ANNUAL REPORT

2016-2017



THE CANADIAN INSTITUTE of

CHARTERED BUSINESS VALUATORS™



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Joint Leadership Introduction

The Future of Our Profession is Here



Mary Jane Andrews, FCBV President & CEO



Richard Ginsberg, CBV Chair. Board of Directors

OVER THE PAST YEAR, the leadership and board of The Canadian Institute of Chartered Business Valuators came together to chart a new course for our futures as CBVs. Business today is lean, fast and more competitive than ever before. There is no doubt we have reached a critical juncture in our history to re-define strategic goals. As stewards of CBV governance and education, and leaders in the global valuation profession, it is the responsibility of Institute Leadership to align our initiatives at the forefront of business.

Our new statement of mission and vision, The Path to Leadership, was designed to articulate our collective ambition and inspire our behaviour today. It is grounded in our essence as a professional Institute over what is now 47 years of successful operation. It reflects the spirit and dedication of our 28 founding valuation professionals who, in 1971, first embraced professionalism and high standards as the vision for our field. From these roots of professional excellence, the CICBV and the CBV designation were created. These same ideals shape the solid reputation we hold today as highly trained, highly specialized valuation experts. It will continue to anchor all our work going forward.

In the following pages, we are proud to profile the shared accomplishments and activities of your Institute team, board and various member committees over the year. These accomplishments have paved the way for a Strategic Action Plan, which we will begin to introduce later this year. We have started on the journey to deliver on our vision and we are committed. Together, we are evolving to define the future.

Mary Jane Andrews, FCBV

President & CEO

Richard Ginsberg, cBV Chair, Board of Directors

The Path to Leadership

Our Statement of Mission and Vision

Inspired by an unwavering commitment to professional excellence, we establish the highest standards of business valuation practice and education to elevate the stature of the CBV designation and the profession globally.

CBV analysis will be recognized as the essential instrument for informed business decision-making, transforming the power and authority of the Chartered Business Valuator.

This new dimension of professional opportunity will fuel demand for CBVs, open doors to career advancement and drive program enrollment.

Our Values

Everything we say and do is governed by our code of ethics and grounded in the values of integrity and mutual respect, for the benefit of the public interest.

Major Accomplishments

The following Key Strategic Priorities were the focus of our work in 2016-2017. We are pleased to report that the Institute's strong efforts resulted in successful outcomes and achievements in each major area of activity.

EDUCATION AND ACCREDITATION

The CICBV remains committed to be a global leader in the provision of superior education for business valuation. We continue to take the necessary steps to ensure our educational standard always reaches the highest possible level.

A number of initiatives were aimed at the Program of Studies to ensure ongoing excellence in the academic experience, including best possible delivery of service and value for those enrolled. In June 2016, the Institute initiated a Request for Proposal process for the administration of the CICBV's Program of Studies and Membership Qualification Exam. The RFP was completed in December 2016 with a response from six Canadian universities, from coast-to-coast. Following in-depth screening and interviews, York University was formally awarded the contract. York has been the Administrator of the Program of Studies and the MQE for a number of years, and the CICBV looks forward to leveraging its established relationship with York to evolve our educational experience, effectively and efficiently.

Subsequent to the awarding of the administration contract to York, the CICBV and York began a joint project aimed at streamlining the registration process for the CICBV courses. Beginning in the Spring/Summer 2017 semester (May 2017), an increased number of registration steps will be hosted on the York platform. Complete integration of the registration process will be implemented in the following semester.

After finalizing a course exemption agreement with McGill University, the CICBV was pleased to announce that McGill offered its first Level 1 course in September 2016. This initiative allows individuals based in the Montreal area to access the CICBV valuation education in a classroom setting.

In November 2016, the CICBV was delighted to offer its newest course, Private Investments, for the first time. Under the direction of the Institute, a dedicated team of CBVs with substantial experience in the private investment industry collaborated to create the course. The course resulted from the Institute's recognition of a growing demand for CBVs in private equity and infrastructure. It was designed to provide participants with a solid foundation of knowledge in the specialized practice of private investments.

In November 2016, the CICBV was delighted to offer its newest course, Private Investments, for the first time.

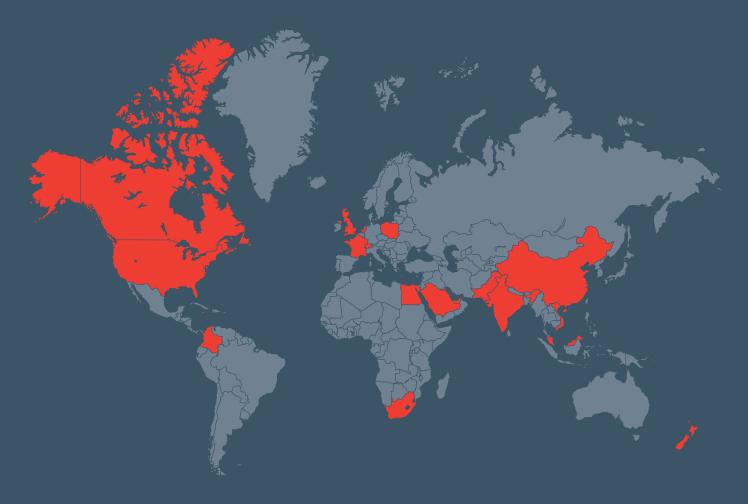
We have a global footprint, taking a leadership role in the profession... around the world.

