



CERTIFIED FINANCIAL MODELING SPECIALIST (CFMS)
STUDY GUIDE

Sponsored by:



Accredited Certification Institute (ACI)

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Please use this guide to assist in preparation for your Certified Financial Modeling Specialist (CFMS) examination.

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I. Accredited Certification Institute:

Accredited Certification Institute is the leading online program for specialized niche business certification programs. The team behind Accredited Certification Institute is comprised of industry experts in niches including online marketing, project management, public relations, consulting, and many more.

This experience, combined with our advisory board's expertise in online education and training, is what makes it possible to provide the training and certification programs found on our website.

Accredited Certification Institute is a global training and certification organization that has provided practical industry-specific certification to over 20,000 clients from the United States, Europe, and more than 75 other countries around the world.

We provide high value training programs that provide function knowledge on very specific business topics such as public relations, online marketing, project management, international business, and consulting.

Accredited Certification Institute's Mission: To provide professionals with high impact finance training and certifications in niche subject areas that are functional and immediately beneficial.

Accredited Certification Institute helps you to:

- Quickly gain specialized knowledge in highly valuable business niches.
- Enhance your credibility, resume, and overall value in the market place.
- Complete our training programs in 5 months from anywhere in the world.

Our programs accept participants year-round and are flexible to work with your current work schedule and academic constraints. You can complete one of our programs in as little as 2 months or 2 years or more; the choice is yours.

MASTER'S CERTIFICATE PROGRAMS: Accredited Certification Institute is proud to offer several advanced Master's Certificates that require the completion of five programs from Accredited Certification Institute platform.

To learn more about these Master's Certificates and how to earn one, please see our website: Certification.com/Masters-Certificate

II. CFMS DETAILS AND TIMELINE:

PROGRAM DETAILS:

The **Certified Financial Modeling Specialist (CFMS)** certification program is unique in that it is modeled after many online courses offered at Ivy League institutions today, offering more value for a more cost-effective program. The CFMS Program is a self-study program that includes educational multimedia resources in video form, a study guide, required readings, and a flexible online examination process, accessible around the world.

The online exam is structured so that in order to complete the exam within the 2-hour time frame one must read through all of the assigned materials and conceptually understand the majority of the material to score well enough to pass the exam.

Our goal is to offer the most challenging program in the industry while also providing all of the learning tools possible to ensure participants get the most out of the experience. By testing the knowledge depth and comprehension from the materials digested, the CFMS certification prepares individuals for successful, real-world application. This certification program is designed to show and certify that you have gained an in-depth understanding and high-level, specialized knowledge.

In addition to the benefits of gained knowledge, growing industry recognition, more knowledgeable career choices, and networking, our organization is also developing additional resources for CFMS Participants. This includes video and MP3 recordings on Q&A or strategies and tactics, webinars, access to interviews with internet marketing professionals who have more than 10 years of experience in the industry, among many more benefits.

The experts interviewed for this financial modeling specialist program include:

Cliff Thomas: Cliff is a Senior Equity Analyst; he works for a small hedge fund helping build the investment portfolio. The hedge fund he works for invests in small and micro-cap securities in the stock market. He also helps build financial models and examine merger and acquisition opportunities.

Richard Wilson: Richard is the author of 10 books, a global hedge fund speaker and trainer, and head of the 80,000-member Hedge Fund Group and 90,000-member Private Equity Investment Group. Richard has built his finance career from nothing, starting out in Portland, Oregon and going to Oregon State University for his undergraduate degree in business. Within this video Richard shares exactly how just about anyone can have a successful career in finance by focusing on the few key factors that Richard explains in this audio interview.

Tom Sawyer: Tom is author of Pro Excel Financial Modeling President of RSW Partners. RSW Partners does high tech marketing and technology consulting work. His background includes financial planning and budget analysis work before switching over to consulting.

Mike Colwell: Mike is the Director of the Business Innovation Zone and the founder of StartupModels.com. Mike runs a business consolidator in Iowa; he helps new startups with high growth potential in the technology and advanced manufacturing spaces. Many business owners have never created a financial model before, so Mike helps businesses build out models around their businesses.

Chuck Bush: Chuck is the CEO of Great Road Capital, Inc. Great Road Capital is a finance advisory firm providing clients advice and counsel on investing in film, television, and digital media projects and companies. He works with those companies to help them evaluate assets and conduct financial modeling for those clients to help investors evaluate potential investments.

David Bloom: David is head of the FDU Group which provides CFOs and Finance Directors to fast growing companies in the media and technology companies. David is a CFO himself and he has 20 years of experience in that type of a position. David is based in the UK and has unique experiences to share in that he gets to see the finance side of dozens of different successful businesses.

Certified Financial Modeling Specialist (CFMS) Video Modules:

1. Financial Modeling Overview
2. Financial and Business Math
3. Developing Financial Projections
4. Discounted Cash Flow Valuation
5. Setting Up a Financial Model
6. Financial Modeling Errors
7. Setting Up Excel
8. The Income Statement
9. The Balance Sheet
10. Cash Flow Statement
11. Projecting the Income Statement
12. Projecting the Balance Sheet
13. Projecting Cash Flows
14. Excel Formulas
15. Excel Formulas Continued
16. Financial Ratios
17. Discounted Cash Flow Analysis
18. Other Valuations
19. Net Present Value (NPV and XNPV)
20. What If Analysis
21. Business Financial Statements
22. Business Inventory Valuations
23. How to Create Named Ranges in Excel
24. Net Present Value
25. Sensitivity Analysis in Excel
26. Persuasive Writing (Copywriting) for Business Growth
27. Work More Efficiently: Time Saving Business Tools
28. How to Double Your Chances of Business Success
29. How to Become a Doctor Within Your Business Field
30. Knowledge Asset Management: A Competitive Advantage For Your Business
31. Single Focus: The Key to Maximum Productivity
32. Fertilize Your Brain
33. Learning Before Outsourcing
34. 5 Techniques to Efficiently Capture Your Business Ideas
35. Video Book Summary: Jeffrey Gitomer's Sales Bible

36. Paying the Price for Success
37. The Power of Positive Business Habits
38. The Importance of Business Ethics to Your Success
39. The Power of Inevitability Thinking in Business

4 STEP CERTIFICATION PROCESS



TIMELINE & EXAMINATION DATES:

Programs are offered through open enrollment, making our programs 100% flexible to accommodate your current work or academic schedule.

