

Professional Standards

Global Association of Certified Valuators and Analysts™ (GACVA™)



The GACVA Professional Standards are identical to those published by the NACVA but put forth as a separate document to accommodate deviations from these standards from GACVA's international chapters. These deviations will not change the standards but be reflected as footnotes. GACVA and NACVA recognize that each country outside of the United States has nuances to how the performance and reporting of business valuation services is executed; driven by rules, regulations, laws, guidance, precedent, and mandates promulgated by local governments and authoritative bodies. When drafting these standards, NACVA, a U.S. based entity, had as its field of vision how business valuation services were practiced in the U.S., and the authoritative bodies who had a voice into the discipline which could not be ignored, such as the Internal Revenue Service and the Judiciary. Likewise, we acknowledge that outside of the U.S., in specific countries, there are voices into the discipline that cannot be ignored. Thus, where this exists and a deviation from the standards herein is necessary, such GACVA chapter is required to draft footnotes that they would attach to this document describing such deviation. In no instance may changes be made to the standards themselves; those can only be made by the authority of NACVA's Standards Board. All footnotes proffered by a GACVA chapter must be submitted first to NACVA's Standards Board for approval.

***These Professional Standards are effective for
engagements accepted on or after June 01, 2023.***

GACVA PROFESSIONAL STANDARDS

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GACVA PROFESSIONAL STANDARDS

I. Introduction

These principles-based Standards have been developed to provide guidance to members/credentialed designees¹ and other valuation professionals performing valuation and other professional services. The use of professional judgment is an essential component of estimating value.

A. Preamble

Members/credentialed designees of the Global Association of Certified Valuers and Analysts (GACVA) shall comply with the standards and definitions herein. GACVA will adopt changes to and interpretations of the Standards when necessary.

II. General and Ethical Standards

A member/credentialed designee shall perform professional services in compliance with the following principles:

A. Integrity and Objectivity

A member/credentialed designee shall remain objective, maintain professional integrity, shall not knowingly misrepresent facts, or subrogate judgment to others. The member/credentialed designee must not act in a manner that is misleading or fraudulent.

B. Professional Competence

A member/credentialed designee shall only accept engagements the member/credentialed designee can reasonably expect to complete with a high degree of professional competence. If a member/credentialed designee lacks the knowledge and/or experience to complete such engagements with a high degree of professional competence, the member/credentialed designee is not precluded from performing such engagements. In such instance, the member/credentialed designee must take steps necessary to gain expertise through additional research and/or consultation with other professionals believed to have knowledge and/or experience prior to completion of such engagements.

C. Due Professional Care

A member/credentialed designee must exercise due professional care in the performance of services, including completing sufficient research and obtaining adequate documentation.

D. Understandings and Communications With Clients

A member/credentialed designee shall establish with the client a written or oral understanding of the nature, scope, and limitations of services to be performed and the responsibilities of the parties. If circumstances encountered during the engagement require a significant change in these understandings, the member/credentialed designee shall notify the client. A member/credentialed designee shall inform the client of conflicts of interest, significant reservations concerning the scope or benefits of the engagement, and significant engagement findings or events.

E. Planning and Supervision

A member/credentialed designee shall adequately plan and supervise the performance of services.

¹ Membership in the National Association of Certified Valuers and Analysts® (NACVA®) is no longer required to obtain or maintain NACVA's Certified Valuation Analyst® (CVA®) and/or Master Analyst in Financial Forensics® (MAFF®) credential(s). This policy change was enacted to comply with standards promulgated by the accrediting bodies: the National Commission for Certifying Agencies® (NCCA®), a division of the Institute for Credentialing Excellence™ (ICE™), and the ANSI National Accreditation Board® (ANAB®), with whom we have accredited our CVA credential.

**F. Sufficient Relevant Data**

A member/credentialed designee shall obtain sufficient relevant data to afford a reasonable basis for conclusions, recommendations, or positions.

G. Confidentiality

Unless required to do so by competent legal authority, a member/credentialed designee shall not disclose any confidential client information to a third party without first obtaining the express consent of the client.

H. Acts Discreditable

A member/credentialed designee shall not commit any act discreditable to the profession.

