 1995.
- *1995 Advanced Business Valuation Conference.* Boston, MA, American Society of Appraisers, 1995.
- *ASA International Appraisal Conference.* Denver, CO, American Society of Appraisers, 1995.
- *National Conference on Business Valuation.* San Diego, CA, American Institute of Certified Public Accountants and The Institute of Business Appraisers, Inc., 1995.
- *First Annual Business Valuation Conference.* Holmdel, NJ, NJ Society of Certified Public Accountants, 1995.
- *National Conference.* Las Vegas, NV, The Institute of Business Appraisers, Inc., 1995.
- *Business Valuation in a Changing International Environment.* San Diego, CA, American Society of Appraisers, 1994.
- *1994 International Conference.* Chicago, IL, American Society of Appraisers, 1994.
- *Principles of Valuation-Business Valuation: Selected Advanced Topics.* Los Angeles, CA, American Society of Appraisers, 1994.
- *Principles of Valuation-Business Valuation: Appraisal of Small Businesses and Professional Practices.* Atlanta, GA, American Society of Appraisers, 1994.
- *National Conference of Appraising Closely-Held Businesses.* Orlando, FL, The Institute of Business Appraisers, Inc., 1994.
- *Principles of Valuation-Business Valuation Case Study.* Washington, DC, American Society of Appraisers, 1993.
- *1993 International Conference.* Seattle, WA, American Society of Appraisers, 1993.
- *Uniform Standards of Professional Appraisal Practice and Professional Appraisal Ethics.* Seattle, WA, American Society of Appraisers, 1993.
- *Principles of Valuation-Business Valuation Methodology.* Washington, DC, American Society of Appraisers, 1993.
- *National Conference.* San Diego, CA, The Institute of Business Appraisers, Inc., 1993.

**LINDA B. TRUGMAN, C.P.A.* / A.B.V., M.C.B.A., A.S.A., M.B.A.
PROFESSIONAL QUALIFICATIONS**

Appraisal Education

- *Developing Your Business Valuation Skills: An Engagement Approach.* Iselin, NJ, NJ Society of Certified Public Accountants, 1992.
- *Advanced Business Valuation Seminar.* San Francisco, CA, The Institute of Business Appraisers, Inc., 1992.
- *Principles of Valuation—Introduction to Business Valuation.* Washington, DC, American Society of Appraisers, 1992.
- *Business Valuation for Accountants.* Newark, NJ, The Institute of Business Appraisers Inc., 1992.
- Has performed extensive reading and research on business valuations and business valuation related topics.

Lecturer

- *Business Valuation for the Non-Valuation Professional,* Atlanta, GA, AICPA's Small Practitioner's Tax Conference, 2007.
- *Specific Company Risk: Qualitative or Quantitative? A New Look at an Old Topic,* Washington, DC, NACVA's Fourteenth Annual Consultants' Conference, 2007.
- *Personal Goodwill: Does the Non-Propertied Spouse Really Lose the Battle?* Ft. Lauderdale, FL, Florida Bar Family Law Section, 2007.
- *Business Valuation Reports: How to Evaluate Them & The Appraiser,* St. Louis, MO, St. Louis Estate Planning Council, 2007.
- *Business Valuation,* Ft. Lauderdale, FL, Nova Southeastern University Law School, 2006, 2007.
- *Case Study for Estate and Gift Tax Purposes.* Ft. Lauderdale, FL, FICPA Valuation, Accounting and Litigation Services Conference, 2006.
- *Report Writing.* Las Vegas, NV, Valuation², American Institute of Certified Public Accountants and American Society of Appraisers, 2006.
- *ESOPs for Auditors.* Las Vegas, NV, American Institute of Certified Public Accountants' Employee Benefit Conference, 2005.
- *Discount for Lack of Marketability.* Orlando, FL, The Institute of Business Appraisers' National Business Valuation Conference, 2005.
- *The Market Approach to Business Valuation.* Ft. Lauderdale, FL, Florida Institute of Certified Public Accountants' Valuation & Litigation Services Conference, 2005.
- *Meet the Thought Leaders.* Orlando, FL, American Institute of Certified Public Accountants National Business Valuation Conference, 2004.
- *Court Case Decisions: Okerlund and Blount.* Telephone Conference, CPAmerica, Inc., 2004.

