



# CANADIAN CULTURAL PROPERTY EXPORT REVIEW BOARD

## STRATEGIES FOR THE MONETARY APPRAISAL OF ARCHIVAL CULTURAL PROPERTY

July 2022

At the request of applicants dealing primarily with archival cultural property, the Canadian Cultural Property Export Review Board (CCPERB) contracted the services of an accredited monetary appraiser to draft general guidance on the considerations and best practices that contribute to the effective monetary appraisal of archival cultural property.

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The final draft of these information resources was reviewed and amended by CCPERB, and may be read in conjunction with CCPERB's *Guide for Monetary Appraisals*. The considerations and best practices described here are not necessarily limited to applications dealing with archival cultural property; CCPERB encourages all applicants and monetary appraisers to refer to this information to support the preparation of effective monetary appraisals in the context of applications for the certification of cultural property.

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## A. Creating Monetary Appraisal Reports

A companion to CCPERB's [Guide for Monetary Appraisals](#), the purpose of these strategies with respect to applications for certification of archival cultural property is to:

- Provide additional support for the preparation of applications for certification of archival cultural property;
- Recommend strategies in providing opinions of fair market value in professionally-written appraisal reports;
- Assist applicants in applying CCPERB guidelines; and
- Help ensure public accountability in the granting of tax benefits for donations of archival cultural property.

The appraisal report required as part of the application for the certification of archival cultural property only has one use – to estimate the fair market value of the cultural property represented in the application. Not only does the appraisal report state a specific numerical amount as the fair market value but it also states to whom the report is intended. The appraisal report is not to be used for any other purpose including being used as evidence in the submission of future cultural property applications. It is a one-time use report only and is valid for one specific date – the date of disposition or, for a proposed disposition, the effective date of the report at the time of the application for certification.

In order to estimate fair market value, the cultural property is hypothetically placed into a sales situation as defined within the context of a real marketplace. This may be based on various classifications of market sales and the associated monetary value characteristics of the cultural property.

Although there may be a market for individual objects or classes of objects contained in an archival fonds or collection, estimating the fair market value is not always easy when dealing with archival cultural property. In most circumstances, the sales of archival *fonds* are not public and the realized prices for the sales of *fonds* are not easily available. Furthermore, archival *fonds* are rarely publicly listed for sale on an open market where asking prices are supplied and any and all institutions and other potential buyers have equal and adequate time to express interest in purchasing.

### Who should use these strategies?

These strategies are designed for archivists, librarians and appraisers, with a focus on productive actions and strategies that support the creation of a justified estimate of fair market value in monetary appraisal reports for archival cultural property.

### References

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## B. Identifying the Best Market

The best market is the most common or most relevant market where the cultural property would be sold. As there are multiple markets and levels of markets, appraisers must look to where similar or comparable property is traded on a regular basis whereby the number of transactions indicate an active market.

For archival cultural property, the markets have changed over the years. Most significantly, the once robust institutional market in Canada has almost disappeared as budgets for acquisitions have substantially diminished. Institutional collections are expanded by way of donations. Whereas there are still purchases of archival cultural property by institutions, these sales are increasingly rare and the sales records are not accessible to most appraisers and institutions.

Because of the depressed sales activities from institutional buyers, it is imperative to look elsewhere. One potential approach is to look at niche markets or a segmented market of single or small groupings of archival documentary records more commonly traded within specialty dealers and auction houses. Not only is this a more open and unrestricted market, but it is also one that allows for the justification of an opinion of fair market value using actual market data.

This segmented market approach offers an opportunity to estimate the fair market value of the archival *fonds* by dividing the *fonds* into categories of similar records and then presenting the sum of all the categories as the final value. It is important to remember that the institution is supplying the justification of the cultural property's outstanding significance that will define and describe the archival *fonds* as a whole and therefore, it is not necessary for the appraiser to do the same. The appraiser must look at how the markets treat similar records and the report must reflect how the market operates.

Archival cultural property records do have established open markets with willing buyers and sellers. In using a segmented market approach, the best indication of fair market value lies in how the individual records found within the *fonds* would perform in the marketplace. This approach allows for a different way of seeing the *fonds* or collection.

