

# Advanced Financial Modeler Program Handbook

FMI FINANCIAL MODELING INSTITUTE

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# About Financial Modeling Institute (FMI)

**FMI is the world's only financial modeling accreditation body. FMI's goal is to elevate the discipline of financial modeling through rigorous testing, in order to facilitate optimal decision making.**

FMI was founded because of the increased need for finance and accounting professionals to strengthen and validate their financial modeling skills. Financial modeling skills are necessary for finance and accounting professionals who build forecasts because financial models are used extensively to drive decisions in all financing transactions.

With an FMI accreditation, finance and accounting professionals are able to demonstrate that they have the financial modeling skills required to build deal models.

In addition, clients and employers can be confident that transaction risk has been reduced because the modeler on the project possesses the level of skill required to perform the modeling for the transaction.

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# Advanced Financial Modeler (AFM) Program

## The Advanced Financial Modeler Program is unlike anything in the world today.

AFM candidates must pass a rigorous, proctored, 4-hour exam in which they are provided with a case study and are required to build a 3-statement model of a company from scratch.

Those who achieve the AFM accreditation will be able to:

- Confidently create financial models that can be used as critical decision-making tools, allowing users to make accurate and informed financial decisions
- Validate their ability to build best-in-class financial models for companies
- Speak with authority to clients and senior colleagues about the chosen style and structure of the financial model
- Use a financial model as a powerful communication tool to clearly and effectively tell the story of a company
- Demonstrate the technical modeling skills most valued by employers, clients and stakeholders

AFM candidates are provided with access to the online FMI Community which houses the learning resources used to prepare for the AFM exam.

**Exam dates:** July 11, 2026 | October 24, 2026 | February 20, 2027 | May 15, 2027

**Estimated time commitment:** 25-75 hours

*Registrants will have access to the AFM Learning Materials for 12 months

# Preparing for the AFM Exam

**Upon registering for the AFM Program, candidates will receive access to the online FMI Community where the AFM self-study learning resources are available.**

Using FMI's learning resources, new modelers may spend up to 75 hours practicing and reviewing materials to prepare for the AFM exam; Experienced modelers may only need up to 25 hours in preparation for the AFM exam.

All AFM candidates are encouraged to take advantage of the AFM learning resources in the FMI Community.

### Learning Resources include:

A 12-hour step-by-step financial modeling video tutorial series (60 videos)

Sample models

Practice exams and solutions

1-hour Q&A session with FMI to address questions prior to the AFM exam

# AFM Exam

The AFM accreditation exam is offered online four times a year in February, April/ May, July and October. Private exams for groups can be arranged.

- The AFM exam is 4-hours; closed book; no multiple choice
- Candidates are provided with a case study and an Excel file with historical financial data
- Candidates are required to design and build a dynamic, best-in-class 3-statement financial model of a company from scratch
- The AFM exam uses virtual proctoring software
- Candidates are supervised throughout the exam; onscreen activity is recorded

## Candidates provide:

- Computer
- Excel
- Internet Connectivity
- Webcam, speakers, & microphone
- Quiet, distraction free space

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# After the AFM Exam

- Grading is completed by AFM accreditation holders and takes approximately 8 weeks
- Upon passing the AFM exam, successful candidates receive a digital badge to showcase and validate their financial modeling skills
- Those who achieve the AFM designation can can use the letters “AFM” in their signature and social media pages online
- Those who pass the AFM exam will be included in FMI’s Directory of Accreditation Holders




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# AFM Learning Resources

## CHAPTER 1 - GETTING STARTED — Approximately 1 Hour

This module provides an introduction to the discipline of financial modeling and the AFM Exam. By completing this module, you will understand:

- The need for and importance of financial models
- The attributes of a strong financial model
- How to plan a financial model
- The two approaches to tab structure
- How to design and layout your model clearly and logically

## CHAPTER 2 - THE FRONT END — Approximately 2 Hours

This module covers the different sections in the "Front End" of a financial model. By completing this module, you will understand:

- How to build a cover page and why it is important
- Key attributes of an executive summary
- Important formatting concepts for models
- How to build scenarios for a financial model

## CHAPTER 3 - REVENUES — Approximately 1 Hour

The revenues module covers how to forecast revenues and build a company's revenue schedule. By completing this module, you will understand:

- Various methodologies to forecast revenues
- How to build a revenue schedule
- How to incorporate capacity constraints in your revenue schedule

## CHAPTER 4 - COSTS — Approximately 1 Hour 30 Minutes

The costs module covers how to forecast the different types of costs and build a company's cost schedule. By completing this module, you will understand:

