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THE CANADIAN INSTITUTE *of*
**CHARTERED
BUSINESS
VALUATORS™**
—

Annual Report | 2014/ 2015

Be Certain.™

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Our Mission

To have the CBV recognized as the pre-eminent designation for business valuation and related financial expertise.

Our Vision

To lead and promote the business valuation profession

Letter from the Chair

Rob Doran, CBV



Where does a year go? It has been a very special year at the CICBV highlighted by a number of key accomplishments — the offering of SecureExam in our program of studies, the translation of courses into French, upgrades to our website and the national valuation conference.

Every four years we get together with our colleagues at the ASA and hold a joint valuation conference, alternating the venue between Canada and the US. Last October, we hosted the joint conference in Toronto. The feedback we received on the venue was overwhelmingly positive. Thanks again to the organizers and speakers for putting on such a great event. I am looking forward to the next one in 2018 south of the border — hopefully somewhere hot!

In the preceding week, we also welcomed Sir David Tweedie, Chair of the IVSC and the rest of this organization to Toronto where they held their annual meetings and conference. At that time, we signed a historic memorandum of understanding with the IVSC along with 22 other valuation organizations from around the world in support of their efforts to standardize and support the development of valuation practice globally.

Due to the success of the joint conference and some other favourable outcomes in registration and expenses, we had the good fortune of earning an unexpected surplus this year. These funds will be put to good use and support a number of initiatives including new course development, a new peer review program, branding and our Conduct and Disciplinary fund. We also plan to reduce certain program fees and provide a credit to all members towards their 2015 membership dues.

I was very pleased to have welcomed the following new members to the Board in 2014-2015 — Catherine Tremblay and Dwayne Piper. Both have made an immediate and positive impact on the conversation around the boardroom table. We also say goodbye to a three other Board members — Luc Lafontaine, Keith Jensen and Denys Goulet. As the elected representatives from Quebec and British Columbia respectively, both Luc and Keith brought important regional perspectives as well as valuable practice experience as professional advisors.

As the longest standing member of the Board, Denys' many contributions to the CICBV are too great to list and do them justice in this report. I will simply say that his passion for the profession and good humour will be missed by all of us at the CICBV.

As the outgoing Chair, I can say with confidence that I am leaving the Institute in very good hands. The Board has never been stronger. Pierre Maillé brings much experience to the Chair role. The others following on the Executive ladder will no doubt continue to make their mark on the CICBV in the upcoming years.

Finally, I would like to thank the staff and all of the volunteers for their hard work. It would not be possible to accomplish all that we do without their tireless efforts.

We have much to be thankful for. The valuation profession in Canada is amongst the best in the world. The CICBV is thought by many to be the gold standard in valuation professional organizations. In Canada, the CBV brand has never been stronger. I am excited for our future and hope to see an ever-increasing demand for the CBV in industry.

It has been my great privilege and honour to serve as Chair and as a Board member with the CICBV. I would like to thank KPMG for supporting me. I would also like to thank my family for their patience and understanding. Both have granted me the leave to enjoy this wonderful experience.

Best regards,



Rob Doran

Board of Directors and Staff

Officers

Chair: Robert Doran, CBV, Calgary, AB

Vice-chair: Pierre Maillé, CBV, Montréal, QC

Secretary/Treasurer: Richard Ginsberg, CBV, Toronto, ON

Past Chair: Denys Goulet, CBV, Quebec, QC

Directors

Bill Armitage, CBV, Toronto, ON

Paula Frederick, CBV, Toronto, ON

Paul Gill, CBV, Toronto, ON

Keith Jensen, CBV, Vancouver, BC

Luc Lafontaine, CBV, Montreal, QC

Scott Lawritsen, CBV, Calgary, AB

Michelle Levac, CBV, Ottawa, ON

Sue Loomer, CBV, Toronto, ON

Craig Maloney, CBV, Halifax, NS

Dwayne Pyper, CBV, Grimsby, ON

Catherine Tremblay, CBV, Montreal, QC

CICBV Staff

Allister Byrne, FCPA, FCA
President & CEO

Robert Boulton, CBV
Director, Education and Standards

Deborah Hanlon
Events Manager/Executive Assistant

Leah Harwood
Administrative Assistant

Lauren Kirshner
External Relations Coordinator

Isabel Natale
Program Coordinator

Judith Roth
IT & Member Services Manager

Megan Rousseau
Communications Manager

Christine Sawchuck, CBV
Associate Director of Education
and Standards

Committee Reports

The following committee reports provide an update on Institute activities over the past year. The reports focus on specific committee initiatives and how those initiatives relate to the strategic objectives identified by the Board.

Accreditation Committee

Chair: Luc Lafontaine, CBV



In 2014, 143 individuals wrote the Membership Qualification Examination (MQE), of whom 103 were successful. This year, we had a tie for the *George Owens Award*. Special recognition goes to Julien Goyette-Demers and Alissa Kahan, both from the Province of Quebec, who achieved the highest mark on the MQE; Jean-Paul Barnabe of Manitoba and Amanda Tso of Ontario tied for the second highest mark; and John Hrymak of Ontario who achieved the third highest mark.

Preparations are well underway for the 2015 MQE, which will be held in September. As with all the courses in the Program of Studies, candidates for this year's MQE will have the option of writing using a computer and Securexam software. This is a significant step for the MQE process.

I would like to take this opportunity to thank the members of the Accreditation Committee, Institute staff, MQE Coordinator, MQE question authors, test writers, and markers. Their efforts over the past year have been essential to the Institute having a strong and efficient accreditation process and we thank them for their commitment.

