CBV Institute

PRACTICE STANDARD NO. 130

Effective January 1, 2026

VALUATION CONCLUSIONS AND VALUATION REPORTS

FILE DOCUMENTATION STANDARDS ~~AND RECOMMENDATIONS~~

~~1. A Valuation Report is defined as **"any written communication containing a conclusion as to the value of shares, assets or an interest in a business, prepared by a Valuator acting independently."** A Valuation Report does not include work product that is in the process of being completed that is provided to a client or knowledgeable third party in circumstances where each of the following conditions are met: (i) the work product is clearly marked as being in draft form and subject to change; (ii) the work product is issued for the purpose of obtaining comment, instruction, confirmation or other information required to complete the Valuation Report; (iii) the Valuator knows, or reasonably ought to know, that the intended reader(s) does not intend to rely on the work product or distribute the work product to a third party who may in turn rely on such work product; and (iv) the Valuator has a reasonable expectation at the time the work product is provided that a Valuation Report will be completed and issued in due course.~~

1. The following File Documentation Standards apply to all levels of Valuation Conclusions (Comprehensive, Estimate, and Calculation).

2. At a minimum, file documentation for a Valuation ~~Report shall~~Conclusion must consist of the following items set out in **bold** characters. ~~"*Recommendations*" are not mandatory, but encouraged.~~ "*Explanatory comments*" provide additional guidance~~ in applying the specific provisions of the Standard~~.

~~3. **The following General and Specific Standards apply to all three types of Valuation Reports (i.e. Comprehensive, Estimate and Calculation Valuation Reports), unless otherwise indicated.**~~

~~4. **General Standards**~~

A. **Procedures undertaken and factors considered to ensure the independence and objectivity of the Valuator.** (*Explanatory comment*: consistent with CBV Institute's Code of Ethics, a Valuator providing independent Valuation Conclusions must, in respect of the particular engagement, be and remain free of any influence, interest or relationship which impairs the professional judgment or objectivity of the Valuator or which, in the view of a reasonable observer, would impair the professional judgment or objectivity of the Valuator. To meet this requirement, Valuators must implement a management and review process for potential conflicts of interest within their practices or firms. Records of these processes and procedures should be appropriate for the size of the firm or practice. The processes should apply to the Valuator and all engagement team members.)

~~A.~~B. **Work performed in the course of a valuation engagement ~~shall~~must be documented and files must be maintained in an organized manner.**

~~B.~~C. **The form and extent of working papers ~~shall~~must suit the circumstances and needs of the engagement for which they are prepared and take into consideration the ~~type~~level of Valuation ~~Report~~Conclusion required.**

~~C.~~D. **All documents and working papers evidencing the nature and extent of work performed ~~shall~~must be retained for a reasonable time following completion of the engagement.** (*Explanatory comment*: in accordance with CBV Institute's Mandatory Practice Inspection Program, documents should be retained for five calendar years following the date of the Valuation Report. Other document retention requirements might apply based on the purpose and intended use of the Valuation Reports.)

~~D.~~E. **The identities of the ~~individual(s)~~Valuators performing the valuation engagement ~~shall~~must be documented.**

~~5. Specific Standards~~

F. **A copy of the final issued Valuation Report ~~shall~~must be retained on file. When the Valuation Conclusion is communicated orally (without any accompanying written work product provided), the Valuator ~~has determined that an~~ must document in their working papers the substance of the oral report communicated to the client.**

~~E.~~G. **The engagement ~~letter is required, the engagement letter shall be retained on file. When no engagement letter has been received, the Valuator's file shall contain a summary of the nature and purpose of the mandate, including the nature of the~~ agreement and any instructions ~~received~~ from the ~~person requesting the valuation and the type of Valuation Report required.~~client (or the client's representative such as legal counsel) must be documented and retained on file.**

~~F.~~H. **Summaries of key meetings, discussions and correspondence ~~shall~~must be retained on file.**

~~G.~~I. **The Valuator ~~shall~~must either retain on file, or have access to, information upon which he or she relied in conducting the valuation engagement.** ~~**(Recommendation**~~(*Explanatory comments*: provided they are relevant to the ~~**conclusion**~~Valuation Conclusion and available, the following documents ~~**should normally**~~must be retained on file, or be summarized with the resulting summaries retained on file:

i. ~~Any~~Significant information that provides the Valuator with an understanding of the subject of the valuation and its underlying business operations~~, such as~~

(e.g., articles of incorporation, minutes of board meetings, product information, resumes pertaining to ~~management~~the experience and qualifications of key members of management, material agreements, and reports or studies on environmental issues~~;~~);

ii. Financial statements or a summary of historical operating results and financial position of the underlying business;

iii. Future oriented financial information, such as financial projections, forecasts, and budgets~~, if available~~;

iv. Information regarding the industry analys~~i~~es performed~~, such as~~ (e.g., key trends per industry or trade publications, regulations, stock exchange fi~~l~~li~~sti~~ngs~~,~~ and share price histories, comparable market transactions~~;~~); and

v. Information regarding the general economic review performed.)

J. **~~With respect to Comprehensive and Estimate Valuation Reports, the~~The premise of value, basis of value, valuation approach(es), valuation method(s) and techniques selected ~~shall~~must be documented, along with the reasoning for selection. ~~Key valuation components considered~~**(*Explanatory comment*: Valuators should document in their working papers or Valuation Report the reasons that any relevant and appropriate approaches and **~~valuation~~** methods were not used.)

K. **Significant inputs and assumptions ~~made shall also~~used must be documented. ~~A copy of the valuation calculations, including all necessary explanations and supporting~~**(*Explanatory comment*: this documentation**~~, shall~~** standard will be **~~retained on file~~**met if this information is included in the Valuation Report itself.)

~~H.~~L. **The work performed to test the reasonableness and appropriateness of the overall Valuation Conclusion must be documented.** (*Explanatory comment*: this documentation standard will be met if this information is included in the Valuation Report itself.)

M. **~~Where~~A copy of the valuation calculations, including the information and supporting documentation necessary to replicate the valuation results supporting the Valuation Conclusion, must be retained on file.** (*Explanatory comment*: this documentation standard will be met if this information is included in the Valuation Report itself.)

N. **Documentation to evidence the quality review process must be retained on file.**

~~I.~~O. **When the work of a specialist is relied upon, the conclusions arrived at by the specialist ~~shall~~must be documented~~, and~~. When a written report prepared by the specialist is obtained, a copy thereof ~~shall~~must be retained on file.**

~~J.~~P. **When the Valuator has determined that a client representation~~s~~ letter and/or a management representation~~s~~ letter is necessary, this (these) letter(s) ~~shall~~must be retained on file. When the representation~~s~~ letter(s) indicates that the client or management relied on a draft copy of the Valuation Report in order to make its representations, th~~is~~at draft copy ~~shall~~of the Valuation**

Report must be retained on file. When no representation~~s~~ letter has been received, the Valuator's file ~~shall indicate~~must document why no such letter was obtained.

~~June 17, 2009~~

September 23, 2025