Barbados Hong Kong India Bermuda Canada Jamaica Cayman Islands Kuwait China Luxembourg Colombia Malaysia Egypt Netherlands New Zealand France

Pakistan
Poland
Saint Vincent and
The Grenadines
Saudi Arabia
Singapore
South Africa

Switzerland

Trinidad and Tobago United Arab Emirates United Kingdom United States of America Vietnam



Throughout 2016, the CICBV worked on revisions to the MQE Syllabus, which produced a new Membership Qualification Examination Competence Framework. The new Framework, announced in February 2017, aids candidates in understanding the extent to which they will be expected to demonstrate their comprehension of topics on the MQE. A Professional Competence skills category was also added, which clarifies the various professional skills that a candidate is expected to demonstrate while performing quantitative calculations and qualitative analysis. Overall, these changes to the MQE Competence Framework serve to better reflect the current requirements of the valuation profession. With respect to the MQE itself, several behind-the-scenes improvements were made to the preparation, vetting, and review process. These enhancements ultimately improve the quality of the exam and provide deeper assurance on the fairness of writing, assessment, and grading processes.

VALUATION FOR FINANCIAL REPORTING

Responses to a Rapidly-Evolving Environment

Significant events occurred in late 2016 and early 2017 which affected valuation professionals involved in providing financial reporting services to U.S. public companies. In response to the SEC's concerns regarding the fragmented nature of the business valuation profession in the U.S. as it affects fair value measurement estimates for financial reporting purposes, the American Institute of Certified Public Accountants, the American Society of Appraisers, and the Royal Institution of Chartered Surveyors (the "sponsoring VPOs") jointly developed the CEIV (Certified in Entity and Intangible Valuations) credential (which is not mandatory, but may become a practical necessity).

The Institute was active in its response to this development in two ways. Firstly, the Institute diligently campaigned the sponsoring VPOs to obtain direct access to the CEIV designation for CBVs without their having to become members or affiliates of one the sponsoring VPOs. In March 2017, the CICBV entered into discussions with the sponsoring VPOs on a licensing model and will continue those discussions throughout 2017. Secondly, the Institute recognized that there needed to be an increased number of valuation professionals with formal education in valuation for financial reporting; and that the Canadian market and stakeholder characteristics were vastly different from those in the U.S. As a result, in June and November 2016, the Institute held half-day seminars to provide education on the topic, which were very well-attended. Another symposium is currently scheduled for June 2017 in Quebec City. On a larger scale, the Institute is currently developing a framework for a Canadian solution to fair value measurements for financial reporting, which will address the needs of the Canadian market and provide CBVs and non CBVs with the opportunity to gain in-depth education about valuation for financial reporting.

The Institute is currently developing a framework for a Canadian solution to fair value measurements for financial reporting.

MEMBER FEEDBACK

The Institute is Working with You, for You

Two of the Institute's goals in 2016 were to provide better transparency with respect to internal decision-making processes; and to increasingly solicit, and act on, member feedback.

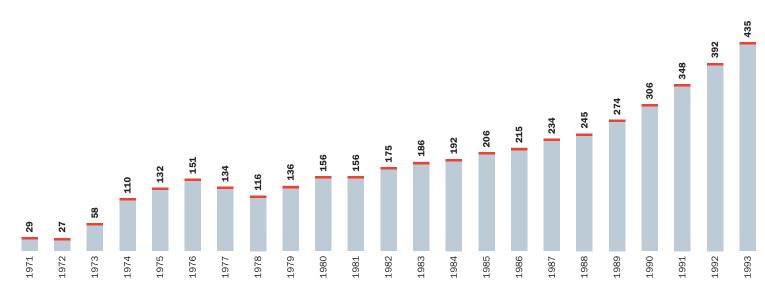
With respect to Institute transparency, enhancements were made to the weekly E-Flash communications, whereby more, and timelier, communications of news affecting the profession and the membership was provided.

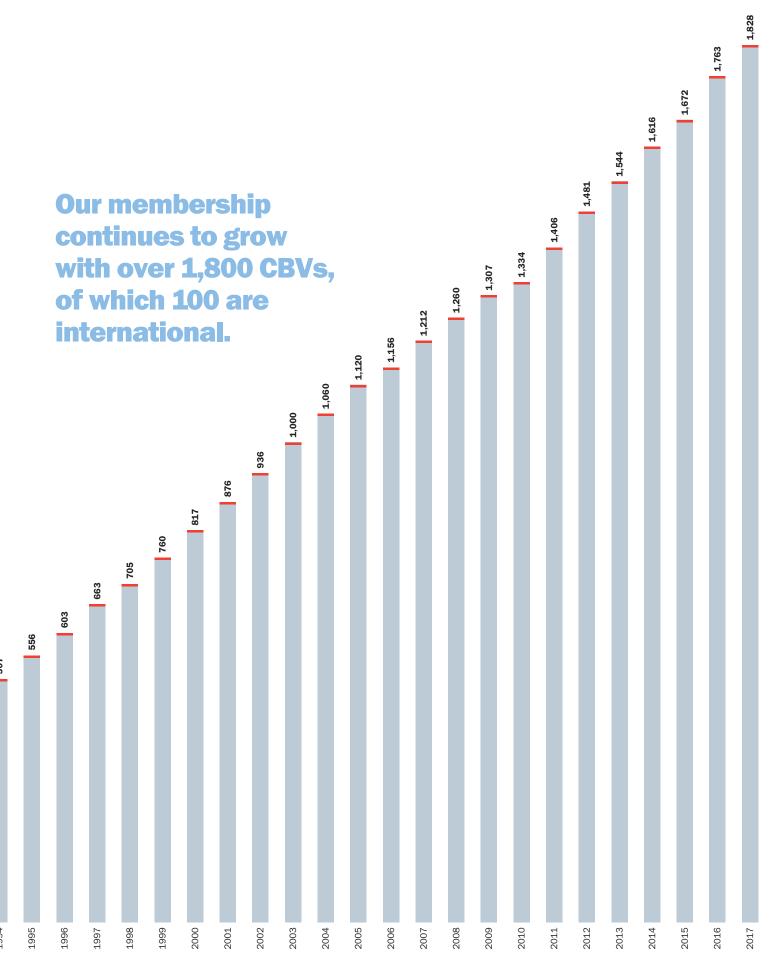
Member feedback provided the foundation for several of the Institute's initiatives in 2016 and early 2017. One focus of the Institute throughout 2016 and early 2017 was to make appropriate changes to policies and procedures to reflect the changing demographics of its student and member base. In particular, the Continuing Education policy was updated in 2016, resulting in a new Continuing Professional Development policy. This broadened the range of acceptable activities which would qualify as continuing professional development, recognizing that traditional sources of continuing education were not the only appropriate means by which members and students can engage in professional learning and development.