Awards Committee

The CICBV continues to recognize the outstanding contributions Members have made to raise the visibility and profile of the Institute, our Members, and the business valuation profession. The 2014 Member Recognition dinner was held on Sunday, October 26, 2014 in Toronto.

The *Scholastic Achievement Award*, sponsored by Ernst & Young LLP, in honour of Ronald W. Scott, is granted annually to recognize the CICBV Registered Student who achieves the highest average mark on all required courses in the CICBV Program of Studies. The 2014 award was presented to Anna Zwolinska.

The *Top CBV Under 40 Award* is presented to a younger CBV who has demonstrated success in a broad diversity of interests, brought distinction to the profession and given outstanding service. Their successes will be a combination of professional and personal life endeavours. The 2014 award was presented to Paul Gill, CBV.

The *Communicator Award* recognizes a Member who undertakes marketing activities and actions that have a beneficial impact on the promotion of the business valuation profession in Canada. The 2014 award was presented to Prem Lobo, CBV.

The Institute would like to thank the Awards Committee for their efforts in the selection process and congratulate all of the award recipients for their well-deserved honour.

Communications Committee

Chair: Sue Loomer, CBV



Over the last year, the Communications Committee has been dedicated to its mandate of enhancing the awareness of the CBV profession across Canada, building relationships with media outlets and improving our public recognition through various initiatives.

During 2014, the Communications Committee's mandate included the following:

- Provide oversight on all branding and marketing initiatives.
- Oversee execution of communications and branding strategies to external target audiences, including public relations, media relations, and social media.
- Seek speaking opportunities for Members to build brand awareness of the profession and identify appropriate Members to fulfill these opportunities.
- Build brand awareness and increase the profile of the CBV profession at universities, including making contacts and developing relationships at universities across the country.
- Promote brand awareness and thought leadership by working with other organizations on joint projects, sponsorship and other initiatives.

Media Relations

In 2014 we continued to build on the success and momentum of the previous year, with numerous successful media placement initiatives in both print and online media.

With the primary objective of continuing to build brand awareness of the CBV designation and seeking opportunities for the profession to be highlighted in media outlets, we have been developing contacts in the business media. Our media relations efforts highlight the professional expertise and unique contributions of our Members, and we were successful in placing a number of articles published in national and regional media outlets. We also began working with the Canadian Bar Association by providing them with CBV-authored thought leadership.

Advertising

Over the past year, we have placed advertisements in The Globe and Mail (print and online), and in Canadian

Lawyer, Private Capital, and Succession Planning magazines. Our advertising features hyperlinks which direct users to the CICBV website where they can view further CBV information and watch videos.

Recruitment Video

The Communications Committee completed a promotional video aimed at university students as well as mid-career professionals looking to enhance their skill sets and further their careers by obtaining a CBV designation.

In today's marketplace, video is an important tool that enhances traditional advertising by grabbing the attention of the viewer visually. The video will be used in university recruiting events and is available on the "Become a CBV" page of the CICBV website.

Website Relaunch

In response to feedback received from members and other users, we made a number of improvements to the CICBV website, including enhancing navigation and including more detailed information on the landing page. The website is much easier to navigate and we have received a lot of positive feedback on the new site.

Sponsorship

Event sponsorship is an effective way to increase brand awareness and visibility with our target audiences. Last year, we partnered with the Canadian Bar Association to sponsor their national conference in St. John's, Newfoundland. It was a successful event and the Institute has plans to continue to build on the relationship.

University Visits

This year, the CICBV participated in and sponsored over ten events on university campuses. We are currently working on expanding the program across the country with events planned in British Columbia and Alberta in the fall of 2015. Thank you to the CBV speakers who volunteered their time to facilitate these campus sessions.

As Chair of the Communications Committee, I would like to give special thanks to the Members of this year's Committee and to Megan Rousseau and Judith Roth, whose dedication and insight has allowed us to successfully complete many initiatives over this past year.

Continuing Education Committee

Chair: Scott Lawritsen, CBV



2014 ASA-CICBV Business Valuation Conference

The 2014 ASA-CICBV Business Valuation Conference was held from October 27 to 29 in Toronto. This was the 33rd conference year for the ASA, the 43rd for the CICBV and the 8th conference held jointly by the two organizations. We would like to thank the conference planning committee and the staff of the CICBV who assembled an impressive roster of internationally acclaimed and renowned experts in the business valuation profession including: Aswath Damodaran, Ph.D., John K. Paglia, Ph.D., Steven M. Solomon, J.D., Pablo Lopez Fernandez, Ph.D., and Partha S. Mohanram, Ph.D.

The IVSC also held their Annual General Meeting in Toronto in the days leading up to the conference. International delegates from more than 22 countries attended. The feedback from the conference was very positive. Responses received indicate that attendees enjoyed the networking opportunities, as well as the technical and academic content provided.

Webinars

One of our goals in 2014 was to continue to offer a variety of technical webinars for our Members and Registered Students. We are pleased to report that we achieved that goal. In 2014, we offered a variety of webinars covering topics including: tax issues and strategies relevant to matrimonial litigation, valuing franchises, tax issues and strategies relevant to matrimonial litigation, valuation of debt and derivatives, valuation of infrastructure assets, succession planning, valuation models for early-stage companies and minority discounts, among many others. We continued to offer BVR webinars to our Members to supplement the CICBV webinars and to provide continuing education on more specialized valuation topics.

