



## System Overview

# Corporate Valuation Professional™

*Business valuation software for the discerning valuation specialist, accountant, business advisor and financial analyst.*

Corporate Valuation Professional (CVPro) is a complete business valuation software system that is used by appraisers, valuation specialists, CPAs, business advisors and financial decision makers who want a reliable, standardized way to prepare an authoritative and supportable business valuation. CVPro is a field-tested and proven business valuation solution that is **Microsoft Windows Vista ready**.

CVPro is the only software system designed to conform to the rigorous valuation standards described in Practitioner Publishing Company's *Guide to Business Valuation*, edited by Shannon Pratt, Jay Fishman and other valuation authorities.

CVPro gives you everything you need to analyze a company, estimate future earnings, select appropriate risk and investment rates and prepare an understandable, fully documented valuation report that can be edited in Microsoft Word:

- ✓ **Financial Statement Normalization & Insightful Analysis**

CVPro gives you a comprehensive approach to collecting, normalizing (re-casting or adjusting) and thoroughly analyzing the historic performance, present position and trends within the financial structure of the business to be valued.

Business ratios, common-size statements and industry comparison analysis using both RMA and Integra formats are calculated based on both historic and normalized data. Specialized analytics also provide insights not available in other valuation software.

- ✓ **A Powerful Engine for Preparing Financial Projections**

CVPro offers you the most robust system available in any business valuation program for developing and analyzing detailed financial projections, which are critical when using the Discounted Future Earnings method. With CVPro you can create fully linked projected Income Statements, Balance Sheets, Statement of Cash Flows and Statement of Retained Earnings for up to 10 years.

You have control over every line-item assumption and have the option to create monthly projections for 2 years.

- ✓ **Business Valuation Using ACCEPTED Methods**

CVPro contains over 25 documented business valuation methods you can use as appropriate to value C-Corporations, S-Corporations, LLC's, Partnerships and Sole Proprietorships.

- ✓ **Intelligent Report Generation**

CVPro includes a FREE "intelligent" report writer that automatically generates and formats a well-documented business valuation report or appraisal that can be easily edited and customized in Microsoft Word. Business valuation professionals can use the on-board report builder to create a detailed report that contains all of the elements for IRS 59-60 and the AICPA's new Statement on Standards for Valuation Services No. 1.



### ✓ Optional Databases

MoneySoft offers optional (sold separately) database and information products that professionals rely upon to arrive at and support their valuation conclusions. You can search for data, select specific data and then import the selected data directly into CVPro for inclusion in the valuation. These must-have databases are:

**RMA Annual Statement Studies** database presents financial ratios and common size statements for over 600 industries. Organized by NAICS and size, RMA Annual Statement Studies provides a reference point for comparing and benchmarking a company's performance.

**Integra Five-Year Industry Report** provides financial benchmarks compiled from 4.5 million privately held US businesses! Common-size statements (percentages) along with over 60 ratios are available for 900 industries and 13 sales revenues ranges. Because of its large sample size, wider scope of sales range options and additional ratios, the Five-Year Industry Reports are becoming increasingly popular with analysts and valuers. Reports are sold individually for a single SIC and cost-effective subscriptions plans are available.

**Done Deals® (Completed Transactions)** is the most comprehensive database of completed mid-market merger and acquisition transactions. The database provides hard-to-find pricing multiples and other details on actual merger and acquisition transactions for private and public mid-market companies. Done Deals contains details on over 8,150 M&A transactions.

**BIZCOMPS Small Business Studies** contains pricing multiples and other detailed information on over 8,400 small-business transactions. BIZCOMPS is perfect for the business buyer or valuation analyst that needs comparable sales data on smaller business transactions. The average selling price of these businesses is approximately \$257,000 per business.

**Mergerstat Premiums & Industry P/E's** provides valuation statistics crucial for analysis and decision making. Transactions are divided into 50 industry classifications allowing quick valuation of a company based on industry average P/E ratios and control premiums paid.

You can use CVPro and the companion data products to prepare a valuation, evaluation, appraisal, or opinion of value for just about any purpose including:

- To support decisions in the areas of personal financial planning, asset protection, and the disposition of a business interest (e.g., selling shares to a third party or ESOP; purchasing shares; structuring a buy-sell agreement; obtaining life insurance; prepare personal financial statements; satisfying the desire to know the value of their business; determining the value of a charitable contribution; estate and gift tax matters; and as part of a legal or administrative controversy).
- To support corporate financial decisions and protect the interests of the company (e.g., sale, merger, acquisition or divestiture; tracking the value of the company; taking the company public (IPO); obtaining business financing; recapitalizing the company; creating an ESOP; dissolving a corporation; reorganizing under bankruptcy laws; as part of a legal or administrative action).
- Any purposes with emphasis on estate planning, inheritance tax, feasibility or installation of an ESOP, buy-sell agreements (with or without life insurance,) property taxes, and charitable contributions.
- Matters before a court, administrative body or regulatory agency (business and personal).
- To advise clients on matters of business value, obtain qualified listings and engagements, analyze a buyer's offer, and close deals.



