

A Brief History: *MoneySoft Corporate Valuation™ Professional*

Business valuation has been an element of the MoneySoft product line since the company was founded in 1991. *Corporate Valuation* was first MoneySoft product exclusively devoted to business valuation and was released in 1997.

The impetus for *Corporate Valuation Pro™* occurred when Practitioners Publishing Company (a Thomson company) approached MoneySoft with an intriguing proposal. Practitioners Publishing Company (PPC) provides practice guides and management tools to CPA's. One of PPC's publications is the *Guide to Business Valuations*, a three-volume reference that is edited by Shannon Pratt, Jay Fishman and other authorities in the field of business valuation.

PPC proposed that MoneySoft develop a 32bit software system that conforms to the *Guide to Business Valuations*. A deal was struck whereby MoneySoft agreed to build a system that would meet PPC's requirements and grant PPC a non-exclusive license to publish and distribute the new program to the CPA community under the PPC imprint.

The extensive collaboration between MoneySoft and PPC resulted in the release of Version 1.0 of *Corporate Valuation Pro* in 1999. The program was concurrently published by PPC as *Business Valuation Specialist™*.

Version 2.0 was released in 2002 to provide more valuation methods and the flexibility to handle a wider range of assignments.

The enhancements made to *Corporate Valuation Pro* version 2 include:

- In the prior release, the Equity section of the historic financials statements was oriented to corporate forms of ownership. Version 2 allows the system to accommodate Sole Proprietorships and Partnerships along with the related Draw accounts.
- Interim Financial Statements can now be included and adjusted. 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.
- The Interim Income Statement and Balance Sheet can now be annualized (projected forward until the end of the next fiscal year). You have control over the projection assumptions for the individual line items in both the Income Statement and Balance Sheet.
- In the prior release, you were limited to annual projections. With version 2 you can prepare detailed monthly financial projections (Income Statement, Balance Sheet, Statement of Cash Flows and Sources & Uses of Funds) for up to 24 months using client-provided data, the Top-Down or Bottom-Up approach or a hybrid of the three. New monthly accounts can be added, if needed.
- You can add explanatory notes for tracking and documenting adjustments to the Historic Financial Statements. These explanatory notes are also included in the valuation report.
- Ten additional valuation methods were added giving you more options to select and utilize the ones that are most appropriate for a given valuation assignment.

- One more optional database of comparable transactions was added bringing the total number to four. The new database is the BIZCOMPS study of small business sales (initiated in 1990).

BIZCOMPS contains detailed information on over 9,600 transactions within the last ten years. This time period is considered relevant for current analysis, and the user may choose to selectively analyze data within narrower time periods. The average selling price of these businesses is approximately \$257,000 per business.

- Control premiums, marketability discounts and/or minority discounts can be applied for each individual valuation method. In the prior version, you could apply premiums and discounts in the valuation conclusion section.
- All of the valuation methods are summarized on the Valuation Conclusion worksheet. In the new release, you control which of the valuations methods you want to include in the documentation. Now, you only show the methods that you want.
- For the user's convenience, we added a calculator to the toolbar

Version 3.0 was released in 2006 to increase the scope and depth of the financial analysis. The added analytics include:

- Complete, in-depth analysis of Historic Financial Statement data was added. In the prior version, detailed analysis and industry comparisons were only available for Normalized (Recast) Financial Statements. Now both Historic and Normalized Financials receive the same in-depth and improved analysis.
- Integra Five-Year Industry data was added as an option for benchmarking financial statement data against industry peers. Integra has compiled its data from 4.5 million privately held US businesses. Common-size statements along with over 60 ratios are presented for 900 industries and 13 sales revenues ranges. This data can be downloaded from the web and imports directly into version 3 (as an XML file).
- DuPont ROI/ROE Analysis has been added along with 30 new business ratios, bringing the total number to 60. Free Cash Flow calculations are now presented for both Equity and Total Invested Capital. These new metrics are based upon both Historic and Normalized financial data.
- MoneySoft's proprietary *Five-Minute Diagnostic*[™] was added to help you "connect the dots" and get a better understanding of a company's footing and the factors that are driving and dragging its performance. This diagnostic tool is oriented toward operations, as opposed to credit-worthiness. The *Five-Minute Diagnostic* eliminates the need to scroll and sift through multiple reports to get inside the numbers. This one report puts everything you need at your fingertips.

Corporate Valuation Pro version 4.0 was released in August 2007 to work with the Microsoft Windows Vista operating system.

- The underlying architecture of *Corporate Valuation Pro* has changed. While the changes may not be readily apparent, they are extensive. This project was the equivalent of lifting a house from its foundation, replacing the foundation to meet a newly imposed building code, and then properly attaching the structure to the new (Vista-ready) foundation.
- Windows Vista is the new operating system that Microsoft released earlier this year. So, when you buy a new computer, it is almost certain to be running Windows Vista. *Corporate Valuation Pro* was modified to comply with the stringent requirements of the Windows Vista operating system.

For more information about upgrading to *Corporate Valuation Pro*, call **800-966-7797** or visit MoneySoft online at **www.moneysoft.com**.