LEARNING OBJECTIVES OF THE CFMS:

1. Review basic concepts of accounting for the Income Statement, Balance Sheet and Cash Flow Statement, and understand the linkages between them so that modelers can accurately develop balanced multi-year financial projections.
2. Review basic concepts of finance such as the Net Present Value, Weighted Average Cost of Capital, Terminal Value and the discounting of cashflows.
3. Develop Excel expertise with functions, formulas, layout, style and formatting so modelers can easily and quickly build scalable and robust financial models that are easy to use, extend, and incorporate into presentations as flexible tools for business decision-making.
4. Develop modeling instincts so modelers know what assumptions are reasonable and likely to result in dependable results, and what parameter ranges are realistic to account for invariable deviations of reality from models.
5. Develop a framework that allows modelers to build financial projections, perform discounted cash flow valuations, perform sensitivity analyses, build graphs and allow others to use their models without worrying about basic issues such as incorrect data input or “breaking” the model.
6. Provide a foundation for more advanced modeling courses such as for Leveraged Buyout Analyses, Mergers & Acquisitions, Equity or Debt issuance and other complex financial applications.

III. REQUIRED READING:

1. John S. Tjia, Building Financial Models, 2nd Edition. ISBN: 978-0-07-160889-3

IV. CFMS EXAMPREPARATION

1. EXAM COMPOSITION:

There are a total of 100 points available to earn for the exam.

<u>Topics and Weights</u>	
Chapters 1 & 2	5 Multiple Choice Questions
Chapter 4	5 Multiple Choice Questions
Chapter 5	5 Multiple Choice Questions
Chapters 6	15 Multiple Choice Questions
Chapters 10 & 11	5 Multiple Choice Questions
Chapters 14, 15 & 16	5 Multiple Choice Questions

You will have 2 hours to complete the CFMS exam. Those who have not made the effort to read the materials will have a hard time completing the exam within the allotted time, but for participants who have read the required readings, 2 hours will be sufficient.

2. TERMS AND CONCEPTS TO KNOW:

Below, please find the terms and concepts that you should be able to define after having read the required readings.

Please define the terms from the required readings rather than a dictionary. You will be tested on the definitions that authors have provided.

- Understanding all line items on the Income Statement, Balance Sheet and Cash Flow Statement
- Linkages between the three financial statements
- Your role as a financial model developer
- Best practices
- Functional knowledge of Excel, including formulas, functions and F keys
- The Accounting Equation
- Developing an Income Sheet Common-Size Statement
- Forecasting Guidelines and Key Principles
- Understanding Income Statement and Balance Sheet Ratios
- Projecting the Income Statement and Balance Sheet using historical data
- Projecting the Cash Flow Statement using the Income Statement and Balance Sheet
- Balancing the Balance Sheet
- Discounted Cash Flow Valuation
- Weighted Average Cash Flow formula

- Discounting Factors
- Free Cash Flow
- Terminal Value formula
- Enterprise Value
- Equity Value

3. SAMPLE QUESTIONS: (Answers are provided on the last page of this studyguide.)

Q1. What best describes the results of a financial model?

- a. They accurately predict exact financial results for the future if the model's assumptions are carefully chosen.
- b. They only estimate a company's financial future based on the accuracy of the model's assumptions.

Q2. As a model developer you are:

- a. A virtual architect
- b. A spreadsheet wizard
- c. A finance expert
- d. All of the above

Q3. When you begin building a financial model, you must:

- a. Set Excel's global settings
- b. Understand the user's level of expertise
- c. Have a clear idea of what the model needs to do
- d. Do all of the above

Q4. For user input of the model's variables, it is best to have:

- a. Multiple input points for the same variable at every worksheet where the variable is used
- b. One input point for a variable and hard-coded variable values as needed throughout the model
- c. One input point for a variable and references to the variable as needed throughout the model
- d. One input point for the same variable on every worksheet of the model.

Q5. To determine Enterprise Value using the DCF method, you need the following:

- a. Projected Net Income, Cost of Debt and Cash at valuation date
- b. Projected Net Income, Cost of Debt, Cost of Equity and Cash at valuation date
- c. Projected Free Cash Flow, Weighted Average Cost of Debt, Terminal Value and Cash at valuation date
- d. Projected Free Cash Flow, Weighted Average Cost of Capital, Terminal Value

V. SAMPLE QUESTION ANSWERS:

1. **B** 4. **C**
2. **D** 5. **D**
3. **D**

VI. FAQ (FREQUENTLY ASKED QUESTIONS):

Have more questions or need more information?

Please see our consistently updated FAQ (Frequently Asked Questions) section on the Investment Certification Institute website here at <https://Certification.com/FAQ>

You can also get in touch with the Investment Certification Institute team via email at Team@Certification.com, by phone, and through our ClickAndChat tool, accessible from our homepage: <https://Certification.com>

Thanks for joining Accredited Certification Institute. Please let us know if you have any questions.



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