2019

YEAR IN REVIEW
For almost half a century, CBV Institute has been leading governance and education for the CBV profession. We are committed to advancing professional excellence for business valuation globally. CBVs are established financial professionals who have invested in additional years of challenging CBV curricula to acquire the coveted CBV accreditation. With a course of study so rigorous and standards so high, we are an elite rarity with little more than 3,000 Members and Students in all the world.

The integrity of the CBV accreditation is protected by the demanding Membership Qualification Examination and upheld by our code of ethics, in the public interest.
**MEMBERSHIP AT A GLANCE**

- **Year** | **Total registrations**
  - 2019 | 1,810
  - 2018 | 1,919
  - 2017 | 1,820
  - 2016 | 1,612
  - 2015 | 1,550
  - 2014 | 1,391
  - 2013 | 1,381
  - 2012 | 1,449
  - 2011 | 1,417
  - 2010 | 1,442
  - 2009 | 1,158
  - 2008 | 1,131
  - 2007 | 1,279
  - 2006 | 944

*One term only*

**CBVs BY AGE**

- 31-40: 32%
- 41-50: 25%
- 51-60: 20%
- 61-70: 10%
- >70: 2%
- No age information: 5%

**STUDENTS BY AGE**

- 21-30: 43%
- 31-40: 36%
- 41-50: 13%
- 61-70: 1%
- 51-60: 3%
- No age information: 4%

**CBVs & STUDENTS BY CANADIAN REGION**

- **Central (Ontario)**: 46%
- **West (BC, AB, SK, MB, Territories)**: 32%
- **East (QC, NL, NB, NS, PEI)**: 22%

**CBV INSTITUTE CPD “HOURS” DELIVERED**

- 2019: 7,200
- 2018: 7,200
- 2017: 6,600
- 2016: 4,900

**CBVs BY SECTOR**

- 50% Professional Valuation Services
- 34% Financial Services, Industry and Government
- 10% Other Sectors

**CBVs BY GENDER**

- Male: 74%
- Female: 26%
- Retired: 6%
- CBVs & Students: 3,094
On behalf of CBV Institute’s Leadership, we are proud to present this review of shared accomplishments in 2019. The following pages point to several successes in the year. The CBV profession continues to grow and achieve impact. Our financial position remains strong. CBVs and Students are ever more engaged in our tightly knit profession. Enhancements to our governance structure and elections process inspired a record response from CBVs interested to serve on the Board, Committees and Councils. The authority of CBVs as highly specialized business valuation experts, trusted advisors and respected thought leaders is being recognized. Our many Institute initiatives, together with the world-class CBV academic program, are elevating the stature of the CBV designation around the world. We are leading our profession forward to shape a future that drives CBV demand, as we adapt to the changing world around us.

Our commitment to the end goal is unwavering. Last year, we defined a three-year plan of essential strategic pillars and growth initiatives that will pave the way to 2021, as we reach toward the ambitious vision of the Path to Leadership. Fiscal year 2019 concludes the first year of this plan and we made significant progress. As we celebrate achievements, it is equally important to ensure we build on success. We are consistently achieving better outcomes with more efficiency. This will be key to advancing growth of our profession, as we hold firm to execute the strategic plan while continuing to evolve. Each small step contributes to the greater impact.

Change is inevitable. Beyond adapting to fast-moving business change, we suddenly face unknown uncertainties. Profound disruption is upon us from the unprecedented COVID-19 pandemic. We are in the midst of a public health and social crisis as never before. Only now are we beginning to appreciate the economic and business impacts. Let us assure you, CBV Institute is prepared to confront the new realities in our path. We will continue to adapt as developments unfold.

We wish to express our appreciation to Institute staff for their leadership and diligence, to all Board Directors for their dedicated service, and to the countless CBVs and Students who contribute their time to help us on an array of Institute functions. We could not accomplish all we do without this passionate network of professionals. The year 2020 will bring Mary Jane’s well-deserved retirement and the introduction of a new Institute President and CEO. With our strong leadership team and strategic plans in place, we are confident the transition will amplify the opportunities going forward. Together, the journey continues.
CBV Institute’s financial position remains strong.