## INSIGHTFUL FINANCIAL ANALYSIS

CVPro includes the metrics you need to assess the financial performance of a business using both historic and normalized (recast or adjusted) financial statements.

- Flexible chart of accounts allows you to mirror the target company's financials and accommodates up to 10 years of historic Income Statement and Balance Sheet data and supporting information.
- Interim financial statements can be entered, adjusted and annualized. You have the option to use Interim Balance Sheet data in the valuation methods. This gives you the flexibility to use either the Interim or Year-End data depending upon which one is most appropriate given the valuation assignment.
- Statements of Cash Flows, Retained Earnings and Sources & Uses of Funds are calculated automatically.
- Easily make “normalization” adjustments for any account and for any historic period. Eliminate the effects of excessive, discretionary, personal, non-operating, deferrals, and non-recurring items to reflect the true economic condition of the company. Normalized (recast) financial statements are presented along with an Earnings & Net Cash Flow Summary that highlights the bottom-line effects of all adjustments.
- Explanatory notes can be made to document and track adjustments.
- Common-size Income Statements and Balance Sheets as well as 33 common financial ratios that measure liquidity, coverage, leverage and profitability are automatically calculated.
- Performance can be compared to the specific industry based on standard Risk Management Association’s (formerly Robert Morris Associates) Annual Statement Studies format.
- Performance can also be compared using **Integra Information's** 5-Year Industry data for common-size statements and 60 ratios.
- Z-Score Model measures the probability of the target becoming insolvent within the next 12 months. This widely used model helps assess economic viability.
- Sustainable Growth Model measures the maximum growth rate of sales that is sustainable without depleting financial resources. This helps determine whether revenue growth assumptions are in line with profit margins, dividend payout, asset turnover and financial leverage assumptions, both before and after the transaction.
- DuPont Analysis to help identify whether changes in ROE are being driven by Sales Margins, Asset Management or Financial Leverage.
- The MoneySoft Five-Minute Diagnostic™ provides a snapshot of a company's footing and highlights the factors that are driving or dragging its performance based upon financial statement data.

## A POWERFUL ENGINE FOR PREPARING FINANCIAL PROJECTIONS

CVPro allows you to prepare a set of fully linked, line-item projections of the Income Statements, Balance Sheets, Statements of Cash Flows, Statements of Retained Earnings and Sources & Uses of Funds. Projections can be prepared on a monthly and annual basis.

- Fully linked, line-item projections of the Income Statements, Balance Sheets, Statements of Cash Flows, Statements of Retained Earnings and Sources & Uses of Funds are created for 1 to 10 years



- Detailed monthly financial projections for up to 24 months can be prepared using seller-provided data, the Top-Down or Bottom-Up approach or a hybrid of the three.
- Income Statement projection options include regression trend-line, historic average growth, manual constant growth, historic percent of sales, variable growth rates, manual percent of sales, manual dollar value inputs, or create your own custom links.
- The base projection amount for each Income Statement account can be adjusted as needed.
- Projected income taxes are estimated based on corporate tax tables or effective tax rates. A Tax Reconciliation Worksheet allows for application of adjustments to taxable income and credits to Federal, State, Local and other taxes.
- Net Operating Loss carry-forward is automatically deducted as projected income permits.
- Common Dividends are calculated as a percent of net income and Preferred Dividends as a percent of the preferred stock balance, or enter dividends manually.
- Accounts Receivable, Inventory and Accounts Payable can be projected using historically calculated turnover ratios, manual turnover ratios or dollar amounts.
- The amount of Fixed Assets required to sustain revenue growth is estimated. Assets can be purchased and disposed of in any projected year. The effect of asset purchases and disposals is automatically calculated along with depreciation using straight-line or accelerated methods.
- Fixed asset purchases can be financed, in whole or in part, during any projected year with changes to the projected financial statements calculated automatically.
- Short-term and long-term notes are amortized with flexible payment options controlled by the user including normal amortization or direct reduction, interest and principal deferrals and balloon payments that are calculated automatically.
- A/R, inventory and cash maintenance revolvers can be set to maintain desired cash balances in the projected balance sheets.
- Goodwill and other intangibles are amortized over any term.
- Key income statement and balance sheet figures are summarized and presented for each projected year.
- Includes summary of depreciation and loan amortization items.