Since our next National Conference will be held in 2016, our focus in the coming year is to offer an increased number of content-rich webinars for our Members and Students. As always, the Committee appreciates feedback from Members and Registered Students on the webinars currently offered as well as suggestions on what topics would be of interest for future initiatives.

Workshops

The Committee continues to promote active workshop committees across Canada and was successful in establishing initiatives in several regions this past year. This is an important achievement, as the workshops provide Members and Registered Students with the opportunity to network and learn from others in their geographic area, which creates a collegial environment and strengthens the business valuation profession, regionally and nationwide.

I would finally like to thank the members of the Continuing Education Committee at the CICBV, whose dedication and insight continues is instrumental in making our continuing education the best of its kind.

Education Committee

Chair: Paula Frederick, CBV



The Education Committee is responsible for overseeing the content, delivery and administration of the CICBV's Program of Studies, which provides the education in business valuation necessary for Registered Students to write the Membership Qualification Exam and to become CBVs. In the past year a wide range of initiatives were undertaken that will improve the accessibility and quality of the Program of Studies. These initiatives included:

- Implementation of Secureexam on a program-wide basis (including training of existing exam invigilators and the hiring of IT proctors for major exam centers);
- Publication of course notes in French, allowing our Program of Studies to be accessible to Francophone Registered Students as part of the Institute's mandate of being a fully bilingual organization;
- Adding additional conference calls between Registered Students and course instructors throughout the semester, allowing for more contact and engagement;
- Creation of an improved system for handling course exam appeals, in which all appeals will result in the Registered Student receiving a detailed appeal report;
- Establishing a Course Instructor Guide to support both new and experienced course instructors and to enhance consistent teaching standards across all courses in the Program of Studies.

During the year the Institute also entered into discussions with several universities with the objective of forming valuable new partnerships that will expand the opportunities for the CICBV to grant exemption from courses in the Program of Studies to Registered Students who have completed a university course that covers substantially the subject matter of the CICBV Level I – Introduction to Business Valuation course. Such exemptions are subject to a number of criteria, including use of CICBV course notes and the instructor being a CBV. These partnerships will give students the opportunity to receive live instruction and will provide exposure of the CBV profession to a broader audience.

In addition, preliminary steps were taken in the development of a new elective course concerning private equity investments. This course will provide an understanding of the types of investments that private equity firms make and the basis for investment decisions; ongoing valuations and investment returns. A survey regarding the course indicated considerable interest for this course, which will be of particular relevance to those who provide valuation services to investment funds or who would benefit generally from a having a deeper understanding in this area. The Private Equity Investments course is expected to be rolled out in 2016.

Providing CICBV Registered Students with a relevant and quality Program of Studies is critical to ensuring that all new CBVs are properly qualified and to maintaining the relevance and reputation of the CBV designation. On behalf of the Education Committee, I would like to thank the staff at the CICBV, the course leaders, the Institute's academic advisor, and York University, Division of Continuing Education for their time and dedication this past year to the delivery of the CICBV Program of Studies.

International Committee

Chair: Pierre Maillé, CBV



The International Valuation Standards Council (IVSC) Update

Over the past twelve months, the IVSC has been busy on a number of different fronts. As you are no doubt aware, the CICBV, along with 17 other global valuation professional organizations (VPO), signed a Memorandum of Understanding agreeing that over the next three years, the VPOs would work collaboratively toward the goal of being able to confirm that their valuation standards are in compliance with the IVS.

The IVSC has also issued several Exposure Drafts and is awaiting comments from the VPOs. The CICBV has been engaged in reviewing these and has provided our comments to the IVSC.

In October 2014, Eleanor Joy, FCBV, was appointed to the Professional Board of the IVSC and Pierre Maillé, CBV, was appointed to the Advisory Forum Working Group of the IVSC.

Last November, in light of financial difficulties foreseen by the IVSC, the IVSC Board of Trustees commissioned a Review Group to provide an independent assessment of the IVSC's governance, processes and output to ensure that the organization is equipped for the next phase of its development. The purpose of this review is to offer suggestions for improvements or other structural changes that would allow the IVSC to more efficiently meet the challenges and opportunities that lie ahead. The Review Group delivered its report in April 2015. Key recommendations included: improve the IVSC's financial viability; raise its profile among key stakeholders; and continue to enhance the quality of its standards. Other key changes include the structure of the IVSC Trustees Board, Standards Board, Professional Board and Professional Board. Through interviews with key stakeholders, the Review Group concluded that there was broad consensus on the need for international standards and that the IVSC was the most appropriate organization to develop them. Consideration and implementation of changes at the IVSC will be a priority over the remainder of this year.

International Institute of Business Valuers (IIBV)

The IIBV was formed in 2011 by the CICBV and the ASA with its main goals being to promote and provide business valuation education globally and to facilitate the exchange of professional business valuation knowledge. Since that time the IIBV has delivered over 20 courses around the world. The recent addition of the China Appraisal Society and the Saudi Authority for Accredited Valuers (TAQEEM), has increased its membership to four nations. A key element for the continued success of IIBV is the need for its courses to lead to a business valuation designation. Currently, the IIBV is considering facilitating an international business valuation accreditation that would be an add-on credential to an existing designation such as the CBV. While it is still early days, the IIBV and its stakeholders will review this matter and give it their full consideration.

VFR Designation

Over the past several years, concerns have been expressed by the SEC that the business valuation profession is fragmented, with multiple credentials, different sets of standards, and a lack of consistency in qualifications and enforcement. The SEC's concerns specifically relate to the impact on the reliability and consistency of valuations being conducted in respect of Fair Value for Financial Reporting for U.S. publicly traded companies. In 2014, several VPOs, along with the IVSC and practice leaders from several large accounting firms, began discussions to develop solutions to the concern, one of which include the development of a VFR qualification designation. These deliberations are in the early stages and the CICBV will be monitoring closely what progress is made.