**LINDA B. TRUGMAN, C.P.A.* / A.B.V., M.C.B.A., A.S.A., M.B.A.
PROFESSIONAL QUALIFICATIONS**

Lecturer

- *The Income Approach*. Phoenix, AZ, American Institute of Certified Public Accountants National Business Valuation Conference, 2003.
- *What's Happening in the Courts?* St. Paul, MN, Minnesota Society of CPAs, 2003.
- *The Transaction Method - How Do You Really Use It?* Overland Park, KS, Kansas Society of CPAs, 2003.
- *Professional Practice Valuations*. Miami, FL, The Florida Bar - Family Law Section, 2003.
- *Valuing Family Limited Partnerships*. Las Vegas, NV, CPAmerica International, 2003.
- *Business Valuation: There's a "Right" Way and a "Wrong" Way to Do It!* Orlando, FL, Florida Accounting & Business Expo, 2003.
- *Business Valuation Basics*. Miami, FL, Florida International University, 2003.
- *Valuing Family Limited Partnerships*. Fort Lauderdale, FL, Fort Lauderdale Tax Planning Council, 2003.
- *To Tax or Not to Tax? Issues Relating to S Corps and Built-In Gains Taxes*. Washington, DC, Internal Revenue Service, 2003.
- *Fundamentals of Valuing a Family Limited Partnership*. Ft. Lauderdale, FL, Florida Institute of Certified Public Accountants, 2003.
- *Valuation of FLPs and LLCs*. Neptune, NJ, Estate and Financial Planning Council of Central Jersey, 2002.
- *Fundamentals of FLPs and FLLCs*. Las Vegas, NV, American Institute of Certified Public Accountants, 2001.
- *Market Data Method*. Las Vegas, NV, American Institute of Certified Public Accountants, 2001.
- *The FLP Written Report*. Orlando, FL, The Institute of Business Appraisers, 2001.
- *What's Happening in the Courts?* Ft. Lauderdale, FL, Florida Institute of Certified Public Accountants, 2001.

Instructor

- *Principles of Valuation: Business Valuation Case Study*. American Society of Appraisers, Chicago, IL 2007.
- *Principles of Valuation: The Market Approach*. American Society of Appraisers, Herndon, VA, 2006, 2007.
- *Business Valuation Essentials: Reports, Standards and Tax Valuations*. American Institute of Certified Public Accountants, Tennessee, 2006.

**LINDA B. TRUGMAN, C.P.A.* / A.B.V., M.C.B.A., A.S.A., M.B.A.
PROFESSIONAL QUALIFICATIONS**

Instructor

- *Business Valuation Essentials: Valuation of Specialized Areas.* American Institute of Certified Public Accountants, Rhode Island, 2006; Tennessee, 2006.
- *Business Valuation Essentials Case Study.* American Institute of Certified Public Accountants, Rhode Island, 2006; Tennessee, 2006.
- *Business Valuation Essentials: Income Approach and Cost of Capital.* American Institute of Certified Public Accountants, Georgia, 2005, 2006.
- *Business Valuation Essentials: Introduction.* American Institute of Certified Public Accountants, Georgia, 2005, 2006; North Carolina, 2006.
- *Small Business Valuation: A Real Life Case Study.* American Institute of Certified Public Accountants, Iowa, 2005; Indiana, 2005; Florida, 2006.
- *Business Valuation Essentials: Market Approach and Discounts and Premiums.* American Institute of Certified Public Accountants, Florida, 2005; Tennessee, 2006.
- *Valuation of Specialized Areas.* Financial Consulting Group, Georgia, 2005.
- *Valuing Family Limited Partnerships.* Rhode Island Society of CPAs, Rhode Island, 2004.
- *Report Writing.* Rhode Island Society of CPAs, Rhode Island, 2004.
- *Principles of Valuation: The Income Approach.* American Society of Appraisers, Illinois, 2004.
- *Valuing Goodwill and Intangible Assets.* American Institute of Certified Public Accountants, New Jersey, 2004, Iowa, 2005.
- *Small Business Valuation Case Study: Let's Work Through the Issues!* American Institute of Certified Public Accountants, New Jersey, 2004.
- *Small Business Case Study.* The Institute of Business Appraisers, Inc., Florida, 2004.
- *Valuing Family Limited Partnerships.* The Institute of Business Appraisers, Inc., New York, 2003, Florida, 2005.
- *Principles of Valuation: Introduction to Business Valuation - Section A.* American Society of Appraisers, Illinois, 2003.
- *Business Appraisal in Divorce.* The Institute of Business Appraisers, Inc., Massachusetts, 2002; New York, 2003.
- *Splitting Up is Hard to Do: Advanced Valuation Issues in Divorce and Other Litigation Disputes.* American Institute of Certified Public Accountants. Atlanta, GA, 2002; Louisville, KY, 2002.
- *The Nuances of Appraising Interests in Family Limited Partnerships.* 2002 Annual Business Valuation Conference, Washington, DC, The Institute of Business Appraisers, 2002.