## BUSINESS VALUATION USING ACCEPTED METHODS

*CVPro* includes the methods and approaches necessary to prepare a supportable valuation. Valuation is examined from several perspectives using professionally accepted valuation methods.

*The valuation guidance and approaches were designed in collaboration with PPC's Guide to Business Valuation, edited by Dr. Shannon Pratt and other highly regarded valuation experts.*

*CVPro* provides a thoughtful and logical guide through the valuation process. You can examine a company's value using over 25 different methods in order to arrive at a supportable conclusion of value. You select the valuation method(s) that are appropriate and want to include in your valuation report or appraisal.

### Asset Valuation Methods:

- Net Asset Value
- Liquidation Value



### Income Valuation Methods:

- Capitalization of Earnings
- Discounted Future Earnings
- Discounted Cash Flow
- When determining discount and capitalization rates, you have the option to use either the Build-Up method or the Capital Asset Pricing Model (CAPM) method. If you are valuing the company on a debt-free basis, you can convert the discount and capitalization rates to their debt-free equivalents based on the company's weighted average cost of capital.
- In valuing the company's historic and/or future earnings, you can use any of the following: Normalized Net Income, EBT, EBIT, EBITDA, Net Cash Flow and Free Cash Flow.

### Market and Comparable Company Valuation Methods:

- Price to Earnings using Done Deals/Completed Transactions database (uses Net Income), Pratt's Stats (uses Net Income and EBT), Mergerstat database (uses Net Income) and/or a User defined option.
- Price to Revenue using Done Deals/Completed Transactions database, Pratt's Stats (using both Equity Price & Deal Price), BIZCOMPS database and/or a User defined option.
- Price to Cash Flow from Operations (using Done Deals/Completed Transactions).
- Price to Gross Cash Flow using Pratt's Stats and/or a User defined option.
- Price to Discretionary Earnings using Pratt's Stats and/or BIZCOMPS.
- Price to Dividends (User defined).
- Price to Net Asset Value.
- Price to Total Assets (using Done Deals/Completed Transactions)
- Price to Equity using Done Deals/Completed Transactions, User defined on Book Value, User defined on Net Asset Value, Deal Price to EBIT (using Pratt's Stats) and/or Deal Price to EBITDA (using Pratt's Stats).

### Other Valuation Methods:

- Capitalization of Excess Earnings.
- Multiple of Discretionary Earnings.
- Preferred Stock valuation based upon the market yield of preferred stock from comparable companies.
- **CVPro** gives you the option to apply Control Premiums, Minority Discounts, and Marketability Discounts as well as the ability to value partial interests.
- Control Premiums, Minority Discounts, and Marketability Discounts can be applied to each individual valuation method or in the valuation conclusions.
- A valuation summary lists each method used and the respective value, which can be weighted and averaged to arrive at a total equity value.



### Supportable and Reasonable Valuation:

- An “economic reality test” of your conclusion of value is included. You set hypothetical purchase terms including the amount of equity and the required return, and the amount and payment terms of up to four levels of acquisition debt. A “real time monitor” gives you instant feedback.
- Key measures of operating performance and Return on Investment performance for the hypothetical transaction terms are provided as part of the economic reality test.
- Also included are flexible Rules of Thumb that allow you to use any combination of multiples of earnings, assets, and user-defined multiples to determine the reasonableness of the values indicated by the other methods.

### PROFESSIONAL-QUALITY VALUATION AND APPRAISAL REPORTS

- *CVPro* includes the MoneySoft Financial Report Builder that links the numeric analysis with a pre-formatted report and narrative that automatically documents the analysis for you using Microsoft Word. You can use the on-board report builder to create a detailed report that contains all of the elements for IRS 59-60 and the AICPA’s new Statement on Standards for Valuation Services No. 1.
- The Financial Report Builder is “smart” enough to know what analysis you actually performed and describes the results of the analysis. Both the templates and generated reports are fully customizable using Microsoft Word. This eliminates the need for re-keying information or cutting and pasting.
- *CVPro* contains over 100 supporting schedules that can be printed individually or in user-defined batches.
- Print controls include page orientation, headers and footers, scaling (print-to-fit), and much more.
- The Graphing function generates pre-formatted graphs and updates them as your data changes.

All of the analytical and valuation capabilities of Corporate Valuation Professional can be yours today.

Call 800-966-7797 to talk with a knowledgeable representative.