GUIDE FOR MONETARY APPRAISALS

December 20, 2019

This guide provides instructions for appraisers on the information standards and recommended format for monetary appraisals prepared in support of applications for certification submitted to the Canadian Cultural Property Export Review Board (CCPERB).

Additional guidelines or policy on monetary appraisals of archival fonds will be issued in the future.

1. Date of Report

Specify the date of signature of the report.

2. Effective Date

For completed dispositions: This appraisal estimates the fair market value effective as of [date of donation], the date that the object(s) was (were) legally transferred to the [Name of applicant].

OR

For proposed dispositions: This appraisal estimates the fair market value of a proposed donation and the effective date is the date of this report.

If the appraisal is completed more than one year before the Applicant (designated institution or public authority) applied for certification or the disposition is finalized, you will be required to update the appraisal in an addendum addressing any change in the market for the object(s) between the date of the appraisal and the date of the addendum or the donation date.

3. Summary and Intended Use

This report provides the professional opinion of [Name of Appraiser] of the fair market value of the object(s) identified below. It has been prepared to accompany an application for certification to the Canadian Cultural Property Export Review Board.

[Name of Appraiser] confirms that this report adopts the following definition of fair market value:

The highest price, expressed in terms of money, that a property would bring, in an open and unrestricted market, between a willing buyer and a willing seller
who are both knowledgeable, informed, and prudent, and who are acting independently of each other.¹

4. Information provided from the Applicant (designated institution or public authority)

The Applicant MUST provide the following documents and information to you. If the appraisal is completed prior to the receiving of these documents, you will be required to provide an addendum acknowledging that you have reviewed the documents and indicate if a change in the estimated value at the date of disposition is required due to information contained in those documents.

[Name of Appraiser] confirms that they have reviewed all the following documents and information prepared by the applicant:
- Description
- Condition Report
- Provenance
- Purchase price²
- Declaration of Authenticity
- Statement of outstanding significance
- Declaration of Disposition (for completed disposition only)
- Digital photographs of the object(s)
- Archival Assessment Report and Finding Aid (for archival material only)

5. Inspection

This appraisal is based on a personal inspection of the object(s).

OR

This appraisal is based on digital photographs of the object(s).

6. Description of Each Object


Notable in this definition is that:
- "Highest price" means the highest price consistently achieved, not the record price obtained under exceptional circumstances;
- The appropriate "market" is the most active market where the object is most commonly sold; and
- "Willing" means that neither the buyer nor the seller is under any compulsion to buy or sell.

In other words, the fair market value reflects the highest price at which an object might reasonably be expected to change hands in the normal course of business, in the usual market for that object, as supported by a consistent pattern of sales.

² Only if purchased by the donor less than 10 years prior to the date of donation or the date the appraisal is prepared.
You may copy and paste the description information provided from the Applicant, please ensure that the objects are presented in the same order as the Applicant. For a large number of objects use a separate summary chart provided from the Applicant.

<table>
<thead>
<tr>
<th>Image(s)</th>
<th>Description</th>
<th>Estimated Fair Market Value</th>
</tr>
</thead>
</table>
| (When relevant, include multiple views or recto/verso) | - Object identification number  
- Title or Description of the object  
- Creator, Maker or Publisher (nationality, dates)  
- Date of Creation, Making or Publication  
- Edition number and size of edition  
- Medium (materials and techniques)  
- Dimensions (height x width x depth)  
- Signature and Inscription  
- Purchase Price | $XX,XXX.XX |

*Add more rows as needed*

7. **Appraiser Qualifications**

Provide a brief summary (max. 100 words) of your qualifications and expertise regarding the object(s) being appraised, this type of object(s), and the market(s) for such object(s).

8. **Total Fair Market Value**

In summary, based on all available information, it is [Name of appraiser]’s professional opinion that the total fair market value of the object(s) is: $XX,XXX.XX CAN as of the effective date of this report. *(This amount should include any premium applied to the object(s) as a group or any blockage discount for which a reasoned justification is given in the monetary appraisal.)*

9. **Valuation Methodology**

### Notes:

3 This amount should include any premium applied to the object(s) as a group or any blockage discount for which a reasoned justification is given in the monetary appraisal.