I would like to thank all of the volunteers and staff who have given their time and energy to helping further our international profile.

Professional Practice and Standards Committee

Chair: Richard Ginsberg, CBV



Peer Review Program

Over the past year, the Professional Practice and Standards Committee (PPSC) has been working on the development of a Peer Review Program intended to solidify the reputation of the CBV profession. The Program would relate to CBVs who are responsible for the provision of business valuation services to clients and would have a focus on compliance with CICBV Practice Standards and Code of Ethics. Over the past year, the PPSC used a survey to collect feedback from Members about such a program and the overall response has reinforced the need for one to exist. Once the features of the Program are further developed, the Institute will invite Members to provide feedback.

Memorandum of Understanding with IVSC

In October 2014, the CICBV, along with the International Valuation Standards Council (IVSC), and other professional valuation organizations from around the world, signed a Memorandum of Understanding (MOU) at the IVSC Annual General Meeting in Toronto. The MOU is a significant step towards increasing confidence in the IVSC's International Valuation Standards (IVS). The MOU outlines a three-year commitment on the part of the organizations to work toward either adopting the IVS, or, making a declaration that its valuation standards are in compliance and/or consistent with the IVS. The CICBV has no current plans to adopt the IVS and will work towards being able to make a declaration that its Practice Standards are consistent with the IVS.

Investment Entity Review Reports

In 2014, the Institute adopted Practice Standards for Investment Entity Review Reports. These standards relate to engagements in which a CBV is retained to independently assess whether the value of investment funds — such as private equity or pension funds or their underlying assets — are reasonable. These new Practice Standards (Nos. 610/620/630) will assist the investment entities and those who provide services to them.

Moore v Getahun Appeal

In January, 2014 the Ontario Superior Court of Justice issued a decision [Moore v. Getahun] having significant implications for the practices of Members providing expert services in Ontario court proceedings. Due to the potential far reaching consequences of this decision, the CICBV filed a notice of motion requesting permission to act as an intervenor — as a “friend of the court” — in the appeal of this decision to offer the Court its perspective on the decision and its implications. In September 2014, the Court of Appeal for Ontario heard the appeal. The Moore decision had significant implications for communications between lawyers and experts concerning litigation related engagements. Notably, the CICBV was the only expert group to intervene. The other interveners were The Advocates Society, Ontario Trial Lawyers Association; the Canadian Defence Lawyers Association, the Criminal Lawyers' Association, and The Holland Group. On January 29, 2015 the CICBV reported that, in a unanimous decision, the Court of Appeal for Ontario rejected the decision of the trial court on the matter of discussions regarding draft reports and concluded that “consultation and collaboration between counsel and expert witnesses is essential.”

Implementation of a “Did You Know?” Feature of Eflash Communications

In order to update Members and Registered Students on matters of interest, a new feature of the weekly e-flash communication was recently added. The new “Did You Know?” feature will allow the Institute to pass along information on topical issues and news as they arise.

I would like to thank the PPSC Committee, task force members, and Institute staff, who have worked hard over the past year. Their commitment has been significant.

Publications Committee

Chair: Craig Maloney, CBV



CBVs are thought leaders in the area of business valuation. Through the Publications Committee, our goal is to share that knowledge and raise awareness about the CBV profession through writing and publishing articles about key business valuation issues. Our committee, entering its third year, is beginning to gain momentum. Raising our profile within the business community continues to be one of the Institute's strategic goals, and the Publications Committee is dedicated to that purpose.

Working closely with the Communications Committee, and through the strength of our size — we are a large committee comprised of up to 20 committee members — we have had an excellent year. We generated many articles and article ideas, which were ultimately used by the Communications Committee in their successful media relation campaigns. In 2014 into 2015, we completed one article, entitled “Ready to sell? The Ins and Outs of Auctioning a Business” which was published by the Report on Business in The Globe and Mail. We have submitted three articles to the Communications Committee: (1) “Business Valuation 101... Demystifying the Multiple”; (2) “Valuation Challenges: The Management-Led Going Private Transaction”; and (3) “When is the Right Time to Sell your Business?”

We currently have a number of articles in development and plan to use them in various campaigns (online and print) in the coming year.

We are also pleased to announce that our suite of professional publications is on schedule. The next *Journal of Business Valuation* will be launched in fall 2015. It will contain many fascinating and topical papers written by thought leaders in the business valuation field, and we expect our Members to learn from the insights provided. *The Valuation Law Review* — which continues to be an excellent source of case commentary — published two issues last year; in 2015, we expect to publish two issues again.

I would like to take this opportunity to thank the Publications Committee and the CICBV staff for their dedicated commitment to the creation of topical articles, and review and consideration of the many papers that reach us. Their attention to detail allows us to continue publishing materials of the highest editorial quality, maintaining our reputation as the preeminent business valuation organization in Canada.

Research Institute Committee

Chair: Michelle Levac, CBV



The Research Institute helps to fund research on key issues while promoting the business valuation profession across Canada. During 2013, the Ian R. Campbell Research Competition sent a call for papers to CBVs, students, academics and students at Canadian universities. The prize was awarded to Prem M. Lobo, CPA, CA, CBV, CFE, CFF, CPA (Illinois) and Matt Bottomley, CPA, CA, CBV, CFE for their paper “Around the world in eighty valuations: A Research Study of Differences in the Approach to and Application of Business Valuation Theory and Methodology from Different Regions Around the World.”