To embrace the emerging issues facing our profession, the Institute facilitated round table discussions, convened focus groups and established task forces to inform its actions on a number of topics, including financial instruments, the CEIV and fairness opinion reports.

Lastly, a Member Survey was held in November 2016, pursuant to which valuable feedback was received from Members with respect to the Institute's marketing and communications, publications, and continuing professional development. This feedback will assist the Institute in making informed decisions and operational changes with respect to these matters.

The Institute will continue in its endeavours to involve membership in its decision making where appropriate, and the Institute welcomes and appreciates the feedback and input received.





COLLABORATION

In recognition of the growth opportunities for CBVs that come from the Institute working with like-minded professional organizations, the CICBV continues to actively forge opportunities to collaborate, in Canada and around the world. Collaboration builds iterative long-term benefits for the CICBV and our membership, by expanding our pool of knowledge and extending the reach and impact of CBVs and the work we do.

IIBV Restructuring

The CICBV, as one of the founders of the International Institute of Business Valuers (IIBV), lead a restructuring of the IIBV. This resulted in the IIBV obtaining direct ownership of the courses that it delivers, Business Valuation Resources becoming a commercial partner of IIBV and the wind-up of CICBV's co-ownership arrangement with the American Society of Appraisers (ASA). Formed in 2011 by the CICBV and the ASA, the IIBV has its goals to promote and provide business valuation education globally and to facilitate the exchange of business valuation knowledge. In 2016 the ASA resigned as a member of IIBV. With this new structure, IIBV has been able to reduce annual membership fees by US\$20,000, has three VPO members in addition to the CICBV, and is well positioned to be able to continue to pursue its goals. CBVs in leadership roles at the IIBV are IIBV Executive Director, Michael Badham, CBV, and board directors Edwina Tam, CBV, Peter Ott, CBV, Stephen Kertzman, CBV, and Jennifer Cartwright, CBV.

IVSC

The CICBV continues its support of the International Valuation Standards Council (IVSC) by being a member and sponsor as well as by having CBVs play important roles on four of its boards and committees. Frank Vettese, FCBV is a member of the Board of Trustees; Eleanor Joy, FCBV is a member of the Membership and Standards Recognition Board; Pierre Maille, FCBV is a member of the Advisory Forum Working Group; and Robert Boulton, CBV is a member of the Business Valuation Standards Board. The IVSC is an independent, not-for-profit organization that acts as the global standard setter for valuation practice and the valuation profession, serving the public interest. It is a leader in the mission to raise standards of international valuation practice. Its core objectives are to: develop high quality International Valuation Standards which underpin consistency, transparency and confidence in valuations across the world, and encourage the adoption of international Valuation Standards across the globe, along with professionalism provided by Valuation Professional Organizations. The IVSC consists of nearly 100 member organizations from around the world and is supported by 18 sponsors, including the CICBV. In the past year the IVSC implemented a restructuring of its operations and reconstituted its boards and committees. In early 2017 the IVSC issued IVS 2017 after their being substantially rewritten.

The CICBV continues to actively forge opportunities to collaborate, in Canada and around the world.

Other Collaboration Initiatives

In recent months, the Institute began exploring avenues with the 240 member strong Canadian Venture Capital and Private Equity Association, initially to collaborate on conferences and continuing professional development, which will additionally give members exposure to the CBV profession and the CICBV education program.

The CICBV has a long history of working with the CFA Institute and with CPA Canada. The CICBV is in the early stages of exploring a path by which highly experienced CFAs can become CBVs. Similarly, it has started to examine the components of some CPA education streams with a view to accelerating the process for their qualification as a CBV. Another recent initiative involves working with CPA Canada to co-publish a book concerning the valuation of accounting practices.

PRACTICE INSPECTION

The CICBV continues in its development of a practice inspection program, the purposes of which are to assist practitioners in maintaining and improving the quality of their business valuation services; ensure that professional standards are upheld; enhance the self-regulation of our profession; and enhance the confidence that the public has in the profession. An Exposure Draft issued in 2016 set out the details of a proposed program in order to inform Members and Registered Students about the program and to obtain their comments. Comments on the Exposure Draft overwhelmingly endorse the need for such a program and contained numerous helpful suggestions for refinement and improvement. The Institute has been working through these suggestions and will shortly publish a response which addresses this valuable input and proposes changes to the program. The CICBV's practice inspection program has a planned implementation to cover work completed after January 1, 2018.