- The correct way to forecast fixed, variable, and semi-variable costs
- The implications of operating leverage
- A methodology to create financial statements quickly and effectively

## CHAPTER 5 - DEPRECIATION — Approximately 2 Hours

The depreciation module covers how to build a company's depreciation schedule. By completing this module, you will understand:

- Various methodologies to depreciate fixed assets
- How to structure and build a depreciation schedule
- Excel functions that allow you to work with Capex forecasts
- How to link the depreciation schedule outputs to your financial statements

## CHAPTER 6 - INCOME TAX

**Approximately 1 Hour**

The income tax module covers how to build a company's income tax schedule. By completing this module, you will understand:

- Why it is important to build an effective income tax schedule
- The cause of deferred tax
- How to build an income tax schedule
- How to link the income tax schedule to your financial statements

## CHAPTER 7 - WORKING CAPITAL

**Approximately 1 Hour**

The working capital module covers how to build a company's working capital schedule. By completing this module, you will understand:

- The differences between working capital and other assets and liabilities
- The various assumptions and calculations required to forecast working capital
- How to forecast working capital
- How to build a working capital schedule

## CHAPTER 8 - CAPITAL STRUCTURE

**Approximately 1 Hour 30 Minutes**

The capital structure module covers the purpose of a debt and equity schedule, their components, and how they are built. By completing this module, you will understand:

- The common features of various types of debt and equity
- How to build a debt and equity schedule
- Why we model cash in the debt schedule
- Key considerations when modeling the revolver

## CHAPTER 9 - FINANCIAL STATEMENTS

**Approximately 1 Hour**

The Financial Statements module covers how to build the three financial statements: Income Statement, Cash Flow Statement and Balance Sheet. By completing this module, you will understand.

- How to build an Income Statement
- How to build a Cash Flow Statement
- How to build a Balance Sheet

## CHAPTER 10 - OUTPUTS AND TROUBLESHOOTING

**Approximately 1 Hour**

This section covers the steps to finalize your model: building outputs, troubleshoot errors and formatting for printing. By completing this module, you will understand:

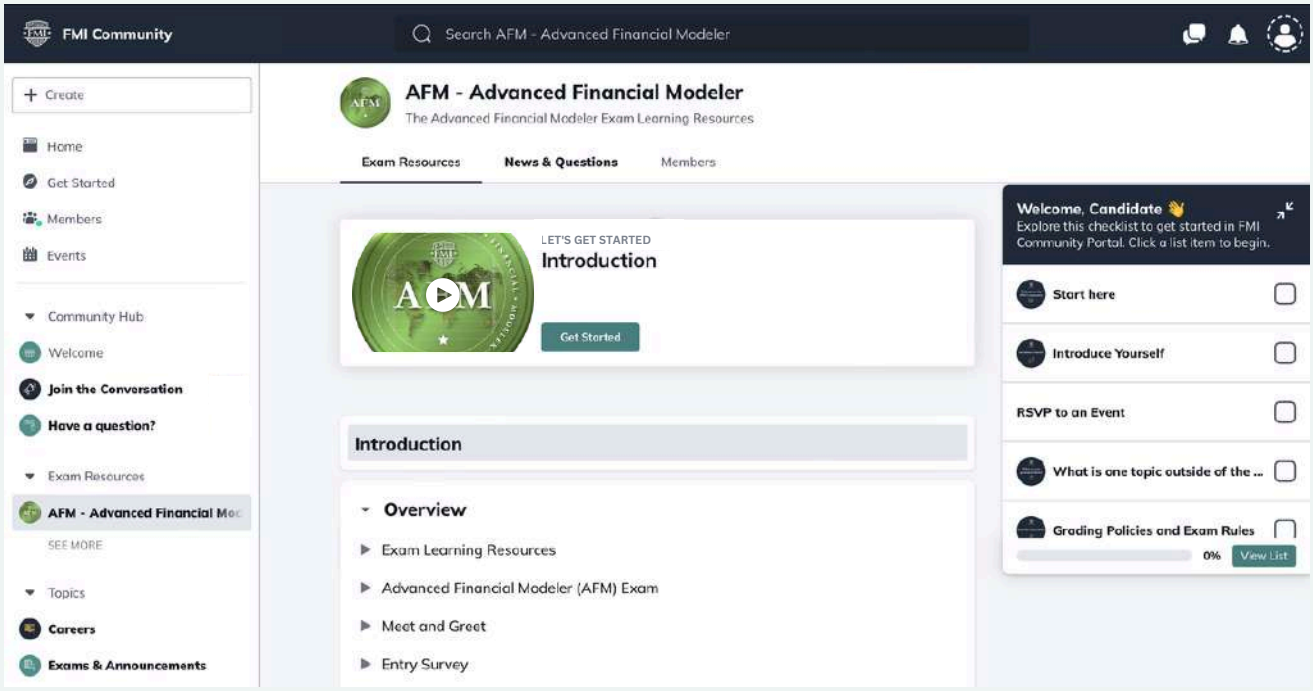
- The most common reasons why the Balance Sheet doesn't balance
- How to build the Executive Summary
- How to format your model for printing

# FMI Community

An unparalleled online global platform for financial modelers that offers access to learning resources, networking opportunities, exam preparation sessions, and exclusive webinars hosted by industry experts.