### C. Researching the Market

The appraiser's opinion of fair market value is contingent upon the results of their research conducted within the best market. The decisions made on where to look and what to look for will determine the credibility and the reasonability of the value conclusion.

In estimating fair market value, it is the sales comparison approach that is, more often than not, the most applicable to archival cultural property and that will satisfy the definition of fair market value.

When collecting market data, there are numerous sources from which to gather relevant information. These include publicly listed past sales or current list prices from auction houses; specialty dealers or specialized databases; media articles about similar archival cultural property or donations; market reports and newsletters from associations, auction houses, dealers or collectors; price guides; auction or dealer catalogues; and from discussions with auction specialists and specialty dealers about the subject archival property. The number of sources for market data continues to grow as more online auctions and sales platforms enter the market. Look for reputable sales outlets that provide proper description details in their listings.

With archival cultural property, searching for market data can take multiple directions. Start with the creator (or creators, if the archival cultural property has multiple sources) and look at their market status. Ascertain how active they are and in which sectors of the market related materials trade. For example, an author might be active in more than one market sector other than books such as film and television, podcasts or blogs, NFTs, performing arts or audiobooks.

An example that illustrates how to think differently about archival materials in relation to the market is outlined below.

The posthumous pardon document,<sup>1</sup> the *Grant of Free Pardon from the Queen, Canada and Government of Nova Scotia to Viola Irene Davis Desmond* issued in 2010 was the first of its kind to be granted in Canada and was presented to the family of Viola Desmond as an apology for prosecuting her for tax evasion in 1946. The pardon issued 64 years after she was arrested for sitting in the whites-only section of a movie theatre in New Glasgow, N.S. acknowledged that she was rightfully resisting racial discrimination. The Royal Prerogative of Mercy recognizes that the conviction was in error. In addition, Viola Desmond became the first non-royal Canadian woman to appear alone on the front of a Canadian banknote issued in 2018 on a \$10 bill.

There are no other comparable sales to be found of Canadian posthumous pardons as this was the first. Documents of this historic significance in Canada are not usually placed for sale in the markets. However, there are parallel documents and commemorative objects that could be used as comparables whereby the value of the document can be extrapolated and justified.

When looking for similar objects, there are a number of places to start: the person, Viola Desmond; the document, an official pardon; the subject, human rights and discrimination; and objects related to other past historical events or prominent people. Using this document as an example, the markets can be searched for other objects related to Canadian heroes and persons of national historic significance including but not limited to Edith Archibald (one of Halifax's leading suffragettes), Mary E. Bibb (involved

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<sup>1</sup> The Official Pardon was part of the exhibition *Viola Desmond: A Noteworthy Woman* held at the Bank of Canada Museum in 2018 and is used in this example with permission of the descendants of Viola Desmond, the Robson family.

in the Underground Railroad and considered Canada's first black journalist), Dorothy Dworkin (nurse and planner of the first Jewish hospital), Nellie McClung and The Famous Five (an author, social activist, politician and suffragette who launched the Persons Case to allow women to sit in the Senate) and Terry Fox (a Canadian athlete and cancer research activist). In addition, objects related to politicians and civil rights activists can also be searched that include Beverley McLachlin, Adrienne Clarkson, Martin Luther King, Jr., Rosa Parks or Ruth Bader Ginsberg. Other Canadian and American documents having been sold in the marketplace can be researched including originals and copies of important constitutional acts and other official pardons signed by Queen Elizabeth II and appeal documents related to human rights or other legal matters.

Thinking more broadly about what other kinds of documents or related objects that might be found in the marketplace may lead the appraiser in a direction whereby an argument can be made using these other sales results when the exact or similar document cannot be found to estimate fair market value. The appraiser often needs to have a different way of seeing the collection than the creator(s), donor and/or institution.

With certain property, the geographic location of the market and related sales activities may be a factor. Given today's online marketplace exposure, this is less and less important as sales are more easily made internationally. However, the nature of the archival cultural property and the individual characteristics of the records will determine if geographic location of the marketplace is relevant. For Canadian cultural property, the comparable sale does not need to have occurred in Canada.