CICBV MEMBERSHIP BY SECTOR

ACCOUNTING FIRMS

39%

FINANCIAL SERVICE & INDUSTRY

31%

BUSINESS VALUATION FIRMS

14%

OTHER

9%

RETIRED

4%

GOVERNMENT

3%

Operations Report



Robert H. Boulton, CBV Executive Vice President & COO

Operationally, the Institute continues to be a hub of activity toward professional excellence. The following summarizes key outcomes in 2016-2017 across each major touchpoint of Institute function.

From a marketing perspective:

■ The Institute formed a Strategic
Marketing department to bring
professional marketing leadership
directly within the Office of the Institute,
and enhance long-term brand and
communications development for longterm marketing excellence.
A new creative vendor (STC) was also
engaged in 2016 to provide creative
service and executional support in the
delivery of communications, under the
direction of Institute marketing. Other
vendor support
will be engaged as necessary.

From a financial perspective:

- Operating results for the year finished with a surplus of approximately \$161,000, which was more than the budgeted surplus approved by the Board. Proceeds received under the IIBV restructuring and a planned delay on a budgeted brand awareness campaign, in order to develop Strategic Marketing, contributed to the variation from the approved 2016 budget.
- The CICBV continues to maintain its strong financial position. With net assets of \$2.26 million, the CICBV is well positioned to weather future financial uncertainty, continue to invest in improvements to the Program of Studies and continuing professional development, roll out a practice inspection program and fund future disciplinary actions.

Last year we had an enrolment of 1,612 in the Program of Studies, an increase from 2015.

From an operational perspective:

- The CICBV saw 1,612 enrolments in the Program of Studies in 2016 (spring/summer 2016 and fall/winter 2016), which was an increase from 2015.
- In 2016, the CICBV welcomed 92 new members.
- Continuing professional development involvement was strong at 1,383 registrants, with webinar, seminar, workshop, and conference offerings ranging from coast to coast.
- 88 individuals passed the MQE.
 - Special recognition goes to the:

1st place candidate: Laura Clark, CBV - (London, UK)

2nd place candidate: Pascal Ambrosino, CBV - (Toronto, ON)

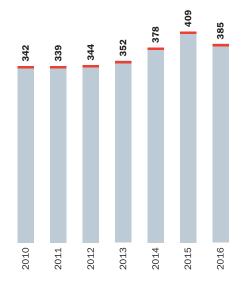
3rd place candidates (3-way tie): Brett Miller, CBV - (Toronto, ON),

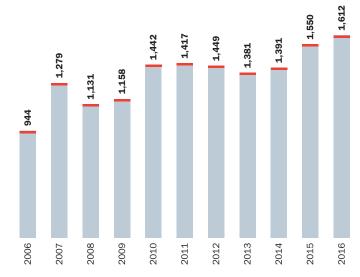
Whitney Wah, CBV - (Toronto, ON), Daniel Wong, CBV - (Toronto, ON)

- Toward the end of 2016, rewrites for the Valuation for Financial Reporting and Corporate Finance courses began. These rewrites will ensure that these courses have current and relevant content, developed by CBVs.
- The development of a Fair Value/Valuation for Financial Reporting education program for non-CBV financial professionals commenced.
- Prem Lobo and Stephanie Dexter's paper "When the Whole is Greater than the Sum of its Parts An Analysis of Trends in the Application and Quantum of Minority Discounts in Canadian Court Judgments, 1986-2015" was selected to be developed as the 2016 Ian R. Campbell Research Initiative, and was well underway at year-end.

NUMBER OF NEW STUDENTS

NUMBER OF COURSE ENROLMENTS





A Future of Educational Excellence



Christine Sawchuk, CBV Director of Education

Education is the foundation upon which we establish the highest possible standards of practice. All of us at the Institute, members and students alike, take pride in the recognition the CBV enjoys as the premier credential for business valuation in Canada. We are not alone. In recent years, the CBV accreditation has exponentially expanded its reputation as a model resource in shaping educational excellence for the global profession. It is an honour to be regarded as one of its best educational programs in the world.

Our responsibility to cultivate professional knowledge doesn't end there. Education is the foundation upon which we establish the highest possible standards of practice. Our comprehensive CBV Program of Studies has always evolved to uphold the integrity of the CBV standard, and the academic mandate is even more important now. CBVs are participating in a business climate far more competitive, globally connected and technology engaged than at any other time in the Institute's history. Our members, present and future, must be ready for change as it happens. It is incumbent on the CICBV to keep raising the bar for professional development — timely and effectively. Our commitment to professional excellence also makes this an imperative.

For some time, the Institute has been exploring new ways to enrich the CBV academic framework. In 2016, we actively engaged internal resources — our Leadership Team, Board of Directors, and multiple member committees and task forces — and harnessed external insights from developments across spheres of education, business, the designation landscape, and other VPOs. We were informed that modern advanced learning theory demands the acquisition of knowledge is optimized through valuable, higher-order skills for improved synthesis. This would include skills and concepts — such as critical thinking, communication, innovation science, and practical applications to emerging streams of valuation practice. Integrating these learning protocols will have a major impact on CBV academic content, course structure, delivery methods and timing of delivery. In turn, upgrades will be transferred to CBV continuing education programs as well.

It is a privilege to lead the educational promise formalized in The Path to Leadership and announce that a revitalized CBV curriculum will soon be coming to fruition. Beginning in 2018, you will see the first tangible steps to evolve our Program of Studies. We are planning now to equip CBVs with exceptional tools, superior insight and a range of expertise that will be demanded of highly sought-after valuation specialists and business leaders.

Awards and Honours



In our commitment to professional excellence, the CICBV is honoured to celebrate our awards and honours recipients of 2016 and 2017. Congratulations from all of us at the Institute!

