



*Trusted Advisors for Over 50 Years*  
**SAX MACY FROMM & CO., PC**  
CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS



## Types of Valuation Reporting Engagements - A Cost/ Benefit Analysis

*(Do you know what you're getting and if it's appropriate for the intended use?)*

Effective January 1, 2008, the American Institute of Certified Public Accountants (AICPA) issued the one and only valuation standard, Statement on Standards for Valuation Services No. 1 (SSVS No. 1). In an effort to improve the consistency and quality of practice SSVS No. 1 permits only two types of valuation engagements:

1. Valuation Engagement, or
2. Calculation Engagement

Unfortunately, any misinformation or miscommunication concerning which type of valuation engagement, and/or procedures to perform could unfairly result in increased costs that should have been avoided. For this reason, we have always worked closely with our clients to help them determine

Visit  
[Sax Macy Fromm & Co.,  
PC](#)  
on the web



For additional  
information please  
contact our office at 973-  
472-6250 or contact:

Henry L. Fuentes, CPA/  
ABV, MBA, CFE  
[hfuentes@smf-cpa.com](mailto:hfuentes@smf-cpa.com)

the appropriate type of valuation engagement, and procedures given their budget and intended use. Time and again, a cost/benefit analysis has proven to be a key factor in securing collections and minimizing write-offs.

## 1. Valuation Engagement

*A Valuation Engagement results in a **Conclusion of Value**. A Valuation Engagement is more costly to perform as it requires significantly more procedures than a Calculation Engagement. When performing a Valuation Engagement the valuation analyst exercises professional judgment in **freely determining** the valuation approaches and methods that are appropriate to use to estimate the value of the subject interest.*

*The results of a Valuation Engagement may be communicated in either a detailed or summary written report. A detailed report is appropriate for most litigation engagements, or those engagements where potential litigation is foreseeable. A summary report would be most suitable for estate and gift tax, and transactional purposes. Although SSVS No. 1 permits oral reports for Valuation Engagements we do **NOT** use nor do we recommend their use.*

## 2. Calculation Engagement

*A Calculation Engagement results in a **Calculated Value**. The valuation analyst estimates the value of the subject interest by applying only those procedures, approaches, and methods **agreed upon** with the client as indicated in the engagement letter.*

*The results of a Calculation Engagement may be communicated in either a written, or oral report. A written or oral report may be suitable for some transactional purposes. In addition, based on facts and circumstances, i.e., agreement of the parties, a written report could potentially be suitable for some types of amicable litigation engagements.*

Finally, it should be noted that there are certain exceptions when SSVS No. 1 does not apply, including economic

Joseph Shannon, CPA/  
ABV, CVA, CFE  
[jshannon@smf-cpa.com](mailto:jshannon@smf-cpa.com)

Michael G. Pane, CPA,  
CFF, CIRA  
[mpane@smf-cpa.com](mailto:mpane@smf-cpa.com)

Shelley A. Brown, MBA,  
CPA/ABV, CVA, CFF  
[sbrown@smf-cpa.com](mailto:sbrown@smf-cpa.com)

Tina M. Gulich, CPA,  
CFF  
[tgulich@smf-cpa.com](mailto:tgulich@smf-cpa.com)

damages, as well as a jurisdictional exemption whereby SSVS No. 1 differs from published governmental, judicial, or accounting authority.

**Sax Macy Fromm & Co., PC**

855 Valley Road

Clifton, New Jersey 07013

Sax Macy Fromm & Co., PC

P: 973-472-6250

F: 973-472-7172



[Forward email](#)

 **SafeUnsubscribe®**

This email was sent to [mbrandao@smf-cpa.com](mailto:mbrandao@smf-cpa.com) by [vgoetter@smf-cpa.com](mailto:vgoetter@smf-cpa.com).

[Update Profile/Email Address](#) | Instant removal with [SafeUnsubscribe™](#) | [Privacy Policy](#).

Email Marketing by



Sax Macy Fromm & Co., PC | 855 Valley Road | Clifton | NJ | 07013