I. Client Interest

A member/credentialed designee shall serve the client interest by seeking to accomplish the objectives established with the client, while maintaining integrity and objectivity.

J. Documentation

Quantity, type, and content of documentation are matters of the member's/credentialed designee's professional judgment. Members/credentialed designees should retain documentation for a sufficient time period to comply with legal, regulatory, and professional requirements. GACVA recommends a minimum of five years.

K. Financial Interest

A member/credentialed designee shall not express a Conclusion of Value or a Calculated Value unless the member/credentialed designee and the member's/credentialed designee's firm state either of the following:

1. "I (We) have no financial interest or contemplated financial interest in the subject of this report."; or
2. "I (We) have a (specify) financial interest or contemplated financial interest in the subject of this report."

III. Scope of Services**A. Applicability**

These standards are applicable when valuing a ***business, business ownership interest, security, or intangible asset***. The General and Ethical standards apply to all professional services performed by members/credentialed designees.

B. Valuation Services

A member/credentialed designee may express either a Conclusion of Value or a Calculated Value. When performing such Valuation Services, members/credentialed designees shall comply with these Development and Reporting Standards. Valuation Services are:

1. Valuation Engagement

A Valuation Engagement requires that a member/credentialed designee apply valuation approaches or methods deemed in the member's/credentialed designee's professional judgment to be appropriate under the circumstances and results in a Conclusion of Value; or

2. Calculation Engagement

A Calculation Engagement occurs when the client and member/credentialed designee agree to specific valuation approaches, methods, and the extent of selected procedures and results in a Calculated Value.

**C. Other Services**

Any service provided by a member/credentialed designee of the GACVA should be done so in an ethical and competent manner that does not negatively impact the valuation profession in general or the GACVA in particular.

D. Jurisdictional Exception

These Standards may differ from published governmental, judicial, accounting, or other authority that specifies valuation development or reporting procedures. In that event, the member/credentialed designee should follow the applicable published authority or stated procedures. The other parts of these Standards shall continue in full force and effect.

IV. Development Standards**A. General**

A member/credentialed designee shall comply with these Development Standards when expressing a Conclusion of Value or a Calculated Value.

B. Expression of Value

Value can be expressed as a single number or a range. A valuation analyst must avoid bias in the development of a Conclusion of Value or a Calculated Value.

C. Reliability of Data

A member/credentialed designee may rely upon information provided by any source without corroboration if disclosed in the report.

D. Scope Limitations

A member/credentialed designee must consider scope limitations which affect the level of reliance on the information.

E. Use of Specialist

If the work of a third-party specialist, such as a real estate or equipment appraiser, was relied upon in the engagement, a description of the reliance (if any) and any level of member's/credentialed designee's responsibility should be documented.

F. Approaches and Methods

Valuation methods are commonly categorized into the asset-based, market, income, or a combination of these approaches. Professional judgment is used to select the approaches and the methods that best indicate the value. Rules of thumb are acceptable as reasonableness checks, but should not be used as a stand-alone method.

G. Identification

A member/credentialed designee must define the assignment and determine the scope of work necessary by identifying the following:

1. Subject to be valued;
2. Interest to be valued;
3. Valuation date;
4. Purpose and use of the valuation;
5. Standard of value;
6. Premise of value;
7. Intended users;
8. Valuation approaches or methods;
9. Assumptions, limiting conditions and scope limitations;
10. Ownership size, nature, restrictions and agreements;



11. Sources of information; and
12. Other factors that may influence value when appropriate in the opinion of the member/credentialed designee.

H. Fundamental Analysis

For a Conclusion of Value, the member/credentialed designee must obtain and analyze applicable information, as available, to accomplish the assignment, including:

1. The nature of the business and the history of the enterprise;
2. The economic outlook in general and the condition and outlook of the specific industry in particular, including how the enterprise compares financially to companies in a similar line of business;
3. The adjusted book value of the interest to be valued and the financial condition of the enterprise;
4. The earning capacity of the enterprise;
5. The dividend paying capacity of the enterprise;
6. Whether or not the enterprise has goodwill or other intangible value;
7. Prior sale of interests in the enterprise being valued;
8. Size of interest to be valued and its control, liquidity and marketability characteristics;
9. The market price of interests or enterprises engaged in the same or a similar line of business having interests actively traded in a free and open market;
10. Hypothetical conditions appropriate for the circumstances; and
11. All other information deemed by the member/credentialed designee to be relevant.