This is the CICBV's platform to proudly recognize exceptional accomplishment. Our awards and honours will be presented before the membership community at our Conference in Quebec City in June 2017.

FCBV

The granting of the Fellow designation is the highest designation that the CICBV confers. The FCBV recognizes those members who have brought distinction to the business valuation profession and have achieved recognition in their professional lives and in their communities.

The recipients of the FCBV designation in 2016 were:

Anish Chopra, FCBV, Toronto, ON Denys Goulet, FCBV, Quebec City, QC Pierre Maillé, FCBV, Montreal, QC Federica Nazzani, FCBV, Windsor, ON Richard Taylor, FCBV Toronto, ON

George Ovens Award

In honour of George Ovens, one of the founders of the CICBV, the George Ovens Award is presented to the Membership Qualification Examination candidate who achieves the highest mark in a particular year. The 2016 award recipient was **Laura Clark, CBV.**

Scholastic Achievement Award

The Scholastic Achievement Award, sponsored by Ernst & Young LLP, in honour of Ronald W. Scott, is granted annually to recognize the Registered Student who achieved the highest average mark on all required courses in the Program of Studies. The 2017 award recipient was **Jacob Martin**.

Top CBV Under 40 Award in Memory of David Cornfield, CA, CBV

The Top CBV Under 40 Award in Memory of David Cornfield, CA, CBV is presented to a CBV under 40 who has demonstrated success in a broad diversity of interests, brought distinction to the profession, and has given outstanding service. The 2016 award recipient was **Keith Jensen**, **CBV** and the 2017 award recipient was **Francois Huvelin**, **CBV**.

Communicator Award

The Communicator Award recognizes a Member who undertakes marketing and communications activities and actions that have a beneficial impact on the promotion of the business valuation profession in Canada. The 2016 award recipient was **Prem Lobo**, **CBV** and the 2017 award recipient was **Keith Jensen**, **CBV**.

We are proud to be a collaborative community of dedicated members and professional colleagues, so many of whom take an active role in helping us advance professional excellence for the CICBV, our designation and the profession as a whole.

You:

act as directors;

serve on committees and task forces;

organize and participate in workshops, webinars, seminars, round tables and conferences;

act as course instructors, course authors for note development and updates, and course reviewers;

act as MQE authors, test writers, marking key testers, suggested solution reviewers and marking center markers;

act as case competition judges and speakers at university events;

write articles, contribute research, and speak externally at public events to promote awareness and clarity for our field—which benefits us all.

To you, we appreciate your valuable time and expertise to make a contribution to the Institute — whether it's in the trenches or behind the scenes. Our many volunteers now number in the hundreds and are located virtually everywhere. We are honoured to have the support of each and every one of you, and we extend our sincere gratitude for all the work you've helped us accomplish.

Board of Directors

GOVERNANCE OF CICBV

The CICBV Board of Directors conducted five regular meetings in 2016-2017 as well as a strategic planning session. The Board regularly receives reports from its twelve standing committees. These reports cover the core elements of the profession that are managed by the Office of the Institute.



Richard Ginsberg, CPA, CA, CBV Partner, Deloitte, Toronto, Ontario Chair of the Board



Suzanne Loomer, MACC, CPA, CA, CBV Partner, KPMG LLP, Halifax, NS Vice Chair of the Board and Chair, Accreditation Committee



Paul Gill, CPA, CA, CBV, ASA
Vice President, Finance & Valuations,
OMERS Private Markets, Toronto, ON
Secretary/Treasurer of the Board
and Chair Professional Practice
and Standards Committee



Pierre Maillé, MSc. Finance, FCBV Retired Partner, PricewaterhouseCoopers LLP, Montreal, QC Past Chair of the Board (ex officio) and Chair, Nominating Committee



Bill Armitage, CPA, CA, CBV Partner, Ernst & Young LLP, Toronto, ON Chair, Liaison Committee



Paula Frederick, CPA, CA, CBV, CFF Principal, Cohen Hamilton Steger & Co. Inc., Toronto, ON Chair, Education Committee



Karim Jamal, Ph.D, FCA
Lay Director
CA Distinguished Professor and
Department Chair of Accounting,
Operations and Information Systems,
University of Alberta, Calgary, AB



Scott Lawritsen, CFA, CBV
Regional Director –
Alberta, Saskatchewan, Manitoba
Partner, Helmens Lawritsen Valuation
Group Ltd., Calgary, AB
Chair, Audit Committee



Alexander Lourie, CPA, CA, CBV Regional Director – Greater Toronto Area Senior Manager, Deloitte, Toronto, ON



Julie Martel, Msc. CFA, CBV Regional Director – Quebec Director (Acquisitions and Corporate Development), Industrial Alliance Insurance and Financial Services, Quebec City, QC Chair, Awards Committee



Dwayne N. Pyper, CPA, CA, CBV, Q. Med. Regional Director – Ontario, non GTA Partner, Durward Jines Barkwell & Co. LLP, Hamilton, ON Chair, Continuing Professional Development Committee



Charlene Rodenhiser, CPA, CA, CBV Regional Director – Atlantic Canada Vice President (Deals), PricewaterhouseCoopers LLP, Halifax, NS



Derek Sanders, CPA, CA, CBV, CFA Regional Director – British Columbia Partner, Spence Valuation Group, Kelowna, BC Chair, Publications and Research



The Honourable Judith A. Snider, LLB Retired Judge of the Federal Court Lay Director Arbitrator and Mediator, JAMS ADR Services



Catherine Tremblay, DPA, CPA, CA, CBV, ASA Partner, MNP LLP, Montreal, QC Chair, Marketing and Communications Committee