4 For completed dispositions, you must use the exchange rates published by the Bank of Canada, on the day of donation. For proposed dispositions, you must use the Bank of Canada temporary exchange rate corresponding to the date of the appraisal report. CCPERB will calculate the final exchange rate on either the date of the decision (if the disposition has not been completed when CCPERB determines the fair market value) or the date of disposition (if the disposition is completed after the application for certification is made and before the date of CCPERB’s determination).
Indicate the valuation methodology employed, or the combination of methodologies employed, and justify why the methodology(ies) is/were employed.\(^5\)

10. Market Context

- Is there a market for the object(s)?
- If yes, specify which market(s): retail, auction, studio.
- Describe the market(s) activity for the object(s).
- Specify the most appropriate market in which the object(s) would trade for the highest value.
- If there is no market now, was there a market in the past?

11. Market Information and Comparable Sales

For sales comparison method:
- First, consider comparable sales of object(s) by the creator from the most appropriate market and from any other appropriate market identified above. Explain why these sales were selected.
- If there is a limited market for this creator, consider sales of comparable object(s) by other creator(s) of similar stature. Make sure to indicate why the creator(s) was/were selected and why those sales were selected.
- Consider comparable sales within, but not limited to, five years before the effective date.
- Cite sales in descending chronological order in the chart below.
- Generally, a minimum of three comparable sales per object is required.
- It might not be necessary to provide comparable sales when the estimated value of an individual object is less than $1,000.00 CAN if you demonstrate having the appropriate expertise regarding the object, type of object and the market(s) for such object.
- Include images of comparables (mandatory) - if no images available, explain why.
- Do not include copies of invoices (these may be requested by CCPERB on a case by case basis).

Reminders:
- Sale price must be after any discounts.
- Sale price must exclude taxes.
- For auction records, specify the price achieved with premium included.

\(^5\) CCPERB accepts two valuation methodologies: the sales comparison method and the cost method. CCPERB does not accept appraisals that employ the income method, rely on previous appraisals or on previous determinations made by the Review Board as a valuation methodology.
<table>
<thead>
<tr>
<th>Image</th>
<th>Creator, Title, Date</th>
<th>Medium</th>
<th>Dimensions and Edition Number and Size of Edition (if applicable)</th>
<th>Vendor</th>
<th>Sale Date</th>
<th>Sale Price $ CAN</th>
<th>Justification for the selection of the comparable</th>
</tr>
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<tbody>
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*Add more rows as needed*

12. Purchase Price

*Only if purchased by the donor less than 10 years prior to the date of donation or the date the appraisal is prepared.* Indicate how you took into account the purchase price of the object(s). If the purchase price is irrelevant, explain why.

13. Reasoned Justification

*Explain how you arrived at the estimated value in a reasoned justification.*

- Demonstrate a relationship between the market evidence provided and the object(s) being appraised, by taking into account factors including but not limited to:
  - condition,
  - rarity,
  - quality,
  - importance of the creator,
  - historical significance,
  - provenance,
  - exhibition history,
  - and publication references.

- Explain the adjustments made upward or downward from market indicators to arrive at the estimated value.

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*For international sales comparable, you must convert the value in Canadian dollars using the Bank of Canada exchange rate at the date of each sale, not the date of the report.*
14. Blockage Discount (for the disposition of multiple similar objects)

Indicate if a blockage\(^7\) discount is applicable. Explain how you applied a blockage discount or why it is not appropriate to apply a blockage discount for the disposition of the multiple objects considering the objects’ market(s).

15. Appraiser’s Attestation

[Name of Appraiser] hereby certifies that, to the best of their knowledge and belief:

- This appraisal estimates the fair market value of the physical property and any acquired characteristic of value (e.g. provenance) only. It excludes any estimate of the value for intellectual property rights and any other intangible rights (e.g. licenses related to the use of the object(s)).\(^8\)
- Compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favours the cause of a client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The statements of fact contained in this appraisal report are true and correct.

16. Appraiser Signature

\(^7\) A blockage discount is used to determine the fair market value for a disposition of multiple similar objects at the same time. The application of a blockage discount is appropriate when the number of donated objects is large in comparison with the number of objects sold annually in its typical market. For reference see paragraphs 22, 23 and 24 in the Nash v. R. Federal Court of Appeal Judgment of November 21, 2005, 344 N.R.152.

\(^8\) The Cultural Property Export and Import Act limits CCPERB’s jurisdiction to determining the fair market value of the physical property of an object. If the disposition of the object includes intellectual property rights or other intangible rights such as rights under a license, the appraiser cannot assign a value to these rights. Similarly, the appraiser may not use sales comparable where a portion of the price includes the monetary value of intellectual property or other intangible rights, since these sales they do not adequately reflect the fair market value of the physical property only.