The Gateway Database has been designed as a practical research tool for all CBVs to better perform their day-to-day work, regardless of practice area, by identifying information sources available. Developed in response to demand from our Members, we hope Members and Students will find this tool helpful as a supplemental research source.

In partnership with BVR, the BVRResearch Database gives CICBV Members and Students free, searchable, online access to a variety of articles from CICBV publications. It contains articles from publications such as *The Journal of Business Valuation* and *The Valuation Law Review*, and is a valuable research tool.

Volunteers and Contributors

We thank all of the following individuals, as well as the many other Members and Registered Students not listed here, who have donated their time to committees or various projects over the past year or have provided their expertise for the advancement of the Institute.

Nouman Ahmad	Ron Galagan	Dennis Leung	Nick Rotundo
Vivian Alterman	Jonathan Gallant	Michelle Levac	Nikki Robar
Mary Jane Andrews	Mary Gamble	Paul Levine	Martin Roberts
Aaron Au	Alana Geller	Sarah Lloyd	Blair Roblin
Julie Bazinet	Brian Gibson	Robert Low	Howard Rosen
Yoram Beck	Scott Gilbert	Jason Maltais	Sebastian Roy
Sandra Berbari	Susan Glass	Alain Mamane	Wayne Rudson
Helene Bouchard	Denys Goulet	Monica Manza	Cythia Runolfson
Guy Boutin	Julien Goyette-Demers	James McAuley	Melanie Russell
Michelle Briand	Sharon Gray	Patrick McCabe	Siddhi Sheth
Ian Bruce	Steven Hacker	Tom McElroy	Lorne Siebert
Daniel Cadoret	Brad Hall	Paul McEwen	Marnie Silver
Michael D. Casey	Patricia Harris	Priti Mehta-Shah	Tara Singh
Courtney Castelino	Nina Hertzog	Jamie Mitchell	Sean Smith
Veronica Chapman	Bobby Hinduja	Neal Mizrahi	Errol Soriano
Shiraz Charania	Daniel Hinse	Vlad Moisseikin	Pier Sperti
Jennifer Chasson	Marc Hoffort	Barbara Morton	William Stark
Lesley Cleveland	Jane Hung	Jim Muccilli	Peter Steger
Pat Coady	Kevin Hutchinson	Nora Murrant	Tom Strezos
Farley Cohen	Harold Hutton	Adam Nihmey	Ephraim Stulberg
Spencer Cotton	Francois Huvelin	Chris Nobes	Farida Sukhia
Erin Creighton	Jason Jack	Mitchell Ornstein	Trevor Topping
Richard Crosson	Brent Jackson	Peter Ott	David Vert
Scott Davidson	Kim Jezior	Rebecca Pang	Marika Viens
Richard Davies	Chris Jones	Jeff Pellarin	Matthew Wall
Laurent Després	Eleanor Joy	Lara Pereira	Ian Wanke
Michael Devonshire	Brian Keough	Dominic Pharand	Peter Weinstein
Anna Di Cerbo	Peter Klein	Andréanne Pichette	Doug Welsh
Drew Dorweiler	Vimal Kotecha	Martin Pont	Mark Weston
Matt Downey	Gordon Krofchick	Hussein Poonjani	Ian Wintrip
Sean Duke	Nathalie Ladouceur	Arlene Posel	Richard M. Wise
Bart Dziarski	Michel Landry	Steve Ranot	Chris Wunder
Chris Ferrara	Brian Langis	Fallon Reid	Tim Zimmerman
Chris Finkbiner	Thomas Lee	Catherine Richard	

CICBV Program of Studies

We are pleased to announce that the French course notes for courses in CICBV's Program of Studies have been released for the Spring/Summer 2015 semester.

The CICBV would like to give a special thank-you to the following groups and individuals for generously donating their time and resources to the translation of the Program of Studies. This has been a very considerable undertaking for the Institute, and without their assistance this project wouldn't have been possible.

Reviewers

- Julie Bazinet
- Helene Bouchard
- Guy Boutin
- Courtney Castelino
- Betty Cohen and Linguistics Services department at PWC Montreal
- Nathalie Ladouceur
- Michel Landry
- Brian Langis
- Catherine Richard
- Catherine Tremblay

Sponsors

- Caisse de dépôt et placement du Québec
- Ordre des comptables professionnels agréés du Québec
- Raymond Chabot Grant Thornton

2014 Financial Results

Allister Byrne, FCPA, FCA

President and CEO



For 2014 the Institute is reporting a net overall excess of revenue over expenditures of \$387K. Several favourable factors occurring late in the fiscal year contributed to this strong financial result, the largest of which was the hugely successful 2014 Joint Conference which contributed \$143K. A late surge in registrations, combined with cost savings, accounted for this favourable result. The 2014 Joint Conference was one of the Institute's most successful and well attended conferences.

Several other factors also combined to the 2014 operating results. Revenues from course registrations beyond what was expected, along with less costs related to the implementation of SecureExam than budgeted, together contributed a further \$95K in the area of Education.

The Institute's results for the year were also favourably impacted by the prescribed accounting for investments resulting in recording of an unrealized gain on investments of \$83K. And lastly, expenditures less than budget in the areas of branding and administration accounts for the remainder.

The Institute considered how best to utilize this favorable result in a way that will benefit our Members and Students and, as well, provide funds for strategic projects and initiatives. As a result of those deliberations the Board of Directors has approved the following actions which will substantially utilize the surplus from operations generated in 2014:

- Provide a fee credit of \$25 to all Members which will be applied against the 2016 Membership fees.
- Reduction of course fees commencing with the 2015 Spring/Summer semester.