Committee

Office of the Institute, Personnel





Mary Jane Andrews, FCPA, FCA, FCBV, CFF President & CEO



Robert Boulton, CPA, CA, CBV Executive Vice President & COO



Christine Sawchuk, CPA, CA, CBV Director of Education



Kathy RichardsDirector of Strategic Marketing



Deborah Hanlon Manager, Administration and Events



Isabel Natale Registrar & Manager, Education



Judith Roth, BEng Manager, Business Systems and Compliance



Angelica Hasbon Program Co-Ordinator



Leah Harwood Administrative Assistant & Bilingual Specialist

Statement of Management's Responsibility



Mary Jane Andrews, FCBV President & CEO

Management is responsible for the preparation and the fair presentation of the annual financial statements and all financial and other information in this Annual Report. These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and have been approved by the Board of Directors. Financial information contained in the Annual Report is consistent with that shown in the financial statements. Management is responsible for the integrity and reliability of financial information, and has established systems of internal procedural and accounting controls designed to achieve this. These systems also reasonably ensure that assets are safeguarded from loss or unauthorized use. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board carries out this responsibility principally through the Audit Committee. The Audit Committee meets with the independent auditor without management present, to review the activities of each, as well as reviews the financial statements and reports to the Board of Directors thereon. Adams & Miles LLP, the Institute's independent auditor, has been recommended for appointment by the Board of Directors on the recommendation of the Audit Committee. Their appointment was ratified at the Annual Meeting of Members. The independent auditor has full and unrestricted access to the Audit Committee and management to discuss their audit and related findings.

Mary Jane Andrews, FCBV

Mary Jodrews

President & CEO

The Canadian Institute of Chartered Business Valuators

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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, 2016, 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 and Directors' Responsibility for the Financial Statements

Management and Directors are 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 and Directors determine 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 and Directors, 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, 2016, 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 May 4, 2017

Statement of Financial Position

December 31, 2016

		2016		2015
Assets				
Current Cash and cash equivalents Accounts and sundry receivable (Note 7) Prepaid expenditures and deposits Investments (Note 3) Loan receivable (Note 4) Current portion of promissory note (Note 4)	\$	377,151 191,605 26,772 2,240,456 19,516 29,271	\$	592,220 11,859 35,611 2,188,631 19,000
		2,884,771		2,847,321
Capital assets (Note 5) Website and database (Note 6) Deposits Promissory note (Note 4) Co-ownership interest (Note 7)		37,486 26,454 25,606 56,661		45,579 79,361 14,093 - 53,699
		3,030,978		3,040,053
Liabilities				
Current Accounts payable and accrued liabilities Government remittances payable Deferred revenue (Note 10) Current portion of deferred lease inducement (Note 8)		711,238 16,218 19,195 3,169		815,781 60,808 55,990 4,914
		749,820		937,493
Deferred lease inducement (Note 8)		19,233		1,229
Net assets	\$	769,053 2,261,925	\$	938,722 2,101,331
	Ψ	2,201,923	Ψ	2,101,331
Net assets represented by: Unrestricted Surplus Fund Conduct and Disciplinary Fund Capital Assets, Website and Database Fund	\$	1,916,703 302,455 42,767	\$	1,663,433 312,958 124,940
	\$	2,261,925	\$	2,101,331

SCOTT LAWRITSON

Approved on behalf of the Board:

Paul Gill, Secretary/Treasurer

Scott Lawritsen, Director

Adams & Miles LLP Chartered Professional Accountants

THE CANADIAN INSTITUTE OF CHARTERED BUSINESS VALUATORS Statement of Changes in Net Assets Year ended December 31, 2016

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	Unrestricted Surplus Fund	Conduct and Disciplinary Fund	Capital Assets, Website and Database Fund	Total 2016
Balance, beginning of year	\$ 1,663,433 \$	312,958	\$ 124,940	\$ 2,101,331
Excess (deficiency) of revenue over expenditures	262,711	(10,503)	(91,614)	160,594
Purchase of assets	(9,441)	-	9,441	
Balance, ending of year	\$ 1,916,703 \$	302,455	\$ 42,767	\$ 2,261,925
	Unrestricted Surplus Fund	Conduct and Disciplinary Fund	Capital Assets, Website and Database Fund	Total 2015
Balance, beginning of year	\$ 1,523,404 \$	292,531	\$ 130,186	\$ 1,946,121
Excess (deficiency) of revenue over expenditures	184,623	20,427	(49,840)	155,210
Purchase of assets	(44,594)	_	44,594	
Balance, ending of year	\$ 1,663,433 \$	312,958	\$ 124,940	\$ 2,101,331

THE CANADIAN INSTITUTE OF CHARTERED BUSINESS VALUATORS Statement of Operations Year ended December 31, 2016