Net assets increased marginally to $3.1 million, primarily from gains on the investment portfolio. The financial strength provided by the $2.5 million investment portfolio enables continuity of operations during uncertain times; and continued progress of initiatives in support of strategic objectives, such as course enhancements, Continuing Professional Development (CPD) and practice inspection. The amount maintained in the investment portfolio is reviewed annually and is in alignment with the practices of similar organizations and future requirements based on projected levels of expenditures.

Fees for 2019 have been held constant for the second year running, as operations are at break even levels and a healthy financial position provides a cushion in the face of uncertainty.

In 2019, the Institute established an internally restricted Transformation and Innovation Fund through the transfer of $500,000 from unrestricted surplus. This fund will support advancements for the CBV Program of Studies in emerging technologies, such as data analytics and machine learning, which will continue to progress the Program to the leading-edge of business change.

STATEMENT OF MISSION & VISION

THE PATH TO LEADERSHIP

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.
Fiscal year 2019 marks the first year of progress in CBV Institute’s three-year strategic plan. This comprehensive plan, developed by the Board of Directors and Institute Management, directs all Institute initiatives to achieving the ambition for the future set by the Path to Leadership. The many accomplishments in 2019 have us well on our way to achieving our strategic objectives.

FOUR STRATEGIC PILLARS
The foundation of the plan is four strategic pillars which anchor all Institute work to support the CBV profession. These concrete objectives are aligned with our mission and vision to continuously build our unequivocal authority in business valuation.

1. BUILD KNOWLEDGE
- Continually improve quality of courses, instruction, assessment and delivery
- Respond to gaps in valuation-related education in the marketplace
- Foster academic relationships
- Identify and deploy technology solutions to enhance and deliver learning experiences
- Leverage university outreach program in raising brand awareness among prospective students
- Conduct continuous assessment of CBV learning requirements and expectations
- Identify emerging domains and topics for thought leadership content

2. BUILD REPUTATION
- Develop programs to illustrate CBV value proposition
- Promote CBV Institute as a leader of professional practice
- Strengthen internal quality and risk measures to ensure integrity and transparency
- Uphold CBV as a prestigious, top-tier credential in professional designation space
- Promote CBV thought leadership and authority as subject matter experts in business valuation

3. BUILD MEMBER VALUE
- Enhance Member and Student experience
- Foster transparency and open communication within the profession
- Increase in breadth and depth of Continuing Professional Development opportunities
- Increase organizational efficiency and effectiveness
- Motivate Members and Students to be effective ambassadors of the profession
- Continue to develop thought leadership to enhance professional development

4. BUILD CBV DEMAND
- Expand breadth of CBV services domestically
- Capitalize on Membership opportunities
- Collaborate with peer organizations to foster strategic alliances, coalitions, and relationships with public and private organizations to advance the profession
- Build worldwide recognition as the credible source of business valuations expertise
- Highlight the benefits of CBVs to the broader public business community
- Leverage intellectual property and knowledge base
Comprehensive Course Validation
A progressive assessment of the Institute’s mandatory valuation courses began. It will validate that course content continues to deliver competencies for CBV professional excellence. The comprehensive process integrates insight from experienced CBVs in a variety of practice areas with the course structuring advice of a leading psychometrician. This critical review will ensure that necessary knowledge and skills are being conveyed, and appropriate evaluation methods are being employed, to maintain competent CBV performance. Completion is expected in 2020.

New Course Content
Exciting course upgrades include the start of development of new content on disruptive technological innovations in data analytics and artificial intelligence, which are having profound implications on the business landscape. New content will also be introduced to acclimate Students with International Valuation Standards (IVS) and build their knowledge of the growing global profession.

Creation of E-learning Modules
Development was initiated to build state-of-the-art e-learning modules for each course, which will complement the existing course curriculum. These latest upgrades will bring the Program of Studies in line with contemporary educational platforms, providing exceptional flexibility for delivery of course content for Students. Implementation in progress.