- Development of a new elective course on Private Equity toward which a further \$50K will be allocated.
- Allocation of \$35K toward branding initiatives in 2015 including undertaking a market research survey on CBV brand recognition, and other related media communications.
- Allocation of \$50K toward the ongoing development of the Peer Review program.
- Review of the Conduct and Disciplinary Fund to develop guidelines for determining the appropriate level of this Fund including allocating some amount of our income from investments.

A handwritten signature in black ink that reads "Allister Byrne". The signature is fluid and cursive.

Allister Byrne, FCPA, FCA
President & CEO

Financial Statements

THE CANADIAN INSTITUTE OF CHARTERED BUSINESS VALUATORS

Financial Statements

Year ended December 31, 2014

Adams & Miles LLP
Chartered Professional Accountants

THE CANADIAN INSTITUTE OF CHARTERED BUSINESS VALUATORS
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December 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Members of
The Canadian Institute of Chartered Business Valuators

We have audited the accompanying financial statements of The Canadian Institute of Chartered Business Valuators, which comprise the statement of financial position as at December 31, 2014, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Institute's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Canadian Institute of Chartered Business Valuators as at December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Adams & Miles LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
March 11, 2015

THE CANADIAN INSTITUTE OF CHARTERED BUSINESS VALUATORS

Statement of Financial Position

December 31, 2014

	2014	2013
Assets		
Current		
Cash	\$ 603,509	\$ 17,032
Accounts receivable	9,560	13,925
Prepaid expenditures	17,299	17,158
Investments (Note 3)	2,018,669	1,797,854
Note receivable (Note 4)	19,000	21,035
	2,668,037	1,867,004
Capital assets (Note 5)	58,622	71,790
Website and database (Note 6)	71,564	17,735
Deposits	14,093	14,213
Co-ownership interest (Note 7)	35,029	16,658
	2,847,345	1,987,400
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	876,085	396,275
Government remittances payable	-	8,819
Deferred revenue	14,082	7,712
Current portion of deferred inducement (Note 8)	4,914	4,914
	895,081	417,720
Deferred inducement (Note 8)	6,143	11,057
	901,224	428,777
Net assets	\$ 1,946,121	\$ 1,558,623
Net assets represented by:		
Unrestricted Surplus Fund	\$ 1,523,404	\$ 1,179,916
Conduct and Disciplinary Fund	292,531	289,182
Capital Assets, Website and Database Fund	130,186	89,525
	\$ 1,946,121	\$ 1,558,623

Approved on behalf of the Board:

Director

Director

THE CANADIAN INSTITUTE OF CHARTERED BUSINESS VALUATORS

Statement of Changes in Net Assets

Year ended December 31, 2014

		Unrestricted Surplus Fund		Conduct and Disciplinary Fund		Capital Assets, Website and Database Fund		Total 2014
Balance, beginning of year	\$	1,179,916	\$	289,182	\$	89,525	\$	1,558,623
Excess (deficiency) of revenue over expenditures		423,928		3,349		(39,779)		387,498
Purchase of assets		(80,440)		-		80,440		-
Balance, ending of year	\$	1,523,404	\$	292,531	\$	130,186	\$	1,946,121

		Unrestricted Surplus Fund		Conduct and Disciplinary Fund		Capital Assets, Website and Database Fund		Total 2013
Balance, beginning of year	\$	1,179,788	\$	268,381	\$	88,502	\$	1,536,671
Excess (deficiency) of revenue over expenditures		44,626		20,801		(43,475)		21,952
Purchase of assets		(44,498)		-		44,498		-
Balance, ending of year	\$	1,179,916	\$	289,182	\$	89,525	\$	1,558,623

THE CANADIAN INSTITUTE OF CHARTERED BUSINESS VALUATORS
Statement of Operations
Year ended December 31, 2014

	Unrestricted Surplus Fund	Conduct and Disciplinary Fund	Capital Assets, Website and Database Fund	Total 2014	Total 2013
Revenue					
Course and examination fees	\$ 1,251,320	\$ -	\$ -	\$ 1,251,320	\$ 1,102,290
Membership fees	1,357,476	-	-	1,357,476	1,247,705
Conferences	610,850	-	-	610,850	245,650
MQE fees	185,673	-	-	185,673	165,650
Continuing education	76,770	-	-	76,770	118,342
Publications	35,221	-	-	35,221	33,526
Conduct and disciplinary fees	-	30,587	-	30,587	29,160
Royalties	17,100	-	-	17,100	19,952
	3,534,410	30,587	-	3,564,997	2,962,275
Expenditures					
Administrative and office	1,392,788	-	-	1,392,788	1,266,340
Course and examination	719,947	-	-	719,947	646,364
Conferences	467,244	-	-	467,244	218,186
Marketing and communications	359,808	-	-	359,808	328,855
MQE expenses	136,260	-	-	136,260	135,504
International	112,890	-	-	112,890	115,166
Amortization	-	-	39,779	39,779	43,475
Continuing education	58,291	-	-	58,291	100,984
Publications	29,541	-	-	29,541	59,203
Conduct and disciplinary costs	-	27,238	-	27,238	8,359
	3,276,769	27,238	39,779	3,343,786	2,922,436
Excess (deficiency) of revenue over expenditures from operations	257,641	3,349	(39,779)	221,211	39,839
Other					
Interest income	65,219	-	-	65,219	61,537
Gains (losses) on investments (Note 9)	82,697	-	-	82,697	(82,203)
Share of Co-ownership interest (Note 7)	18,371	-	-	18,371	2,779
	166,287	-	-	166,287	(17,887)
Excess (deficiency) of revenue over expenditures from operations	\$ 423,928	\$ 3,349	\$ (39,779)	\$ 387,498	\$ 21,952