	_					
	Unrestricted	Conduct and	Capital Assets,			
	Surplus	Disciplinary	Website and	Total	l Tota	
	Fund	Fund	Database Fund	2016	2015	
Revenue						
Course and examination fees		\$ -	\$ -	\$ 1,441,673	\$ 1,401,440	
Membership fees	1,487,735	-	-	1,487,735	1,425,673	
Conferences	255,775	-	-	255,775	-	
MQE fees	174,390	-	-	174,390	197,165	
Continuing education	107,550	-	-	107,550	136,929	
Publications	54,257	-	-	54,257	42,311	
Conduct and disciplinary fees		25,088		25,088	31,868	
	3,521,380	25,088	-	3,546,468	3,235,386	
Expenditures						
Administrative and office	1,753,016	-	-	1,753,016	1,454,253	
Course and examination	803,143	-	=	803,143	743,037	
Conferences	215,167	-	-	215,167	_	
Marketing and communications	222,518	-	-	222,518	412,734	
MQE expenses	179,959	-	-	179,959	160,402	
International	106,926	-	-	106,926	118,563	
Amortization	-	-	91,614	91,614	49,840	
Continuing education	71,661	-	-	71,661	88,033	
Publications	48,536	-	-	48,536	60,613	
Conduct and disciplinary costs	-	35,591	-	35,591	11,441	
	3,400,926	35,591	91,614	3,528,131	3,098,916	
Excess (deficiency) of revenue						
over expenditures from operations	120,454	(10,503)	(91,614)	18,337	136,470	
		(,,	(2.2.4.2.2.2)	,	, , , , , ,	
Other						
Interest income	36,458	-	-	36,458	78,739	
Gains (losses) on investments (Note 9)	19,480	-	-	19,480	(78,669)	
Share of Co-ownership interest (Note 7		-	-	86,319	18,670	
	142,257	-	_	142,257	18,740	
Excess (deficiency) of revenue						
over expenditures	262,711	\$ (10,503)	\$ (91,614)	\$ 160,594	\$ 155,210	

THE CANADIAN INSTITUTE OF CHARTERED BUSINESS VALUATORS Statement of Cash Flows

Year ended December 31, 2016

		2016	2015
Cash provided by (used in)			
Operating activities			
Excess of revenue over expenditures	\$	160,594 \$	155,210
Amortization	Ψ	91,614	49,840
Unrealized losses on investments		20,314	78,669
		272,522	283,719
Change in		212,022	200,710
Accounts receivable		(179,746)	(2,299)
Prepaid expenditures and deposits		8,839	(18,312)
Deposits		(11,513)	-
Accounts payable and accrued liabilities		(104,543)	(60,304)
Government remittances payable		(44,590)	60,808
Deferred revenue		(36,795)	41,908
		(95,826)	305,520
		,	·
Financing activities			
Increase in deferred lease inducement		16,259	(4,914)
		16,259	(4,914)
Investing activities			
Co-ownership interest		53,699	(18,670)
Investments, net		(72,139)	(248,631)
Note receivable		(516)	-
Promissory note		(85,932)	-
Purchase of capital assets, website and database		(30,614)	(44,594)
		(135,502)	(311,895)
Change in cash position		(215,069)	(11,289)
Cash and cash equivalents, beginning of year		592,220	603,509
Cash and cash equivalents, end of year	\$	377,151 \$	592,220

Notes to Financial Statements

Year ended December 31, 2016

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: Inspired by an unwavering commitment to professional excellence, the Institute establishes the highest standards of business valuation practice and education to elevate the stature of the CBV designation and the profession globally.

2. Summary of significant accounting policies

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management and Directors 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. A significant estimate is the allowance on the promissory note. 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 gain and 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 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.

Notes to Financial Statements

Year ended December 31, 2016

2. Summary of significant accounting policies - cont'd

Investments

Investments consist of units held in pooled fixed income funds managed by an investment management firm. They have been classified as current since they are capable of reasonably prompt liquidation.

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:

Furniture and fixtures 5 years straight-line Computer equipment 3 years straight-line

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 consist of a website and database are recorded at cost. Amortization is recorded at the following annual rate:

Website and database 2 years straight-line

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. The Co-ownership was completed in 2016.

Deferred lease inducement

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

Notes to Financial Statements

Year ended December 31, 2016

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 and 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 and is recognized in the year earned.

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.

Foreign exchange

Monetary assets and liabilities of the Institute which are denominated in foreign currencies are translated at year-end exchange rates. Other assets and liabilities are translated at rates in effect at the date the assets were acquired and liabilities incurred. Revenue and expenditures are translated at the rates of exchange in effect at their transaction dates. The resulting gains or losses are included in operations.

Notes to Financial Statements

Year ended December 31, 2016

2. Summary of significant accounting policies - cont'd

Contributed services

The Institute benefits from services in the form of volunteer time to fulfill its mission. Since these services are not purchased by the Institute and a reasonable estimate of their value cannot be made, they are not recorded in the financial statements.

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 cash, accounts and sundry receivable, loan receivable and promissory note.

Financial liabilities measured at amortized cost includes accounts payable and accrued liabilities.

Notes to Financial Statements

Year ended December 31, 2016

3. Investments

Description of Investments	Effective Interest Rate	Maturity Date	2016	2015
Fiera Active Fixed Income				
Fund	N/A	N/A \$	2,240,456 \$	-
Bank of Montreal	3.10%	Apr 2016	-	213,021
Bank of Montreal	2.75%	Sep 2017	-	180,866
CIBC	2.33%	Jun 2018	-	260,750
TD	3.83%	July 2018	-	428,882
TransAlta Utilities	3.65%	Nov 2019	-	231,521
H&R Real Estate	4.45%	Mar 2020	-	148,547
TransAlta Corporation	5.00%	Nov 2020	-	194,793
Fairfax Financial	3.53%	May 2021	-	505,076
Fairfax Financial	3.53%	May 2021	-	25,176

\$ 2,240,456 \$ 2,188,631

In November 2016, the Institute transferred its investments from RBC Dominion Securities Inc. to Fiera Capital Corporation. Fiera Capital Corporation disposed of the investments and invested the proceeds into a Canadian Bond Fund. In December 2016, the Institute received a distribution on the Canadian Bond Fund of which a portion represented the prepaid purchase cost of investing in the Canadian Bond Fund near year-end. The effective yield interest rate was used to determine the portion of the distribution that represented income earned in the year and the portion that represented the prepaid purchase cost.

