

FINANCIAL STATEMENT REPORTING VALUATION SERVICES

Fair value measurements for financial statement reporting continues to be an important issue for the AICPA, the PCAOB, the SEC and external auditors. Schneider Downs can assist you with navigating the complexities of fair value determinations due to its extensive experience with these matters.

While there are several ASC standards under U.S. GAAP that may require fair value determinations, the Schneider Downs Valuation team primarily focuses on:

- » ASC 820 – Fair Value Measurement
- » ASC 805 – Business Combinations (Determination of Fair Value of Assets/Liabilities Acquired)
- » ASC 350 – Intangibles – Goodwill and Other (Goodwill Impairment)
- » ASC 718 – Stock Compensation (Fair Value of Stock Compensation Expense)



Fair value measurements have become an increasingly important issue for companies' financial statements.



Schneider Downs has been preparing fair value measurements for more than 20 years and understands the critical areas considered by companies and their auditors.

Our Approach

Schneider Downs implements a robust process to help companies determine fair value for financial statement reporting. Our process is guided by the relevant ASCs, practice aids, and other research which provide detailed background and information regarding the approaches, methods, and factors to be considered in financial statement reporting valuations.

Background Research and Analysis

- » Understand the transaction (e.g., business combination, incentive compensation, etc.)
- » Collect key data and information including financial statements, corporate documents, industry research, and economic research
- » Review capital structure and impact on fair value, if any
- » Meetings with external auditors to discuss scope, key issues, and anticipated approaches
- » Perform a detailed financial analysis with industry comparison
- » Conduct interviews with key stakeholders

Application of Valuation Methodologies

- » **Cost/Asset-based Approach** – determine fair value based on the individual value(s) of an entity's assets and liabilities or the costs incurred to develop an asset.
- » **Income Approach** – determine fair value using various methods including a capitalization of cash flow or discounted cash flow analysis, the multi-period excess earning method, relief from royalty, with/without, or the distributor method.

- » **Market Approach** – determine fair value using precedent and comparable transactions or the guideline public company method.

Where appropriate, we also consider the Option Pricing Method, Probability Weighted Expected Return Method, Black-Scholes, and other relevant approaches. Additionally, we determine if any discounts or premiums apply and perform analyses supporting the quantification of those discounts and/or premiums.

Collaboration and Reporting

We conduct regular meetings with our clients (and external auditors as necessary) to review progress on the valuation analysis and ultimately provide reporting that documents the analysis performed.

Why Schneider Downs?

With our experience conducting valuations for financial statement reporting, Schneider Downs has the valuation expertise to help organizations of all sizes and industries meet the complex challenges of financial statement reporting valuation. Our team of certified valuation professionals offer more than 50 collective years of experience and receive continuing education to understand key evolving issues in fair value measurements.

Additionally, our valuation team reviews third-party fair value determinations prepared by other third-party valuation experts for our audit practice allowing us to gain further insight on key issues external auditors, the SEC, and PCAOB consider in auditing fair value measurements.

About Schneider Downs Valuation Services

The valuation of any business or asset is a complex task that includes, among other things, detailed financial analyses, a deep understanding of the subject company and the industry/economic environment in which it operates, and the application of multiple valuation techniques. Our valuation professionals deliver an ideal balance of industry knowledge with the deep-rooted experience necessary to provide our clients with service excellence in a broad range of valuation services.

For more information on, contact us at contactsd@schneiderdowns.com or visit
www.schneiderdowns.com/business-valuation-services.



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