## D. Analyzing Market Data

In the appraisal report, the appraiser must account for changes in the marketplace. If when analysing the market, there are upwards or downwards trends affecting the creator, historical event or the individual comparable sales, explain to the reader why that might be happening and how it might be relevant to the subject *fonds* or records. There may be other market factors having a significant effect on markets and prices. Examples of this are the 2008 economic crash and the Covid-19 pandemic.

### Ask Yourself Ten Market-Related Questions

1. Have I considered the creator and all the market activities associated with them?
2. Are there sales results of parallel creators or materials that can be used to extrapolate and justify fair market value?
3. Did the sales occur in an open and unrestricted market?
4. Am I looking in the best market?
5. In what general direction are sales results moving?
6. How many similar materials sold within the last year or last five years?
7. How does the market list similar materials or sales? Are they in groupings? Typically, how many objects in each listing?
8. Was there anything unusual that happened on the sale date or just prior to it that may have affected the realized prices?
9. Is geographic location of the sales relevant to the creator or materials?
10. If looking at auction results or upcoming listings, do the listings offer a pre-sale estimate and did the realized price fall in between, below or above? What could that mean in terms of the marketplace?



**E. Sampling and Segmenting: Deciding on an approach to monetary appraisal of archival cultural property**

The monetary valuation of archival cultural property involves all the records in the *fonds* or accrual, though some records may or may not have a hypothetical buyer in the market but are still integral to the *fonds*. The appraiser must be able to determine which of the records have market value and base their estimation of fair market value upon relevant market characteristics.

There is no standard pricing for *fonds* and there is no standard number of records that constitute a *fonds*. Most often neither the sales results of complete *fonds* are made public nor are the *fonds* records properly described in the sales listings. Assessing and comparing *fonds* to *fonds* without accurate data is difficult and requires multiple assumptions to be made in the analysis which may or may not result in an accurate assessment.

One approach is to divide the *fonds* records into groupings of like-objects such as photographs, ephemera, correspondence or by medium – whatever record characteristics apply to the subject archival property. Although different from the rules of archival description, approaching the *fonds* in this segmented manner for monetary appraisals allows for a detailed examination of similar records and their unique value characteristics. This approach provides an opportunity for a more accurate assessment of market performance when comparable sales for complete *fonds* are not available. This approach also makes the appraisal process of archival *fonds* more manageable and helps narrow down the search for comparable sales evidence.

It is common for archival *fonds* to contain hundreds if not thousands of records. The appraiser must be able to rely upon the finding aid or inventory lists to provide all necessary descriptive details. Problems arise when these reference documents lack enough unique details pertaining to individual records when comparing them to how similar records would be described for sale in the market. Another issue in the appraisal process is the inability to search or sort these documents. Having this ability allows the appraiser to easily group similar records together, see the relationships between the records and isolate the individual value characteristics. Having the ability to sort and group the finding aid or inventory list ensures that all records can be counted. In addition, the appraiser can insert additional columns for their own notes or add descriptive details directly relating to individual value characteristics pertaining to the various groups for the sole purpose of conducting the monetary appraisal.

Relying on the finding aid's series or subseries descriptions as categories for valuation or use the measurement system can be problematic. Assigning a value to 230 centimetres or 13 metres of textual records is not how similar materials are sold on the market and therefore, it is not recommended to appraise them using this same system. It is important to obtain or accurately estimate the number of records in the *fonds*.

The inspection process is time consuming and one that requires much collaboration and the sharing of information between the appraiser and the archivist. In order to determine what records to physically examine, the appraiser may need to generate a random sampling of the archive. Due to the size of the archives and the time allocated to conduct the appraisal, it is not likely feasible to physically inspect each record.

Using a recognized sampling methodology to select the types and proper number of records to examine, the appraiser can then use the results of the sample and apply them to all of the records. The appraiser creates a number of assumptions, for example, on condition, number and/or category of records per file, and is able to

apply the findings from the inspection of the sampling across the entire *fonds*. Having a finding aid that can be shaped for the appraisal process will allow for a more statically-accurate assessment of the *fonds* and ensure the inspection results of the sample are sound and applicable to all the records.