V. Reporting Standards

A. General

A member/credentialed designee shall comply with these Reporting Standards when expressing a Conclusion of Value or a Calculated Value. The objective of these Reporting Standards is to ensure consistency and quality of valuation reports issued by members/credentialed designees of GACVA. The purpose of these Reporting Standards is to establish minimum reporting criteria.

B. Form of Report

The form of any particular report should be appropriate for the engagement, its purpose, its findings, and the needs of the decision-makers who receive and rely upon it. The purpose of these Reporting Standards is to establish minimum reporting criteria. The report may be written or oral.

C. Contents of Report

A report expressing a Conclusion of Value may be presented in either a Summary or Detailed Report. A Calculated Value must be presented in a Calculation Report. The member/credentialed designee should disclose the report type (Detailed, Summary, or Calculation).

1. Detailed Reports

Detailed Reports must be coherent, supportable, and understandable. A detailed report should include, as applicable, the following sections titled using wording similar in content to that shown:



- a) Letter of Transmittal
- b) Table of Contents
- c) Introduction, may include:
 - (1) Identification of the subject being valued
 - (2) Purpose and use of the valuation
 - (3) Description of the interest being valued
 - (4) Ownership size, nature, restrictions and agreements
 - (5) Valuation date
 - (6) Report date
 - (7) Standard of Value and its definition
 - (8) Identification of the premise of value
 - (9) Scope limitations
 - (10) Material matters considered
 - (11) Hypothetical conditions/assumptions and the reason for their inclusion
 - (12) Disclosure of subsequent events considered
 - (13) Reliance on a specialist
 - (14) Denial of access to essential data
 - (15) Jurisdictional exceptions and requirements
- d) Sources of information
- e) A description of the fundamental analysis (refer to IV.H.), may include:
 - (1) Historical financial statement summaries
 - (2) Adjustments to historical financial statements
 - (3) Adjusted financial statement summaries
 - (4) Projected/forecasted financial statements including the underlying assumptions
 - (5) Non-operating assets and liabilities
 - (6) Valuation approaches and method(s) considered by the member/credentialed designee
 - (7) Valuation approaches and method(s) utilized by the member/credentialed designee
 - (8) Other items that influence the valuation
 - (9) Site visit disclosure
 - (10) Reconciliation of estimates and conclusion of value
- f) Identification of the assumptions and limiting conditions
- g) Representation of the member/credentialed designee, may include:
 - (1) Client identification and limitations on use of report
 - (2) Disclosure of any contingency fee
 - (3) A statement of financial interest
 - (4) Whether or not the member/credentialed designee is obligated to update the report
 - (5) Responsible member/credentialed designee signature—the member/credentialed designee who has primary responsibility for the determination of value must sign or be identified in the report
- h) Qualifications of member/credentialed designee
- i) Appendices and exhibits

2. Summary Reports

Summary Reports should set forth the Conclusion of Value through an abridged version of the information that would be provided in a detailed report as outlined in (C.1.a) through (C.1.i) as applicable, and therefore, need not contain the same level of detail.

3. Calculation Reports

A Calculation Report should set forth the Calculated Value and should include the following information.

- a) Introduction, may include:
 - (1) Identification of the subject interest
 - (2) Purpose and use of the calculation
 - (3) Description of the interest being valued
 - (4) Ownership size, nature, restrictions and agreements
 - (5) Calculation date
 - (6) Report date
 - (7) Scope of work
 - (8) Calculation Procedures
 - (9) Hypothetical conditions/assumptions and the reason for their inclusion
 - (10) Disclosure of subsequent events considered
 - (11) Reliance on a specialist
- b) Identification of the assumptions and limiting conditions
- c) Representation of the member/credentialed designee, adapted to a calculation report
 - (1) Client identification and limitations on use of report
 - (2) Disclosure of any contingency fee
 - (3) A statement of financial interest
 - (4) Whether or not member/credentialed designee is obligated to update the report
 - (5) Responsible member/credentialed designee signature—the member/credentialed designee who has primary responsibility for the determination of the calculated value must sign or be identified in the report
- d) Appendices and exhibits
- e) Purpose of the calculation procedures;
- f) Statement that the expression of value is a Calculated Value; and
- g) A general description of the calculation, including a statement similar to the following:

"This Calculation Engagement did not include all the procedures required for a Conclusion of Value. Had a Conclusion of Value been determined, the results may have been different."

