

Review date _____

Plan year end _____

VALUATION REPORT REVIEW CHECKLIST		
	Yes or No or N/A	Report Page
IDENTIFICATION OF CLIENT		
Is it clear that the report is addressed to and was prepared for the ESOP trustee?		
BASIC ENGAGEMENT INFORMATION		
Is the name of the Company correct?		
Is the basis of value correct? Minority or majority? Does it correspond to the number of shares appraised?		
Is the as of date or appraisal date correct?		
Is the effective date, generally the date when the work is completed, clear?		
Is the definition of value clearly stated and correct?		
Is the purpose of the appraisal correct? (select one: transaction or annual update)		
Does the report clearly state if the organization is a C-corp or S-corp?		
BASIC COMPANY INFORMATION		
Does the report include information regarding		
- A history of the Company		
- An explanation of the Company's facilities and if they are owned or leased		
- A description of products/services		
- A description of the Company's competition		
- A description of the members of management including their ages and time with the Company		
- Identify the non-ESOP shareholders		
ECONOMIC AND INDUSTRY OUTLOOK		
Does the appraisal include information indicating that the appraiser considered the general economy and/or the Company's local/regional economy? Does this discussion relate to the Company and its factors?		
FINANCIAL STATEMENT ANALYSIS		
- INCOME STATEMENTS – Are the Company's historical income statements presented in the report? Does the more recent income statement match the as of date for the appraisal?		
- BALANCE SHEETS – Are the Company's historical balance sheets presented in the report? Does the more recent balance sheet match the as of date for the appraisal?		
Is there a general discussion regarding the Company's financial performance? A comparison with last year or prior years?		

Is there a discussion comparing the Company to industry measures?		
SELECTION OF VALUATION APPROACHES		
Does the report state what approaches – cost, market and income – were used for the appraisal?		
Does it state why approaches were not used?		
Were the approaches weighted and if so do the reasons and the weightings appear reasonable?		
ASSET APPROACH		
Does an asset approach make sense? If your company is profitable it may not. If your company is not asset intensive it may not.		
Are the values of the Company's assets clear and do they make sense?		
Are the Company's liabilities correct?		
When put together, assets less liabilities, is the equity conclusion correct?		
Was the equity conclusion adjusted for lack of control and lack of marketability? (see below)		
MARKET APPROACH		
Were comparable private companies used?		
- What was the source of the information?		
Were comparable public companies used?		
- Does it make sense that your company can be or should be compared to public companies?		
Do the multiples match the indicated earnings for your company? For example, is a P/E multiple applied to net income or an EBITDA multiple applied to your company's EBITDA?		
Can you replicate the earnings selected by using the historical income statements in the report?		
If adjustments were made to the Company's historical results are they clear and easy to follow?		
Were adjustments made for lack of marketability? (see below)		
Was there a control premium or a discount for lack of control? (see below)		
INCOME APPROACH		
Are the income sources – debt free cash flow, net income, etc. – clearly defined and explained?		
If projections were used, are they clearly included?		
If projections were used, is the source of the projections identified?		
Given the Company's prospects, do the projections make sense?		
If adjustments were made to the Company's historical results are they clear and easy to follow?		
Is the level of the earnings consistent with the indicated level of value? For example were adjustments made for control to derive a control value or were no adjustments made because the value was on a minority basis?		
Were adjustments made for lack of marketability? (see below)		
Was there a control premium or a discount for lack of control? (see below)		
Are the components of the discount rate clearly defined and explained?		

If used, is the capitalization rate clearly defined and explained? (A capitalization rate is the discount rate minus the expected growth rate.)		
DISCOUNTS AND PREMIUMS		
Discount for Lack of Marketability		
- Was it applied only to methods that produce marketable values such as indicators from publicly traded company multiples or an income approach?		
- Are the sources of marketability data disclosed?		
- Is the reason for the discount clear?		
- Did the ESOP and the marketability it provides impact the level of the discount?		
Discount for Lack of Control – Only for Minority Values		
- Was it applied only to methods that produce a control value?		
- Are the sources of the data disclosed?		
- Is the reason for the discount clear?		
Control Premium – Only for Majority Values		
- Was it applied only to methods that produce a minority value?		
- Are the sources of the data disclosed?		
- Is the reason for the discount clear?		
VALUATION RECONCILIATION		
Are the various indications of value on a consistent level – minority or majority?		
Does the appraiser reconcile the overall conclusion back to the various indicators?		
Does the result make sense based upon the company’s recent performance and expectations? Does it pass your eye test?		
Were excess assets, such as investments or real estate, considered?		
OTHER ITEMS		
Are the appraiser’s qualifications included in the report?		
Is there a certification of independence that is signed by each appraiser working on the appraisal?		
Is there a statement of general assumptions and limiting conditions and did you review it?		
Does the report indicate that the appraiser considered:		
- The elements of IRS Revenue Ruling 59-60		
- The DOL proposed regulations		
- The appraisal and report comply with the Uniform Standards of Professional Appraisal Practice (USPAP) standards 9 and 10		
Is the report free of typographical errors?		
Are mathematical calculations accurate?		
If the appraisal is an update of a prior year, are the methods and approaches consistent? If not, are the differences clearly explained?		