University Outreach to Future Students
CBV presence and profile continued with major universities across the country, including high visibility at networking events. CBVs were active in leading class presentations introducing business valuation to undergraduate and graduate students. Direct and regular communication between the Institute and university faculties has further strengthened our long-standing ties with post-secondary educational institutions. CBV Institute is indebted to the many CBVs who give of their time to participate in university outreach, without whom this important initiative would not be possible.

Investment in Academic Transformation and Innovation
With rapid innovations in digitization, analytics and artificial intelligence opening up new performance and productivity opportunities that are reshaping business and economy, CBV Institute has designated a Transformation and Innovation Fund toward future-forward development of the CBV Program of Studies. Advancements in emerging technologies, such as data analytics and machine learning, will be integrated into the CBV Program of Studies to keep it on the leading-edge of business change.

Sponsored Research Studies
CBV Institute annually sponsors research initiatives into emerging and evolving areas of business valuation practice. Sponsored studies commencing in 2019:
- Valuation in the Face of Extreme Information Asymmetry: The Case of Special Purpose Acquisition Companies (SPACs)
- Examining the CSR Valuation Paradox: Evidence from Canadian Public Companies

Launch of Valuation for Financial Reporting (VFR) Certificate
This robust two-part certificate program is a joint initiative of CBV Institute and CPA Canada. It was introduced to enhance core knowledge and skills for a broad range of other finance professionals involved with VFR activities in a public-reporting context. The offering arose from concerns of key stakeholders that all professionals engaging in VFR require understanding of fundamental valuation principles and methods necessary for financial reporting. The program further serves CBV Institute’s mission to benefit the public interest.

Inter-Organizational Collaboration
CBV Institute pursued several collaborative initiatives in 2019. In May, CBV Institute joined an International Business Valuation Symposium in New York City, organized by the Royal Institution of Chartered Surveyors (RICS). The symposium covered matters impacting the global business valuation (BV) profession, and the importance of continued collaboration between valuation professional organizations. CBV Institute also participated in CPA Canada’s Foresight Project, a multi-stakeholder initiative exploring how drivers of change will impact the future of the accounting profession.

CBV Program of Studies
The world-class CBV Program of Studies continuously evolves to stay at the forefront of business trends, keeping Students on the front line of business change. High-level critical thinking is developed and applied to analytical tools, enabling Students to provide complex business counsel through valuation insight. Leading valuation knowledge and critical intellectual skills prepare Students to be finance leaders at the top of the business valuation field.

Creation of E-learning Modules
Development was initiated to build state-of-the-art e-learning modules for each course, which will complement the existing course curriculum. These latest upgrades will bring the Program of Studies in line with contemporary educational platforms, providing exceptional flexibility for delivery of course content for Students. Implementation in progress.
2019 Year in Review

BUILDING EXPERTISE & MEMBER VALUE

Practice Inspection Program Commenced
The Practice Inspection Program reflects the commitment of CBV Institute to deliver professional excellence in the highly specialized field of business valuation. It upholds the standard of professional practice expected of all CBVs and Students, maintaining public trust in the CBV profession. Practice inspections may also identify areas for further clarification and improvement in the Program of Studies. The first year of practice inspections was successfully completed in 2019, with inspections being carried out on work products issued during 2018. Results of practice inspections were positive overall. This first year of inspections served as an important steppingstone for future enhancement of the Practice Inspection Program. A summary of 2019 findings was published to assist CBVs and Students in adhering to professional standards, and to foster best practices.

Continuing Professional Development
Ongoing CPD is a requirement of CBV Institute, to enhance skills and knowledge for professional practice. CPD enables CBVs and Students to advance the professional excellence expected of the CBV profession in a rapidly changing business world. CPD takes many different forms at CBV Institute, as we continue to introduce new topics and new ways to support CBVs in staying up-to-date. A range of CPD activities were offered in 2019, including: live events, webinars, podcasts, in-person seminars, and CBV Congress - the signature event of the CPD program each year. More CPD opportunities were offered in facilitating online access to: archived Institute webinars and podcasts of past CBV Institute events, webinars of CBV Congress 2019 presentations, and via our portal to Business Valuation Resources' knowledge library of research, news, books and webinars from around the world.