The segmented approach is further reflected within the appraisal report whereby summaries of groupings and inspection results can be explained and where both inspection assumptions and facts pertaining to unique value characteristics can be presented to help justify the concluding opinion of the fair market value.

## F. Monetary Value Characteristics of Archival *fonds* and Records

Each appraisal is unique to each archival *fonds* and estimating fair market value is dependent on various value characteristics. The records within a *fonds* may fall into the following market categories: memorabilia, antiquarian books and manuscripts, fine art, photography, ephemera, books, film, and personal and business correspondence. Key individual value characteristics of the materials being appraised will assist in identifying appropriate potential buyers and realized prices.

The appraiser may have to account for the various value characteristics that apply to each of the categories of objects that include, but are not limited to, rareness, condition, medium, attribution, multiples (edition), age, originality (i.e., manuscript versus a typescript, sketch versus painting, signed versus unsigned), freshness to market (having never been seen or sold before in the market), and many others tied to the uniqueness of each category.

### The Creator and Their Celebrity Effect

Related to provenance and authenticity, a value characteristic to look at is the market prevalence of the creator, the general subject area, or how the records are related to a historical event. This is known as the celebrity effect whereby a *fonds* associated with a more recognized creator will attract more attention than one associated with a lesser-known creator. For example, in comparing two similar letters between a creator and their peer, the letter written by a more recognized creator will command a higher value than the letter written by a lesser-known creator. As well, a letter written to the recognized peer would have more market value than one written to a lesser-known peer.

To estimate fair market value, the sole focus is on the marketplace and how similar archival records would perform in the marketplace. Here's a market example using one of Margaret Atwood's books presented for sale in two different auctions:

Two first edition copies of Margaret Atwood's *The Handmaid's Tale* appear at auction on separate dates in the same year (Margaret Atwood. *The Handmaid's Tale*. Boston: Houghton Mifflin, 1986. First American edition).<sup>2</sup> The first is in the publisher's original binding and dusk jacket and in near fine condition. The second is a presentation copy inscribed on the half-title: "For Edgar Doctorow/with thanks!/Margaret Atwood/1986" and is in near fine condition. This copy also has a promotional postcard laid-in. The auction description implies that the note of thanks from Atwood is likely for the positive statement that appears on the rear jacket panel where Doctorow compares *The Handmaid's Tale* to George Orwell's *1984*.

The first sells for \$88 CAD whereas the second book sells for \$1,960 CAD only four months later. Looking further into the second auction, there was a limited first edition autographed book by E.L. Doctorow called *Ragtime* (New York: Random House, 1975) that sold for \$217 CAD. Two years later, the same book sold along with a portfolio of etchings called *The Ragtime Etchings* (Carol Yeh. *The Ragtime Etchings*, 1978, Portfolio #3 of 4, signed by Yeh) sold for \$319 CAD.<sup>3</sup>

<sup>2</sup> Heritage Auctions 2014 June 19 Weekly Internet Rare Books and Autographs Auction #201425, Lot #92028, and Heritage Auctions 2014 October 8 Rare Books Signature Auction – Beverly Hill #6112, Lot #45452.

<sup>3</sup> Heritage Auctions 2014 October 8 Rare Books Signature Auction – Beverly Hills #6112, Lot #91013 and Heritage Auctions 2016 April 6 Rare Books Signature Auction – New York #6155, Lot #45772.

This example shows the difference in selling prices for the same mass-produced books. The celebrity effect is clearly on display with the Atwood books as the difference between the two sales is substantial due to the personal and market importance of the association between two well-regarded and collected writers acknowledging the assistance one provided the other in the marketing of the book. The Doctorow books also show interest from the market however with the addition of the etchings, the price doesn't increase that much as the artist, Yeh, doesn't have a large presence. It is these subtleties that matter in the appraisal process as they affect the selection of comparable sales and directly inform the opinion of fair market value.