THE CANADIAN INSTITUTE OF CHARTERED BUSINESS VALUATORS

Statement of Cash Flows

Year ended December 31, 2014

	2014	2013
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures	\$ 387,498	\$ 21,952
Amortization	39,779	43,475
(Gains) losses on investments	(82,697)	82,203
	344,580	147,630
Change in		
Accounts receivable	4,365	18,180
Prepaid expenditures	(141)	13,482
Deposits	120	(4,713)
Accounts payable and accrued liabilities	479,810	(117,475)
Government remittances payable	(8,819)	(23,342)
Deferred revenue	6,370	(16,753)
	826,285	17,009
Financing activities		
Decrease in deferred inducement	(4,914)	(4,914)
Note receivable	2,035	1,051
	(2,879)	(3,863)
Investing activities		
Co-ownership interest	(18,371)	17,816
Investments, net	(138,118)	(87,593)
Purchase of capital assets, website and database	(80,440)	(44,498)
	(236,929)	(114,275)
Change in cash position	586,477	(101,129)
Cash, beginning of year	17,032	118,161
Cash, end of year	\$ 603,509	\$ 17,032

THE CANADIAN INSTITUTE OF CHARTERED BUSINESS VALUATORS

Notes to Financial Statements

Year ended December 31, 2014

1. Nature of operations

The Canadian Institute of Chartered Business Valuators ("Institute") was incorporated without share capital on January 6, 1971 under the Canada Corporations Act as a non share corporation. The Institute is a not-for-profit organization exempt from taxes under the Income Tax Act.

The mission of the Institute is to have the CBV recognized as the pre-eminent designation for business valuation and related financial expertise.

2. Summary of significant accounting policies

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of the Institute's assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the year. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported as revenue or expenditures in the statement of operations in the year in which they become known.

Fund accounting

The accounts of the Institute are maintained in accordance with the principles of fund accounting and accordingly the resources are classified for accounting and reporting purposes into funds determined by the purpose for which those funds are held as follows:

Unrestricted Surplus Fund - This fund includes unrestricted revenue sources received from course and examination fees, membership fees, conference fees, continuing education fees, MQE fees, interest income, realized and unrealized loss on carrying value of investments, publications, and royalties, together with day-to-day operating expenditures.

Conduct and Disciplinary Fund - This internally restricted fund includes the annual conduct and disciplinary fees received net of expenditures associated with the conduct and disciplinary activities.

Capital Assets, Website and Database Fund - This fund includes any additions or disposals of capital and intangible assets, net of amortization.

THE CANADIAN INSTITUTE OF CHARTERED BUSINESS VALUATORS

Notes to Financial Statements

Year ended December 31, 2014

2. Summary of significant accounting policies - cont'd

Investments

Investments consist of bonds maturing at different dates, none beyond 10 years. They have been classified as current since it is not the intention of the Institute to hold these bonds to maturity.

Transactions costs and investment fees are expensed when incurred.

Capital assets

Capital assets are stated at cost. Amortization is recorded at the following annual rates:

Computer equipment	3 years straight-line
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Leasehold improvements are amortized over the term of the lease.

In the year of addition, amortization is calculated based on the number of months owned.

Website and database

Intangible assets which consists of a website and database are recorded at cost. Amortization is recorded at the following annual rate:

Website and database	2 years straight-line
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In the year of addition, amortization is calculated based on a half year.

Co-ownership interest

The Institute accounts for its Co-ownership interest in a rights agreement as a joint venture using the equity method.

Deferred inducement

The deferred inducement is being amortized into operations on a straight-line basis over the term of the lease.

THE CANADIAN INSTITUTE OF CHARTERED BUSINESS VALUATORS

Notes to Financial Statements

Year ended December 31, 2014

2. Summary of significant accounting policies - cont'd

Revenue recognition

The Institute follows the restricted funds method of accounting for contributions. Internally restricted contributions are recognized as revenue in the Conduct and Disciplinary Fund in the year in which they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions are recognized as revenue in the Unrestricted Surplus Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership:

Membership conduct and disciplinary fees are set annually by the Board of Directors and are recognized in the fiscal year to which they relate.

Conference, course, continuing education and examination fees:

Conference, course, continuing education and examination fees are recognized when the related conference, course or examination is presented or held after the non-refundable period has passed.

Publications:

Publication revenue is recognized at the time of shipment, net of estimated returns.

Royalties:

Royalties are recognized as revenue in the fiscal year that the course notes and materials are used by third parties.

Interest income:

Interest income consists of interest realized from cash and investments.

Gain (loss) on investments:

Investments are carried at fair value. Realized gains/losses are recognized when investments are sold. The unrealized gains/losses recognized are changes in the fair value from cost of investments held by the Institute as of year-end.

THE CANADIAN INSTITUTE OF CHARTERED BUSINESS VALUATORS

Notes to Financial Statements

Year ended December 31, 2014

2. Summary of significant accounting policies - cont'd

Financial instruments

The Institute initially measures its financial assets and financial liabilities at fair value.

The Institute subsequently measures its financial assets and financial liabilities at amortized cost, except for investments quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in the Statement of Operations.

Financial assets measured at amortized cost include accounts receivable and note receivable.