Review of Practice Standards
CBV Institute regularly examines its Practice Standards and related bulletins to ensure alignment with best practices, reflect existing market developments, and include feedback from practitioners and other stakeholders. To that end, working groups were assembled to evaluate and discuss improvements to the valuation and advisory reports standards (100 and 200 series Practice Standards). Issues discussed include changes to the scope of work and reporting for Calculation Valuation Reports, and the use of pricing analyses. These consultations are ongoing.

CBV Practice Roundtables Introduced
In-person CBV roundtable discussions were introduced in 2019 in cities across the country. Roundtable events were held in St. John’s, Halifax, London, Calgary, Edmonton and Vancouver. These Practice Roundtables offered a new opportunity for CBVs to engage in open conversation with Institute leadership, delve into specific issues of interest to the local market, and keep abreast of latest developments in the CBV profession. Feedback generated will help to inform the work of the Institute moving forward.

CBV Young Professionals in Valuation (YPV)
Launched in 2019, YPV is an inclusive series of networking events for the next generation of emerging CBV leaders. The YPV Program is run by the profession for the profession. It is a gathering place for our community to network, fostering future leadership and promoting engagement in the profession. YPV events cover markets across Canada and are directed to CBVs and Students under age 40, although all ages are welcome. The YPV Organizing Committee hosted 7 highly successful events in 2019 in Toronto, Montreal, Vancouver, London, Calgary and Edmonton.

“Expand best reputation for valuation excellence in the valuation ecosystem.”
“Be a high-performing Member centric organization.”

CBV Institute is at the forefront of the global valuation community and is engaged in a consultation process toward adoption of International Valuation Standards (IVS) in Canada and worldwide.

IVS are a global set of universal valuation standards developed by the International Valuation Standards Council (IVSC). The IVS provide a rigorous framework that formalizes what are already best practices of the CBV profession. IVS are largely consistent with existing CBV Institute Practice Standards.

CBV Institute is both a member and sponsor of IVSC and is represented by several CBVs on IVSC boards. We are committed to the highest standards of business valuation practice, for the benefit of the public interest.

Two dedicated IVS documents were published in 2019 on the Institute’s IVS webpage:
• International Valuation Standards: What they are and what CBVs should know (What is IVS)—introduces the purpose, general scope and contents of IVS;
• A Bridge from CBV Institute Practice Standards to IVS (Bridge Guide)—presents technical aspects of IVS in greater detail, identifying areas of differences for CBV practitioners, some of which could have implications for IVS adoption.

CBV Institute will continue to advance changes to CBV Practice Standards and pursue adoption of IVS through further due diligence and a process of broader Member consultation. Upcoming in 2020, CBV Institute’s participation in a transparent and robust standard-setting process for consistent standards is a reflection of our commitment to uphold CBV professional excellence in today’s globalized world. As IVS gains recognition and acceptance in international markets, CBV professionals will continue to represent trusted valuation practice around the world.
On June 20th and 21st, CBV Institute hosted CBV Congress 2019 in Montreal. The well-attended event brought together business valuation professionals from around the world. In an era of business driven by change and disruption, it is important to discuss current topics and their implications on the practice of business valuation as a whole. CBV Congress 2019 commenced with presentations from keynote speakers, David Coletto (CEO of Abacus Data) and Glen Hodgson (Chief Economist, International Financial Consulting Ltd.).

The agenda for CBV Congress 2019 was structured under five technical streams. Attendees were offered over 20 technical sessions including topics on artificial intelligence, cannabis valuation, and cryptoassets.

The CBV Institute mobile App was launched at CBV Congress 2019. The App enabled Congress attendees to register for sessions and keep actively involved in the Congress agenda.

Continuing a long-standing tradition of giving back to the community, in lieu of speakers gifts, CBV Institute was honoured to make a donation to Centre Philou, whose mission is to provide continuous support and development services to children with multiple disabilities and their families.
2019 Year in Review

AWARDS CEREMONIES 2019

Awards and honours presented during ceremonies held at CBV Congress in Montreal on June 20, 2019.