The same logic applies to records pertaining to a prominent historical event. How historically significant or how publicly memorable is the event? Ask the question, "How important or recognized is the creator, the subject or the event?" and then determine how the answer reflects upon the records. Follow up on the individual records and determine if they hold an intrinsic use (what are the records and are they commonly used for a specific purpose outside of their association with a celebrity/historical event) and/or if they would be considered rare (one-of-a-kind, annotated, signed, inscribed, hand-written, etc.). Go further to assess their condition and demand in the marketplace.

## G. Finding Comparable Sales

To support the estimation of fair market value, comparable market data should be supplied from the market identified as the best market. This market data consists of similar objects having sold in the marketplace as close to and prior to the effective date of the valuation. This can be within, but not limited to, the last five years or shortly after the effective date depending on the objects and market conditions.

Realized sales results (also referred to as the selling prices or achieved sales) provide solid evidence that a market exists and that there is a strong probability that buyers will continue their market activity at a similar pace and trajectory on and for a reasonable timeframe after the date of the realized sales.

In the selection of comparable sales data, check to make sure that the sale occurred in an open and unrestricted market and/or make sure you select additional comparable sales to support the appraised property and explain why the private sale is relevant.

For example, if an archival *fonds* was only offered and sold to one potential institutional buyer, the opportunity to purchase the *fonds* was not offered to more than one potential buyer and that potential buyer was limited to one institution. Although, this doesn't imply that private sales of archival *fonds* are not allowed or encouraged, it means that the resulting sale may not have occurred in an open and unrestricted market. Using this sale as the only market comparable is not enough to justify the appraiser's opinion of fair market value. The evidence provided from one private sale does not mean that the same or similar property would sell for that price if offered to more than one potential buyer or that another potential buyer who is not an institution and who was offered the opportunity to purchase would pay the same amount. Additional evidence of market sales must be found to create an opinion of fair market value.

### Ask Eight Key Questions Regarding Comparable Sales

1. What are the types of records in the *fonds*?
2. What are their key value characteristics?
3. Where do they trade?
4. Is the market open and unrestricted?
5. What market outlet is selling similar records? Are they reputable?
6. What did similar records sell for prior to the effective date of the valuation or at what price are they currently listed for sale?
7. What are the similarities and differences between the comparable sales and the subject records?
8. How do the subject records rank in comparison?

## H. When No Comparable Sales of *fonds* Are Available

When there are no comparable sales for an entire archival *fonds*, which often can be the case, the *fonds* should be assessed to identify categories of records that may have a market. Past comparable market data for individual archival records may be found searching the following categories in the marketplace: old and rare books, memorabilia, photographs, fine art, ephemera, manuscripts, autographs, popular culture, collectibles, travel and exploration, cartography and antiques. Typical listings will be for single or small lots of archival documentary records.

If looking for comparable sales from the auction market, archival records can be found at the reputable auction houses with specialized sales in the categories list above. Using auction results or current online listings where asking prices are shown ensures the definition of fair market value is met as the opportunity to purchase was accessible to all and any potential buyer, and the sales results are open to the public. In working with specialty dealers, who to contact will depend on the category of records in the *fonds*. Look for businesses who are members of reputable associations.

Collect as many relevant and related comparable sales as possible. These will be filtered down as the analysis moves forward and the narrowed selection goes deeper into the unique characteristics of individual records within the *fonds*.

Check the date of the comparables against the effective date of the valuation. If significant time has passed but the comparable is relevant, state why it was selected to help estimate the fair market value and if that same sale would occur on the effective date, how might it differ.

Often in the Canadian market, categories of individual archival-based records by Canadian creators may not be found. Rarely have Canadian creators placed individual records up for sale. The results have left a gap in the marketplace. In this case, it would be appropriate to use parallel comparables that are sufficiently similar to allow for a comparison using the associated value characteristics.

To be a parallel creator or be identified as parallel archival property, the creator or record must be similar in all aspects. If the creator is a writer, then a parallel creator would be another writer active at the same time, writing in the same genre, have a similar degree of reputation and marketability, sell their books at a similar price point or be similarly active in the same markets. For a record to be parallel, it must have the same intrinsic use, share similar or same physical characteristics, be created around the same time and be sold within the same market.

