

FLORIDA ATLANTIC UNIVERSITY™

Graduate Programs—PROGRAM CHANGE REQUEST

UGPC APPROVAL _____
 UFS APPROVAL _____
 CATALOG _____

DEPARTMENT:
 SCHOOL OF ACCOUNTING

COLLEGE:
 BUSINESS

PROGRAM NAME: EXECUTIVE MASTER OF ACCOUNTING

EFFECTIVE DATE
 (PROVIDE TERM/YEAR)

FALL 2013

PLEASE EXPLAIN THE REQUESTED CHANGE(S) AND OFFER RATIONALE BELOW AND/OR ATTACHED:

EXECUTIVE MASTER OF ACCOUNTING - BUSINESS VALUATION. PLEASE SEE MEMO ATTACHED.

Faculty contact, email and complete phone number:

Dr. Karen Hooks, khooks@fau.edu,
 (561) 297-3932

Consult and list departments that might be affected by the change and attach comments.

Approved by:

Department Chair: _____

College Curriculum Chair: _____

College Dean: _____

UGPC Chair: _____

Graduate College Dean: _____

UFS President: _____

Provost: _____

Date:

3/1/13

3/10/13

3.12.13

Email this form and syllabus to UGPC@fau.edu one week before the University Graduate Programs Committee meeting so that materials may be viewed on the UGPC website prior to the meeting.



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March 1, 2013

MEMORANDUM

TO: COB Graduate Council

FROM: George Young, Associate Professor
School of Accounting

THROUGH: Karen Hooks, Professor
Chair, SOA Curriculum Committee
School of Accounting

SUBJECT: Proposal for a Business Valuation Concentration in the SOA Executive Master of Accounting Program

Rationale for Requesting the Addition of a Concentration in Business Valuation

The School of Accounting Executive Programs proposes to offer a Business Valuation concentration to our Master of Accounting students, the "MAC (Business Valuation)".

The concentration would require no changes to the current MAC curriculum. (Certain new courses are proposed for the curriculum concurrent with this concentration, but are appropriate proposed curriculum additions whether or not the concentration is approved.) Students wishing to earn the Business Valuation concentration would take the designated Business Evaluation courses as electives.

JUSTIFICATION

Business valuation issues permeate every aspect of accounting, including mergers and acquisitions, financial reporting, International Financial Reporting Standards (IFRS) and US GAAP, compliance, tax planning and disputes, corporate restructuring, and litigation. Deloitte and KPMG, for example, list valuation services as one of their key advisory areas.¹ One of the leading accounting profession magazines, *Accounting Today*, in its annual survey of the Top 100 accounting firms, lists business valuation as the top niche service again in 2011, with 75% of firms recording an increase in business revenues in this area. One respondent commented on "a realization ... that independent opinions of fair value are becoming a more routine part of an audit

¹ The firms Deloitte and KPMG are two of four professional services firms that represent the largest accounting firms in the world. The other two firms are PricewaterhouseCoopers (PwC) and Ernst & Young.

engagement.” FASB's ‘Fair Value Measurements’ standard (ASC 820 / FAS 157) has been a part of US GAAP since 2007.

The United States is a nation of small business owners who frequently become involved in many areas that require business valuation services: divorce, defamation lawsuits, insurance claims, trust distributions, fraud charges and many other kinds of legal disputes. Furthermore, the economic downturn is also creating an explosion of business valuation work in gift and estate tax planning, as older people seize the opportunity to transfer assets and arrange their affairs while the current favorable exemptions and rates prevail and lower valuations. The first baby boomers are only now turning 65 and are a generation that will need estate and gift tax business valuations for decades to come.

The expert witness training organization SEAK conducts periodic surveys of the fees paid to expert witnesses in the US. Its latest survey is only obtainable by purchase, but the 2004 data is available free of charge. Eight years ago the average rate was \$385 per hour for testimony in court, \$254 per hour for file review and preparation and \$353 per hour for depositions, plus charges for all out-of-pocket expenses. The US Bureau of Labor Statistics’ historical listing of employee compensation indicates that remuneration for management, business and financial occupations increased by 28% between March 2004 and September 2011, so it is reasonable to assume that the average rate for expert witnesses is now in the region of \$325 to \$500 per hour, with far higher rates towards the top end of the market. Therefore, adequate preparation and court time is likely to earn the business valuation expert several thousands of dollars in fees. In addition, fees for complex, disputed valuations can be as high as six- or seven-figure amounts.

On February 6, 2012, job search website Indeed produced 168 vacancies for the search parameter ‘business valuation.’ A salary of more than \$70,000 was estimated for 102 of these positions, and 12 of them were estimated to be worth more than \$130,000. Jobseekers’ information site Glassdoor listed 27 business valuation positions at Deloitte and four at Ernst & Young, along with positions at other employers. According to Glassdoor, Deloitte business valuation associates can expect to earn in the range of \$55,000 to \$85,000, depending on experience, while senior associates command up to \$113,000.

The American Institute of Certified Public Accountants (AICPA) recognizes business valuation as an integral service that Certified Public Accountants (CPAs) perform and established a section, Forensic and Valuation, devoted to serving the needs of its members engaged in valuation. In addition, it offers one of the premier business valuation credentials, the Accredited in Business Valuation (ABV), to members who pass a rigorous examination and who have significant experience in this area.

Finally, according to a recent report by Acuitas, Inc. (April, 2012) the Public Company Accounting Oversight Board (PCAOB) has recently noted a large increase in audit deficiencies of fair value measurements. This problem is due to a general lack of training among auditors in the area of fair value. Therefore, graduates of the proposed program should be of great assistance to auditors, as well as to those with practice specialties devoted to business valuation.

ANTICIPATED IMPACT

Admission: No special admission criteria or resources are required. We propose that any student who has been accepted into the Executive MAC program may earn the Business Valuation concentration upon completion of the required courses.

- Students seeking the concentration must make a request to the School of Accounting Executive Programs no later than the beginning of the semester before graduation so that degree review and completion may be accomplished in an orderly fashion.
- If the concentration is approved, the School of Accounting Executive programs will contact all existing Executive MAC students to inform them of concentration availability. Also, upon admission, the School of Accounting Executive programs will contact all new Executive MAC students to inform them of concentration availability.

Grade Requirements: Because these courses represent MAC Core and Elective courses, existing grade requirements apply. Specifically, students must earn at least a "C" or better in each course while maintaining at least a "B" (3.0) GPA.