AWARDS & HONOURS 2019–2020

Awards and honours announced in 2019-20, to be presented at virtual awards ceremonies in June 2020.

AWARDS FOR ACADEMIC EXCELLENCE

Christine Seaforth, Director of Education & Accreditation for CBV Institute, presented the awards for academic excellence.

GEORGE OVENS AWARD

In honour of George Ovens, a founder of CBV Institute, this award is presented to the Membership Qualification Examination (MQE) candidate who achieves the highest mark in a particular year. Special recognition goes to second and third highest marks.

ACHIEVEMENT AWARD

Sponsored by EY, in honour of Ronald W. Scott CBV, this award is presented to the Student who achieves the highest marks.

TOP CBV UNDER 40

In memory of George Ovens, one of the founding Members of CBV Institute, presented the awards for academic excellence.

CBV Awards of Excellence

Two CBV awards are extended annually for outstanding CBV achievement. Michael Deomvshine from BDO Canada (Calgary) received the 2019 Top CBV Under 40 Award; and Ephraim Stubberg from Matson, Dinicol & Damico Ltd., (Toronto) received the 2019 Communicator Award.

2019 COMMUNICATOR AWARD

This award, sponsored by Deloitte, is presented to a Top CBV Under 40 who has demonstrated success in a broad diversity of interests, brought distinction to the profession and/or has given outstanding service in a number of areas.

Hall of Honours

The Institute’s Fellow designation, known as the FCBV, was awarded three Fellows. Sue Loomer, Paula Frederick and Barbara Morton each received FCBV honours and addressed CBV colleagues at the Congress in Montreal.

FCBV presentations were hosted by Bill Amatage, Chair of CBV Institute’s Board of Directors. The FCBV designation was created to recognize CBVs who have brought distinction to the business valuation profession and achieved recognition in both professional and community life. It is the highest honour CBV Institute confers.

George Ovens Award

In recognition of achievement throughout the 2019 terms in the Program of Studies.

Sponsored by EY, in honour of Ronald W. Scott CBV, this award is granted annually to the Student who achieved the highest average mark on all required courses in the CBV Program of Studies.

CBV Awards of Excellence

This award, sponsored by Deloitte, is presented to a Top CBV Under 40 who has demonstrated success in a broad diversity of interests, brought distinction to the profession and/or has given outstanding service in a number of areas.

Hall of Honours

The Life Member standing is granted to retired CBVs and FCBVs of eminence in their valuation careers who are recognized in their professional lives and in their communities.

FCBV

Granting of the Fellow designation is the highest honour CBV Institute 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.

GEOGE OVENES AWARD

ON THE 2019 MQE

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FCBV

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STATEMENT OF MANAGEMENT’S RESPONSIBILITY

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 and Finance Committee. The Audit and Finance 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. Adam & Miles LLP, the Institute’s independent auditor, has been recommended for appointment by the Board of Directors on the recommendation of the Audit and Finance Committee. Their appointment was ratified at the Annual Meeting of Members. The independent auditor has full and unrestricted access to the Audit and Finance Committee and Management to discuss their audit and related findings.

Mary Jane Andrews, FCBV  President & CEO

FINANCIAL STATEMENTS

Year ended December 31, 2019

INDEX

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Auditor’s Report</td>
<td>24-25</td>
</tr>
<tr>
<td>Statement of Financial Position</td>
<td>26</td>
</tr>
<tr>
<td>Statement of Changes in Net Assets</td>
<td>27</td>
</tr>
<tr>
<td>Statement of Operations</td>
<td>28</td>
</tr>
<tr>
<td>Statement of Cash Flows</td>
<td>29</td>
</tr>
<tr>
<td>Notes To Financial Statements</td>
<td>30-33</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITOR’S REPORT

To the Members of
The Canadian Institute of Chartered Business Valuators

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of The Canadian Institute of Chartered Business Valuators (operating as CBV Institute), which comprise the statement of financial position as at December 31, 2019, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institute as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Institute in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor’s Report thereon
Management is responsible for the other information. The other information comprises:

• The information, other than the financial statements and our auditor’s report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The Annual Report is expected to be made available to us after the date of this auditor’s report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management and directors are responsible for the preparation and fair presentation of the financial statements in accordance with ASNPOs, 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.