4. Statement that the Report is in Accordance with GACVA Standards

A statement similar to the following should be included in the member's/credentialed designee's report:

"This analysis and report were completed in accordance with 'The Global Association of Certified Valuators and Analysts' Professional Standards."

D. Litigation Engagements Reporting Standards

A valuation performed for a matter before a court, an arbitrator, a mediator, or other facilitator, or a matter in a governmental or administrative proceeding, is exempt from the reporting provisions of these standards. The reporting exemption applies whether the matter proceeds to trial or settles. This litigation waiver does not, however, relieve the member/credentialed designee from complying with the Development Standards and all other standards promulgated by GACVA.

VI. Business Valuation Review

A. Applicability

These standards are applicable in an engagement to review a report that valued a ***business, business ownership interest, security, or intangible asset***. The General and Ethical standards apply to all professional services performed by member/credentialed designees.

1. Under these Review Standards, if the member/credentialed designee provides a Conclusion of Value or Calculated Value as a part of the Review of another valuation analyst's work, the member/credentialed designee must follow GACVA's General Business Valuation Standards as outlined in paragraphs III. through V. above. In the context of preparing the Conclusion of Value or Calculated Value, the Litigation Engagement Reporting Standards as outlined in (paragraph V.D.) applies.
2. If the member/credentialed designee does not provide a Conclusion of Value or Calculated Value as part of the Business Valuation Review, the member/credentialed designee need only provide an opinion, including the basis and reason for the opinion, as to whether the report under review is appropriate and not misleading within the context of the requirements applicable to that work, stating the reasons for any disagreement, following the Review Standards below. The member/credentialed designee can provide such opinion in a written or an oral Review Report.

B. General

Business Valuation Review is the act or process of developing and communicating a member's/credentialed designee's opinion regarding the credibility of the work product of another valuation analyst. It is a type of service, whether in written or oral form, intended to provide to identified users that the report is credible.

A Business Valuation Review opinion is not a Conclusion of Value or Calculated Value.

A member/credentialed designee should not issue a Conclusion of Value or a Calculated Value, orally or in writing, solely as a result of performing a Business Valuation Review.

A member/credentialed designee must not allow the intended use of an assignment or a client's objectives to cause the assignment results to be biased or advocate for a client's objectives.

The scope of a Business Valuation Review should be sufficient to provide a member/credentialed designee a basis for rendering a credible Business Valuation Review opinion regarding the relevance, reliability, completeness, and reliable application of the business valuation methodology under review, and its consistency with generally accepted valuation practices.

Consistent with the member's/credentialed designee's scope of work, the member/credentialed designee is required to develop an opinion as to the completeness, accuracy, adequacy, relevance, and reasonableness of the report, given law, regulations, or intended user requirements applicable to that work.

When the scope of work includes the member/credentialed designee developing his or her own Conclusion of Value or Calculated Value, the member/credentialed designee must comply with the Professional Standards applicable to the development of that conclusion or calculation.

A member's/credentialed designee's findings and conclusions should be stated in the form of an opinion as of the completion date of the Business Valuation Review engagement.

1. Types of Opinions

When necessary for credible assignment results in the review of a report, the member/credentialed designee must:

- a) Develop an opinion as to whether the report is appropriate and not misleading within the context of the requirements applicable to that work; and
- b) Develop the reasons for any disagreement.