Interest rate price risk:

During the period the Institute held bonds with RBC Dominion Securities Inc., it managed its interest rate price risk by restricting the type of investments and varying the terms to maturity and issuers of investments. By varying the term to maturity it reduced the sensitivity of the portfolio to the impact of interest rate fluctuations. Currently, the Institute mitigates its interest rate price risk by restricting the type of investments and investing in a professionally managed pooled fixed income fund.

Credit and market risk:

The Institute mitigates this risk and volatility through its investment policy, which permits investments in Federal or Provincial government securities, financial institutions bankers acceptances, guaranteed investment certificates, term deposit receipts, investment savings accounts and fixed income securities. In addition, it permits pooled funds including fixed income funds and balanced funds.

Notes to Financial Statements

Year ended December 31, 2016

4. Loan receivable, promissory note and transactions with the IIBV

The Institute was one of the founding members of the International Institute of Business Valuers (IIBV) and previously had significant influence over the strategic operating, investing and financing policies of the entity. As of December 31, 2016 and the completion of the Co-ownership (Note 7), this significant influence no longer exists.

The IIBV owed the Institute CDN \$19,516 (US \$14,535) as at year-end (2015 - US \$19,000) which is non-interest bearing, has no fixed terms of repayment and is unsecured.

On completion and wind-up of the Co-ownership, the Institute reinvested CDN \$146,354 (US \$109,000) in a promissory note due from the IIBV to assist the IIBV complete its objectives. The Institute's management estimated an allowance of CDN \$60,422 (US \$45,000) on this promissory note, represented by the additional net investment that is dependent upon achievement of the IIBV's financial plan.

The promissory note is to be received in equal payments over the next 5 years and bears interest at 5.00% per annum. The Institute by a general security agreement has a charge against all of the IIBV's undertakings and current and future personal property, which ranks pari passu, equally and ratably with another IIBV creditor.

During the year, the Institute paid membership fees to the IIBV of US \$10,000 (2015 -US \$30,000).

5. Capital assets

	2016				2015	
	Cost		ccumulated mortization		Net Book Value	Net Book Value
Furniture and fixtures Computer equipment Leasehold improvements	\$ 2,188 35,602 174,973	\$	73 22,707 152,497	\$	2,115 12,895 22,476	\$ - 14,293 31,286
	\$ 212,763	\$	175,277	\$	37,486	\$ 45,579

Included in leasehold improvements is \$21,173 (2015 \$Nil) that were not in use at year-end.

Notes to Financial Statements

Year ended December 31, 2016

6. Website and database

	2016					2015
	Cost		cumulated nortization		Net Book Value	Net Book Value
Website and database	\$ 224,511	\$	198,057	\$	26,454	\$ 79,361

7. Co-ownership interest

In 2010, the Institute entered into a rights agreement with the American Society of Appraisers to develop international courses for the International Institute of Business Valuers (see Note 4). Effective November 2016, the Co-ownership wound-up.

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

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

	2016	2015
Assets	\$ 160,729 \$	53,699
Revenue	86,319	18,670

In the current year, the amounts owing to the Institute from the Co-ownership are included in accounts and sundry receivable.

Notes to Financial Statements

Year ended December 31, 2016

8. Deferred lease inducement

	2016	2015
Tenant lease inducement Less current portion	\$ 22,402 \$ 3,169	6,143 4,914
•	,	
Due beyond one year	\$ 19,233 \$	1,229

The Institute has a current portion remaining from their original 10 year premise lease that will end on January 31, 2017. The Institute originally received \$50,000 in a tenant lease inducement from the landlord. This lease inducement has been deferred and amortized to operations over the term of the lease.

During the year, the Institute agreed to a new 10 year premise lease agreement with the landlord for a new term that will commence on February 1, 2017. In consideration, the Institute has currently incurred costs of \$21,173 that qualify as a tenant lease inducement from the landlord according to the new lease agreement. This lease inducement has been deferred and will be amortized to operations over the term of the lease commencing in fiscal 2017.

9. Gains (losses) on investments

	2016	2015
Unrealized gains (losses) on carrying value of investments Realized gains on sale of investments	\$ (20,313) \$ 39,793	(110,327) 31,658
	\$ 19,480 \$	(78,669)

10. Deferred revenue

In 2016, the deferred revenue consists of receipts related to workshops and webinars to be held in 2017 in the amount of \$19,195.

In 2015, the deferred revenue consists of receipts in the amount of \$55,590 related to 2016 membership fees.

Notes to Financial Statements

Year ended December 31, 2016

11. Commitments

The Institute operates from leased premises under a lease expiring January 31, 2017. During the year, the Institute entered into a new lease agreement with terms running subsequent to year end from February 1, 2017 and expiring on January 31, 2027. The minimum lease payments are outlined below. In addition, the Institute is responsible for a portion of the common area costs that equates to approximately \$87,000 annually.

2017	\$ 63,348
2018	65,971
2019	67,605
2020	67,754
2021	69,388

12. Financial instruments

The Institute is exposed to the following risks in respect of certain of the financial instruments held:

(a) Foreign exchange risk

The Institute is subject to foreign exchange risk that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates.

The Institute has exchange risk exposure as a result of the following assets and liabilities being denominated in foreign currencies:

	US	CAD
Accounts and sundry receivable	\$ 124,293 \$	166,888
Loan receivable, net of loan allowance	14,535	19,516
Promissory note	64,000	85,932
Accounts payable and accrued liabilities	(134,000)	(180, 104)

13. Comparative amounts

Certain comparative amounts have been reclassified to conform to the current year's financial statement presentation.

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