In preparing the financial statements, Management is responsible for assessing the Institute’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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Those charged with governance are responsible for overseeing the Institute’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit 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.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

• Conclude on the appropriateness of Management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Institute to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Adams & Miles LLP
Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
May 7, 2020
# Statement of Financial Position

**December 31, 2019**

<table>
<thead>
<tr>
<th>Assets</th>
<th>2019</th>
<th>2018</th>
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<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
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<tr>
<td>Cash and cash equivalents (Note 3)</td>
<td>$640,508</td>
<td>$487,172</td>
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<tr>
<td>Accounts and sundry receivable</td>
<td>7,511</td>
<td>102,404</td>
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<tr>
<td>Interest receivable (Note 10)</td>
<td>5,745</td>
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<td>Government remittances receivable</td>
<td>35,953</td>
<td>29,675</td>
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<tr>
<td>Prepaid expenditures</td>
<td>42,958</td>
<td>38,894</td>
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<tr>
<td>Investments (Note 4)</td>
<td>2,581,342</td>
<td>2,347,870</td>
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<tr>
<td><strong>Total</strong></td>
<td>3,314,015</td>
<td>3,010,001</td>
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<tr>
<td>Capital assets, website and database (Note 5)</td>
<td>150,622</td>
<td>106,932</td>
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<td>Prepaid expenditures</td>
<td>38,506</td>
<td>31,106</td>
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<tr>
<td><strong>Total</strong></td>
<td>3,503,143</td>
<td>3,148,039</td>
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<table>
<thead>
<tr>
<th>Liabilities</th>
<th>2019</th>
<th>2018</th>
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<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>317,932</td>
<td>170,413</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>17,675</td>
<td>18,460</td>
</tr>
<tr>
<td>Current portion of deferred lease inducement (Note 6)</td>
<td>8,420</td>
<td>8,420</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>344,027</td>
<td>197,293</td>
</tr>
<tr>
<td>Deferred lease inducement (Note 6)</td>
<td>51,220</td>
<td>59,640</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>395,247</td>
<td>256,933</td>
</tr>
</tbody>
</table>

| Net Assets | $3,107,896 | $2,891,106 |

<table>
<thead>
<tr>
<th>Net Assets Represented By:</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted Surplus Fund</td>
<td>$2,016,689</td>
<td>$2,407,667</td>
</tr>
<tr>
<td>Conduct and Disciplinary Fund</td>
<td>440,585</td>
<td>376,507</td>
</tr>
<tr>
<td>Capital Assets, Website and Database Fund</td>
<td>150,622</td>
<td>106,932</td>
</tr>
<tr>
<td>Transformation and Innovation Fund (Note 7)</td>
<td>500,000</td>
<td>—</td>
</tr>
</tbody>
</table>

| $3,107,896 | $2,891,106 |

Approved on behalf of the Board:

Luc Lafontaine Secretary/Treasurer  
Doug McPhee Vice Chair
STATEMENT OF OPERATIONS
Year Ended December 31, 2019