**LINDA B. TRUGMAN, C.P.A.* / A.B.V., M.C.B.A., A.S.A., M.B.A.
PROFESSIONAL QUALIFICATIONS**

Instructor

- *Financial Statements in the Courtroom (Business Valuation Component)*. American Institute of Certified Public Accountants for the National Judicial College. New York, 2001; California, 2002.
- *How to Write Business Valuation Appraisal Reports*. The Institute of Business Appraisers, Inc. Missouri, 2001; Massachusetts, 2002.
- *Application of the Market Approach*. The Institute of Business Appraisers, Inc. Missouri, 2001.
- *Fundamentals of Business Appraisal*. The Institute of Business Appraisers, Inc. Missouri, 2001.
- *Preparing for the Certified Business Appraiser Written Exam*. The Institute of Business Appraisers, Inc. Massachusetts, 2000; Florida, 2005.
- *Preparing for AICPA's ABV Examination Review Course*. American Institute of Certified Public Accountants. North Carolina, 2000; Illinois, 2000; Maryland, 2001; Minnesota, 2001; Indiana, 2002; New York, 2003, 2004, 2005; Georgia, 2004; Florida 2004; Rhode Island, 2005; Connecticut 2006.
- *Fundamentals of Business Valuation - Part 2*. American Institute of Certified Public Accountants. Kansas, 2000; Minnesota, 2001; North Carolina, 2002; Maryland 2004.
- *Fundamentals of Business Valuation - Part 1*. American Institute of Certified Public Accountants. Kansas, 2000; Texas, 2000; California, 2001; New York, 2001; Florida, 2004.
- *Business Valuation Approaches and Methods*. Oregon, 2000; Ohio, 2000.
- *Valuation Discount Rates & Capitalization Rates/Premiums & Discounts*. Oregon, 2000.
- *Report Writing Workshop*. The Institute of Business Appraisers, Inc. Arizona, 2000.
- *Mastering Appraisal Skills for Valuing the Closely Held Business*. The Institute of Business Appraisers, Inc., Illinois, 1999; South Carolina, 1999; New Jersey, 2000; Nevada, 2000.
- *Fundamentals of Business Appraisal*. The Institute of Business Appraisers, Inc., South Carolina, 1999; Missouri, 2001.

Author

- *If You Buy or Sell Shares of the Company, With the Agreement Withstand the Scrutiny of the IRS, Valuations Plus*, Summer 2007.
- *Should Your Appraiser Tax-Effect an S Corporation? Valuations Plus*, Winter 2007.
- *Debt vs. Equity: How Do You Know? Valuations Plus*, Fall 2006.
- *Using Subsequent Information: What Was Known or Knowable?, Valuations Plus*, Spring 2005.