The FMI Community contains:

- Learning Resources (including a learning roadmap, preparation videos, and practice exams)
- Place to ask technical questions
- Networking opportunities
- Exclusive events & webinars
- Exam Q&A Sessions




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# AFM Skills Checklist

**A strong candidate will need to demonstrate proficiency in the following Excel, accounting and financial modeling topics to pass the AFM exam. Use this checklist to determine your exam readiness.**

## Section 1: Excel

### 1.1 Formatting and Shortcuts

- ☐ Custom Formatting Techniques
- ☐ Use Keyboard Shortcuts (Hotkeys)
- ☐ Use Keyboard Shortcuts (Menus)

### 1.2 Logical Functions

- ☐ Math and rounding functions
- ☐ IF function
- ☐ AND function
- ☐ OR function

### 1.3 Lookup and Reference Functions

- ☐ CHOOSE function
- ☐ VLOOKUP function
- ☐ HLOOKUP function
- ☐ OFFSET function
- ☐ INDEX function
- ☐ MATCH function
- ☐ XLOOKUP function

### 1.4 Working with Text and Dates

- ☐ Use various date functions
- ☐ CONCATENATE function
- ☐ TEXT function

### 1.5 Scenario Analysis

- ☐ Run scenario analysis to manage risk
- ☐ Use drop-down menus or Data Validation

### 1.6 Circular References

- ☐ Understand model circularity and why some professionals use it and others don't
- ☐ Locate and manage circular references
- ☐ Eliminate non-intentional circular references
- ☐ Formula error checking

### 1.7 Printing and Formatting

- ☐ Create dynamic headers and footers
- ☐ Set the print area and print titles

## Section 2: Accounting

### 2.1 Accounting Fundamentals

- ☐ Structure the financial statements
- ☐ Understand the Income Statement
- ☐ Understand the Cash Flow Statement
- ☐ Understand the Balance Sheet
- ☐ Key linkages between the financial statements
- ☐ Business activities

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# Section 3: Model Design and Checking

### 3.1 Financial Modeling Design

- ☐ Identify relevant information in the company's financial statements and notes
- ☐ Develop reasonable assumptions
- ☐ Create the ability to run different scenarios
- ☐ Incorporate good modeling practices
- ☐ Build models with different styles and layouts
- ☐ Use clean model design that is easy to follow electronically or if printed

### 3.2 Integrity and Error Checking

- ☐ Identify errors using various troubleshooting techniques
- ☐ Find unidentified hard codes quickly and easily
- ☐ Use Excel to show the formulas underlying output
- ☐ Use Excel to find inconsistencies in the model
- ☐ Use Excel's auditing tool to trace formulas
- ☐ Use Excel tools to help with integrity checking
- ☐ Perform audit trails

# Section 4: Finance

### 4.1 Operating and Financial Schedules

- ☐ Build a detailed revenue forecast based on price per unit and number of units sold
- ☐ Ensure business is not operating at greater than capacity
- ☐ Analyze and make reasonable projections for operating costs including fixed and variable costs
- ☐ Fixed assets schedule – includes capital expenditure and depreciation
- ☐ Intangible assets
- ☐ Working capital schedule
- ☐ Income tax schedule showing the difference between accounting and taxable income which gives rise to deferred income tax

### 4.2 Capital Structure Modeling

- ☐ Model a detailed debt schedule
- ☐ Incorporate different types of debt including senior secured term debt and a revolving credit facility
- ☐ Include a cash sweep on certain types of debt
- ☐ Calculate interest on cash and debt balances
- ☐ Model Common Stock, Additional Paid-in Capital and Preferred Stock accounts
- ☐ Incorporate dividends, share issues and repurchases
- ☐ Understand differences between authorized, issued, and outstanding shares
- ☐ Calculate coverage and leverage ratios

### 4.3 Three Statement Modeling

- ☐ Build 3-statement projections
- ☐ Construct the Income Statement, Cash Flow Statement and Balance Sheet

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# Promoting awareness, excellence and discipline in Financial Modeling through world-class accreditation programs