VII. Review Engagement Development Standards

A. Identification

A member/credentialed designee must define the assignment and scope of the work necessary by identifying the following:

1. The client and other intended users;
2. The purpose and intended use of the member's/credentialed designee's opinions and conclusions;
3. Whether the assignment includes the development of the member's/credentialed designee's own opinion of value or review opinion related to the work under review;
4. The ownership interest that is the subject of the work under review;
5. The date of the work under review and the effective date of the opinions or conclusions of the work under review;
6. The valuation analyst(s) who completed the work under review, unless the identity is withheld by the client;
7. The physical, legal, and economic characteristics of the business, business ownership interest, security, or intangible asset and market area of the work under review;
8. The effective date of the member's/credentialed designee's opinions and conclusions; and
9. Any hypothetical conditions/assumptions necessary in the review.

B. Fundamental Analysis

A member/credentialed designee should perform an analysis as defined by the scope of the work of the business valuation approaches, methods, and procedures used in the report under review. This may include whether the analytical procedures and supporting documentation incorporated in the analysis to arrive at the Conclusion of Value or Calculated Value are complete, accurate, adequate, relevant, reliable, appropriate, and reasonable as reported, as well as:

1. Complete research and analyses necessary to produce a credible Business Valuation Review;
2. Apply the Business Valuation Review methods and techniques that are necessary for credible engagement results;
3. Develop an opinion as to whether the analyses are appropriate and credible within the context of the requirements of the review engagement;
4. Develop an opinion as to whether the opinions and conclusions are credible within the context of the requirements applicable to that work; and
5. Develop the reasons for any disagreement.

VIII. Review Engagement Reporting Standards

A. General

Reporting the results of a Business Valuation Review must be separate from the work under review and must clearly and accurately contain sufficient information to enable the intended users of the Business Valuation Review to understand the report properly.

A Business Valuation Review Report should contain the following:



1. An Introduction

- a) State the identity of the client and any intended users, by name or type;
- b) State the purpose and intended use of the Business Valuation Review;
- c) State the date of the work under review, the effective date of the Business Valuation Review, and the date of the valuation review report;
- d) Identify valuation analyst(s) who completed the work under review, unless the identity is withheld by the client; and
- e) Identify the report under review, including the ownership interest.

2. An Opinion

When necessary for credible assignment results in the review of a report, the member/credentialed designee must:

- a) State an opinion, including the basis and reason for the opinion offered, as to whether the report is appropriate and not misleading within the context of the requirements applicable to that work; and
- b) State the reasons for any disagreement.

3. If outside the Business Valuation Review, the member/credentialed designee develops his or her own Conclusion of Value or Calculated Value

The Business Valuation Review Report should contain the following:

- a) State which information, analyses, opinions, and conclusions in the work under review that the member/credentialed designee accepted as credible and used in developing the member's/credentialed designee's Conclusion of Value or Calculated Value;
- b) Summarize any additional information relied on and the reasoning for the member's/credentialed designee's Conclusion of Value, Calculated Value, or review opinion related to the work under review; and
- c) Clearly and conspicuously state all hypothetical conditions/assumptions connected with the member's/credentialed designee's Conclusion of Valuation, Calculated Value, or review opinion related to the work under review and state whether their use might have affected the assignment results.

4. Business Valuation Review Assumptions and Limiting Conditions

- a) Clearly and accurately disclose all assumptions and hypothetical conditions used in the assignment.

5. Sources of Information Relied Upon by the Member/Credentialed Designee

6. Representation of the Member/Credentialed Designee

7. Appendix and/or Exhibits

8. Qualifications of Member/Credentialed Designee

To the extent that it is both possible and appropriate, an oral Business Valuation Review Report must address the substantive matters set forth in GACVA's Professional Business Valuation Review Standards.

IX. International Glossary

The NACVA Standards Board has developed practice aids to assist members/credentialed designees with the difference in terms from other Valuation Professional Organizations in the [International Glossary of Appraisal/Valuation Terms—U.S. Domestic Comparison Chart of Definitions](#) and



Controlled Document

[International Glossary of Appraisal/Valuation Terms—International Comparison Chart of Definitions.](#)

Given that the definition for some terms may differ slightly based on the purpose of the valuation and jurisdiction, members/credentialed designees should ensure they are using and disclosing the most appropriate definition for the circumstances of the engagement. The use of the appropriate definition relies on the professional judgment of the business valuation professional.

X. Effective Date

These Professional Standards are effective for engagements accepted on or after June 01, 2023. Earlier adoption by members/credentialed designees is encouraged.