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted Surplus Fund</th>
<th>Internally Restricted Funds</th>
<th>Total 2019</th>
<th>Total 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Course and examination fees</td>
<td>$ 2,143,560</td>
<td>$ -</td>
<td>$ 2,143,560</td>
<td>$ 2,225,425</td>
</tr>
<tr>
<td>Membership fees</td>
<td>1,730,921</td>
<td></td>
<td>1,730,921</td>
<td>1,662,199</td>
</tr>
<tr>
<td>Continuing professional development</td>
<td>432,775</td>
<td>432,775</td>
<td>402,734</td>
<td></td>
</tr>
<tr>
<td>Conduct and disciplinary fees</td>
<td>-</td>
<td>35,748</td>
<td>35,748</td>
<td>35,405</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,307,256</td>
<td>35,748</td>
<td>4,343,004</td>
<td>4,325,763</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries, office and administration</td>
<td>2,395,734</td>
<td>-</td>
<td>2,395,734</td>
<td>2,043,805</td>
</tr>
<tr>
<td>Course and examination</td>
<td>1,161,713</td>
<td>-</td>
<td>1,161,713</td>
<td>1,104,093</td>
</tr>
<tr>
<td>Continuing professional development</td>
<td>474,367</td>
<td>-</td>
<td>474,367</td>
<td>388,647</td>
</tr>
<tr>
<td>Marketing and communications</td>
<td>299,287</td>
<td>-</td>
<td>299,287</td>
<td>222,906</td>
</tr>
<tr>
<td>Amortization</td>
<td>54,711</td>
<td>54,711</td>
<td>23,846</td>
<td></td>
</tr>
<tr>
<td>Conduct and disciplinary</td>
<td>-</td>
<td>7,835</td>
<td>7,835</td>
<td>20,919</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,331,101</td>
<td>62,546</td>
<td>4,393,647</td>
<td>3,804,216</td>
</tr>
<tr>
<td><strong>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FROM OPERATIONS</strong></td>
<td>(23,845)</td>
<td>(26,798)</td>
<td>(50,643)</td>
<td>521,547</td>
</tr>
<tr>
<td><strong>OTHER</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income (Note 8)</td>
<td>87,729</td>
<td>13,719</td>
<td>101,448</td>
<td>75,966</td>
</tr>
<tr>
<td>Gains (losses) on investments (Note 9)</td>
<td>143,539</td>
<td>22,446</td>
<td>165,985</td>
<td>(45,922)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>231,268</td>
<td>36,165</td>
<td>267,433</td>
<td>30,044</td>
</tr>
<tr>
<td><strong>EXCESS OF REVENUE OVER EXPENDITURES</strong></td>
<td>$ 207,423</td>
<td>$ 9,367</td>
<td>$ 216,790</td>
<td>$ 551,591</td>
</tr>
</tbody>
</table>

STATEMENT OF CASH FLOWS
Year Ended December 31, 2019

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH PROVIDED BY (USED IN)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OPERATING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess of revenue over expenditures</td>
<td>$ 216,790</td>
<td>$ 551,591</td>
</tr>
<tr>
<td>Amortization</td>
<td>54,711</td>
<td>23,846</td>
</tr>
<tr>
<td>Losses (gains) on investments</td>
<td>(165,985)</td>
<td>45,922</td>
</tr>
<tr>
<td>Non-cash investment income distribution</td>
<td>(3,645)</td>
<td>(15,793)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>101,871</td>
<td>605,566</td>
</tr>
<tr>
<td><strong>CHANGE IN</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>94,893</td>
<td>(30,469)</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>(5,743)</td>
<td>(30,957)</td>
</tr>
<tr>
<td>Prepaid expenditures</td>
<td>(20,683)</td>
<td>1,240</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>147,519</td>
<td>(5,148)</td>
</tr>
<tr>
<td>Government remittances payable</td>
<td>6,927</td>
<td>(875)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(785)</td>
<td>2,752</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>325,999</td>
<td>542,984</td>
</tr>
<tr>
<td><strong>FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in deferred lease inducement</td>
<td>(8,420)</td>
<td>(8,420)</td>
</tr>
<tr>
<td><strong>INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment purchases</td>
<td>(63,842)</td>
<td>(249,914)</td>
</tr>
<tr>
<td>Purchase of capital assets, website and database</td>
<td>(98,401)</td>
<td>(38,894)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(162,243)</td>
<td>(288,808)</td>
</tr>
<tr>
<td><strong>CHANGE IN CASH POSITION</strong></td>
<td>155,336</td>
<td>245,756</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</strong></td>
<td>487,172</td>
<td>241,416</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS, END OF YEAR</strong></td>
<td>$ 640,508</td>
<td>$ 487,172</td>
</tr>
<tr>
<td><strong>CASH</strong></td>
<td>$ 240,219</td>
<td>$ 87,172</td>
</tr>
<tr>
<td><strong>CASH EQUIVALENTS</strong></td>
<td>400,289</td>
<td>400,000</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS, END OF YEAR</strong></td>
<td>$ 640,508</td>
<td>$ 487,172</td>
</tr>
</tbody>
</table>
1. NATURE OF OPERATIONS