An example of parallel creators would be two politicians elected at the same time at the same level of government, holding office for differing or the same parties or one who preceded or succeeded the other. An example of a parallel record could be the business documents of two solo musicians producing the same genre of music and sharing the same market and fan base at the same time.

### Using Asking Prices

In some circumstances, dealer asking prices can be used; however, the appraiser must first summarize the attempt to locate evidence of sales. These asking prices would reflect the highest prices for these objects in the market. The appraiser must be aware of activity in the marketplace. Also, they must know if the asking prices supplied by dealers do, in fact, indicate current market value and that they are not inflated or deflated thus adding bias in favour or against the accurate market price. Remember that appraisers are to provide arms-length, justified and unbiased opinions of value.



## I. Adjusting for Differences

When appraising cultural property, finding the exact same record having sold just prior to the effective date of valuation is almost impossible. After finding your comparable sales data, in order to estimate the fair market value, adjustments may need to be made to account for the differences between the comparable sales and the records being appraised. There are a few reasons why adjustments would be necessary, including:

### Monetary value characteristics

These may include a variety of characteristics relevant to individual records such as rareness, condition, medium, multiples or quantity, age and originality (i.e., manuscript versus a typescript, sketch versus painting, signed versus unsigned).

### Overall *fonds* characteristics

These may include the “celebrity effect” based on the creator or historical significance associated with the *fonds* and/or individual records.

It is up to the appraiser to account for differences between the comparable sales examples and the subject archival records and to make necessary adjustments to value based on the differences. The explanation of the comparable sales and any associated adjustments becomes part of the appraiser’s reasoned justification of their opinion of the fair market value.

## Applying Market Discounts

When estimating fair market value of groups of objects, such as limited-edition prints, photographs or archival cultural property, an adjustment to the sum of the monetary valuation might be appropriate. This adjustment is to reflect the depressive effect of the availability of a large number of similar objects or records hypothetically placed onto the market as of the effective date.

Within the monetary appraisal discipline, these adjustments are referred to as “market discounts”. There are various market discounts that may apply in the estimation of fair market value of archival cultural property including, but not limited to, blockage discounts, volume discounts and institutional discounts.

## Blockage Discounts

A blockage discount is tied to market supply and demand of property. When a large number of similar objects are offered for sale in an open and unrestricted market, supply may overtake demand thus depressing the value of the individual object. The market can only absorb so much of any given object before it becomes saturated and the demand is reduced. The blockage discount accounts for large quantities of similar objects needing to be valued as of one date that normally would be sold over time. The approach is based on the assumption that the large quantity may be viewed as a business inventory that produces an income stream that must be discounted to the present value based on that one date.<sup>4</sup> Moreover, this is applied after conducting a market analysis determining how often or how many similar objects actually sell in a year and then applying that analysis to the number of records in the archive.

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<sup>4</sup> Barth, Jannette M. (October 25, 2016). Methodology for Calculating Blockage Discounts – Consultation Document Prepared for the Canadian Cultural Property Export Review Board. Pepecton Institute LLC, NY.

### Volume Discounts

A volume discount is an economic incentive to encourage buyers to purchase objects in multiple units or in large quantities. This incentive pricing strategy is most often seen in the wholesale market. For cultural property, this discount may be applicable when looking at donations whereby a dealer sold an assembled collection of prints or archival records as a portfolio or collection or sold multiple prints or archival records directly to a donor at reduced individual prices. It also applies to the price when an artist sells work directly to a dealer for the purpose of resale. The results are prices that are lower than what the prints or archival records may have sold for individually on the market. In estimating fair market value of archival cultural property or a collection of photographs or prints, a volume discount may need to be applied to consider the depressive effect of incentive pricing in the hypothetical market.

### Institutional Discounts

An institutional discount is also an incentive-based pricing strategy from sellers (dealers or creators) to institutional buyers. The acquisition costs of archival cultural property is high but so is the benefit to the creator or donor to be acknowledged within the institution. The seller may offer a discount on the asking price to benefit both the institutional buyer and the seller to enable the purchase. This discount is not directly related to the property being offered nor is it one that the appraiser would apply in estimating fair market value. But in using a comparable sale whereby an institutional discount has been applied, the discount must be included in the price used to help estimate fair market value.