Financial liabilities measured at amortized cost include bank indebtedness and accounts payable and accrued liabilities.

THE CANADIAN INSTITUTE OF CHARTERED BUSINESS VALUATORS

Notes to Financial Statements

Year ended December 31, 2014

3. Investments

Description of Investments (Bonds)	Effective Interest Rate	Maturity Date	2014 Fair Value	2013 Fair Value
Bank of Montreal	3.10%	Apr 2016	\$ 207,611	\$ 202,501
Bank of Montreal	2.75%	Sep 2017	176,242	169,297
CIBC	2.33%	Jun 2018	253,259	237,894
TD	3.83%	July 2018	414,599	392,630
Hydro of Quebec	2.31%	July 2019	257,212	-
Nova Scotia	3.08%	Dec 2020	-	108,785
Quebec	3.19%	Dec 2020	-	55,926
Quebec	2.90%	Jun 2022	490,070	436,298
Nova Scotia	3.15%	Jun 2023	219,676	194,523
			\$ 2,018,669	\$ 1,797,854

The cost of investments plus accrued interest as at year-end was \$2,018,065 (2013 - \$1,876,556).

Interest rate price risk:

The Institute manages the interest rate price risk by restricting the type of investments and varying the terms to maturity and issuers of investments. Varying the terms to maturity reduces the sensitivity of the portfolio to the impact of interest rate fluctuations.

Credit and market risk:

The Institute mitigates this risk and volatility through its investment policy, which permits investments in Federal or Provincial government securities, Provincial utilities or bank institutions, specifically bankers acceptances, guaranteed investment certificates, term deposit receipts, investment savings account or chartered bank fixed income securities.

THE CANADIAN INSTITUTE OF CHARTERED BUSINESS VALUATORS

Notes to Financial Statements

Year ended December 31, 2014

4. Note receivable

The Institute has advanced funds to the International Institute of Business Valuers, an international professional organization established in conjunction with the American Society of Appraisers.

As one of the founding members, it has been determined that the Institute has significant influence over the strategic operating, investing and financing policies of the entity.

The Institute has committed to loan a total of US\$35,000 to the International Institute of Business Valuers. The loan is non-interest bearing and has no fixed terms of repayment and is unsecured. The balance of the loan as at year-end was \$19,000 (2013 - \$21,035).

During the year, the Institute paid membership fees to the International Institute of Business Valuers of US\$30,000 (2013 - US\$30,000).

5. Capital assets

	2014		2013	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 92,385	\$ 80,689	\$ 11,696	\$ 9,223
Leasehold improvements	153,799	106,873	46,926	62,567
	<u>\$ 246,184</u>	<u>\$ 187,562</u>	<u>\$ 58,622</u>	<u>\$ 71,790</u>

6. Website and database

	2014		2013	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Website and database	\$ 155,260	\$ 83,696	\$ 71,564	\$ 17,735

THE CANADIAN INSTITUTE OF CHARTERED BUSINESS VALUATORS

Notes to Financial Statements

Year ended December 31, 2014

7. Co-ownership interest

In 2010, the Institute entered into a rights agreement expiring in December 2015 with the American Society of Appraisers to develop international courses for the International Institute of Business Valuers (see Note 4).

Percentage interest in the Co-ownership	Ownership interest
The Canadian Institute of Chartered Business Valuators	50%
The American Society of Appraisers	50%

The composition of the Co-ownership's assets, liabilities, revenue, expenditures and net income, and cash flows resulting from operating and financing activities are as follows:

Balance sheet

	2014	2013
Total assets	\$ 60,058	\$ 23,316
Capital	(60,058)	(23,316)
Capital represented by:		
The Canadian Institute of Chartered Business Valuators	\$ (35,029)	\$ (16,658)
The American Society of Appraisers	(25,029)	(6,658)
	\$ (60,058)	\$ (23,316)

THE CANADIAN INSTITUTE OF CHARTERED BUSINESS VALUATORS

Notes to Financial Statements

Year ended December 31, 2014

7. Co-ownership interest - cont'd

Statement of income

	2014	2013
Total revenue	\$ 36,750	\$ 39,250
Total expenditures	7	33,692
Net income	\$ 36,743	\$ 5,558

Statement of cash flows

	2014	2013
Operating activities	\$ 56,743	\$ 24,559
Financing activities	\$ -	\$ (47,250)

The Institute has committed to contribute a total of US \$90,000 to the Co-ownership. As at December 31, 2014, total contributions made were 79,043 (2014 - \$79,043), which included recovery of funds in the amount of \$23,625 (2013 - \$23,625). The American Society of Appraisers has agreed to contribute an equal amount and as at December 31, 2014, total contributions made were \$54,043 (2013 - \$54,043), which included recovery of funds in the amount of \$23,625 (2013 - \$23,625).

THE CANADIAN INSTITUTE OF CHARTERED BUSINESS VALUATORS

Notes to Financial Statements

Year ended December 31, 2014

8. Deferred inducement

	2014	2013
Tenant inducement	\$ 11,057	\$ 15,971
Less current portion	4,914	4,914
Due beyond one year	\$ 6,143	\$ 11,057

The Institute entered into a 10 year lease (see Note 10) effective April 1, 2007. In consideration, the Institute received a total of \$50,000 in a tenant inducement from the landlord. The inducement has been deferred and is being amortized to operations over the term of the lease.

9. Gains (losses) on investments

	2014	2013
Unrealized gains (losses) on carrying value of investments	\$ 79,306	\$ (78,380)
Realized gains (losses) on investments	3,391	(3,823)
	\$ 82,697	\$ (82,203)

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