**LINDA B. TRUGMAN, C.P.A.*/A.B.V., M.C.B.A., A.S.A., M.B.A.
PROFESSIONAL QUALIFICATIONS**

Author

- Co-author of *Financial Valuation: Applications and Models* 1st edition, Wiley Finance (2003) and 2nd edition (2006).
- Co-author of course entitled *Splitting Up is Hard to Do: Advanced Valuation Issues in Divorce and Other Litigation Disputes*. American Institute of Certified Public Accountants (2002).
- Course entitled *Fundamentals of Business Appraisal*. The Institute of Business Appraisers, Inc.(2000).

Organizations

- The Institute of Business Appraisers, Inc.
- American Society of Appraisers
- American Institute of Certified Public Accountants
- New Jersey Society of Certified Public Accountants
- Florida Institute of Certified Public Accountants
- Collaborative Family Lawyers of South Florida, Inc.

Committee Service

- *Business Valuation Committee*. American Society of Appraisers.
- *Chair Business Valuation Education Committee*. American Society of Appraisers.
- *Secretary ASA Education Foundation*. American Society of Appraisers.
- *Business Valuation/Forensic & Litigation Services Executive Committee*. American Institute of Certified Public Accountants.
- *Business Valuation/Forensic & Litigation Services Advisory Board to the Journal of Accountancy*. American Institute of Certified Public Accountants.
- *Relations with the Florida Bar Committee*. Florida Institute of Certified Public Accountants.

Past Committee Service

- *Steering Committee of Valuation Forensic and Litigation Services Section*. Florida Institute of Certified Public Accountants.
- *Business Valuation Subcommittee*. American Institute of Certified Public Accountants.
- *Chair - 2002 AICPA Business Valuation Conference*. American Institute of Certified Public Accountants, Member of Committee for 2001 Conference.
- *International Board of Examiners*. American Society of Appraisers.

**LINDA B. TRUGMAN, C.P.A.* / A.B.V., M.C.B.A., A.S.A., M.B.A.
PROFESSIONAL QUALIFICATIONS**

Past Committee Service

- *Qualifications Review Committee.* The Institute of Business Appraisers, Inc
- *Joint AICPA/ASA 2005 Conference Committee.* American Institute of Certified Public Accountants.

Editor

- Editor of the *AICPA ABV E-Alert.*
- Editorial Board of *Financial Valuation & Litigation Expert*, Valuation Products & Services, LC.
- Former Editorial Advisor for *BV Q&A*, Business Valuation Resources, Inc.
- Former Editor of *Business Appraisal Practice*, The Institute of Business Appraisers, Inc.

Professional Achievements

- Presented with the "Fellow Award" by The Institute of Business Appraisers, Inc. in May 2002 for contributions made to the profession.
- Instructor of the Year Award - The Institute of Business Appraisers.
- Winner of the J. H. Cohn Award for outstanding performance on the C.P.A. licensing examination.

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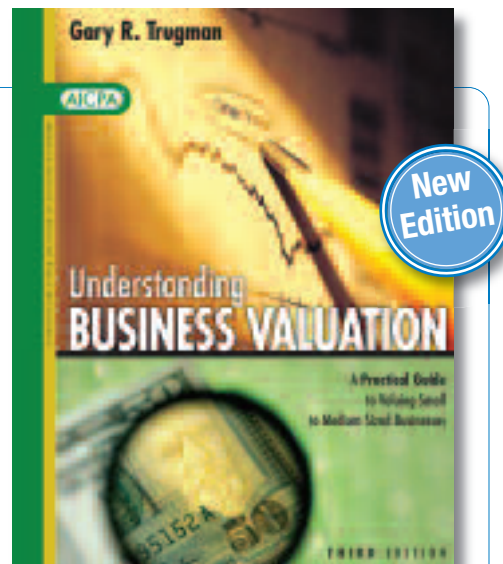
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ABOUT THE AUTHOR

GARY R. TRUGMAN, CPA/ABV, MCBA, ASA, MVS, is Accredited in Business Valuation (ABV) by the American Institute of CPAs and is a Master Certified Business Appraiser (MCBA) as designated by the Institute of Business Appraisers, Inc. Gary is also an Accredited Senior Appraiser (ASA) in Business Valuation by the American Society of Appraisers and has received an AICPA Hall of Fame Award for his service to the accounting profession in assisting in the accreditation in business valuation process.