In relation to archival cultural property and the estimation of fair market value, a market discount may need to be applied to the *fonds* as a whole or only to some of the records depending on the resulting sales in the selected market. In large collections of photographs or limited-edition prints, a market discount may need to be applied to the entire donation to reflect how multiples would perform on the market. Deciding whether or not a market discount is appropriate, the appraiser will turn to their market research and analysis.



## J. Presenting a Reasoned Justification

The appraisal report and final opinion of fair market value must be credible and reasonable. To achieve this, the value conclusion must be supported by reliable market data. The appraiser must present a reasoned justification that clearly explains how and why they reached the numeric value they did. This explanation of how the market data relates to the archival cultural property is often missing and is one of the most common flaws in appraisal reports being submitted as part of cultural property applications.

The reasoned justification is the appraiser's opportunity to reconcile their research and market analysis and present the basis on which their valuation is formed. This is not to be confused with the outstanding cultural significance of the *fonds* or the appraiser's years of experience in working with similar property. But instead, an appraisal's reasoned justification must explain how the archival *fonds* and records meet the criterion set out in the definition of fair market value.

In order for CCPERB to certify the archival property, they must be able to provide a written decision that is transparent and intelligible. To do so, they must rely upon the information submitted in the appraisal report which becomes the basis for their decision. Their decision must be fair, rational, logical and justifiable, which in turn means so does the information presented in the appraisal report.

The reasoned justification cannot be associated with prior appraisals, prior CCPERB determined fair market values or the potential historical research benefits afforded to the receiving institution. It must reference market evidence and address factors that are unique to the cultural property as a means of extrapolating fair market value.

No archival *fonds* is the same. Each has a variety of individual objects and records that together create the completeness of the *fonds*. In approaching the valuation of the *fonds* using a segmented market approach whereby categories of similar objects are grouped together, the appraiser can comment more directly on how these categories of objects perform in the marketplace making the value conclusion more reliable. It also assists the appraiser in maintaining their impartial and objective position and ensures accuracy in their value opinions by sticking to the facts.

If using a segmented-market approach, the reasoned justification occurs throughout the appraisal report by grouping of records. Each grouping is an opportunity to explain why these particular records were grouped together and how they have performed or are currently performing in the market. Explain why the particular comparable sales were selected and how each comparable informs the opinion of value on the subject grouping of records. This level of explanation allows the reader to more fully understand the nature of the objects and the market in which they trade. Along with images, detailed descriptions, accurate sales data and accounting for relevant value characteristics, the reader can more easily see the logic applied in ascertaining the estimate of fair market value.

**K. Appraisal Report Format**

Appraisal reports are business documents making up part of the application for certification of cultural property. They should be prepared to meet standard business practices and to best represent the interests of both the institution and the donor.

Reports should be complete and easy for the institution, donor and CCPERB to review. For archival cultural property, finding aids and inventory lists make up part of that report and sometimes these documents are difficult to edit. Work with the institution to see if they have documentation that can be edited or reformatted to a different file format, and if not, create a breakdown to include in the appraisal report.

Clearly identify the market evidence and how the evidence supports the fair market value conclusion. Provide a summary chart with all the estimated values thus making it easier to see how the values add up through the appraisal process.

Document the list of resources used to assist in the creation of the appraisal. Include a bibliography and footnotes, and appendices for the finding aid or inventory lists. Illustrate the report with images from the inspection and of the comparable sales objects. Include market standard descriptive elements for objects and report-writing standards such a table of contents. Make it easy for the reader to assess the credibility of the report and the reasonableness of the value conclusions.

An efficient way to ensure that all necessary information is included in the appraisal report is to refer to the CCPERB Guidelines and follow their suggested format. All appraisal reports must include the date the report was created, the effective date or date of disposition, the intended use and users, the appraiser's qualifications, the appraiser's attestation and the appraiser's signature.