The Canadian Institute of Chartered Business Valuators, operating as CBV Institute (“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 Institute is a valuation professional organization that establishes the highest standards of business valuation practice and education and confers upon its members the CBV designation.

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. 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 membership fees, course and examination fees, continuing professional development activities, and an allocation of investment income, realized and unrealized gains and losses on carrying value of investments together with day-to-day operating expenditures.

Conduct and Disciplinary Fund

This internally restricted fund includes the annual conduct and disciplinary fee received net of expenditures associated with conduct and disciplinary activities and an allocation of investment income and realized and unrealized gains and losses on the carrying value of the investments.

Capital Assets, Website and Database Fund

This internally restricted fund includes any additions or disposals of capital and intangible assets, net of amortization.

Transformation and Innovation Fund

This internally restricted fund was established in the current year for costs related to artificial intelligence, data science and other education initiatives.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

Investments

Investments, consisting of units held in pooled investment funds, are classified as current since they are capable of reasonably prompt liquidation.

Transactions costs and investment fees are expensed when incurred.

Capital assets, website and database

Capital assets, website and database 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
- Website and database: 2 years straight-line

Leasehold improvements are amortized over the term of the lease.

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

Capital assets, website and database are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

Internally generated intangible assets

The development of internally generated course material and content is expensed into the Statement of Operations in the year it is incurred.

Deferred lease inducement

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

Revenue recognition

Course, examination fees and continuing professional development

Course, examination fees and continuing professional development revenue are recognized at the earlier of when the related course, examination or continuing professional development event is presented or held or when the non-refundable period has passed.

Membership

Membership and conduct and disciplinary fees are recognized in the fiscal year to which they relate.

Investment income

Investment income consists of interest, dividends and foreign income from investments and is recognized in the year earned.

Gains (losses) on investments

Investments are carried at fair value. Realized gains and losses are recognized when investments are sold. The unrealized gains and losses recognized are changes in the fair value from carrying value 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.

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 and cash equivalents, accounts and sundry receivable and interest receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.
3. CASH & CASH EQUIVALENTS

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$240,219</td>
<td>$87,172</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>$400,289</td>
<td>$400,000</td>
</tr>
<tr>
<td></td>
<td>$640,508</td>
<td>$487,172</td>
</tr>
</tbody>
</table>

The short-term investment consists of a guaranteed investment certificate that matures on March 18, 2020 (2018 - January 9, 2019) with an annual interest rate of 2.03% (2018 - average rate of 1.90%).

4. INVESTMENTS

<table>
<thead>
<tr>
<th>Description of Investments</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Income Fund</td>
<td>$1,744,516</td>
<td>$1,637,467</td>
</tr>
<tr>
<td>Balanced Core Fund</td>
<td>836,826</td>
<td>710,403</td>
</tr>
<tr>
<td></td>
<td>$2,581,342</td>
<td>$2,347,870</td>
</tr>
</tbody>
</table>

As at year-end, the cost of the investments was $2,504,545 (2018 - $2,368,646).

5. CAPITAL ASSETS, WEBSITE AND DATABASE

<table>
<thead>
<tr>
<th>Date</th>
<th>Description of Investments</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>Furniture and fixtures</td>
<td>$25,866</td>
<td>$10,374</td>
</tr>
<tr>
<td></td>
<td>Computer equipment</td>
<td>69,959</td>
<td>31,451</td>
</tr>
<tr>
<td></td>
<td>Leasehold improvements</td>
<td>67,255</td>
<td>19,616</td>
</tr>
<tr>
<td></td>
<td>Website and database</td>
<td>75,645</td>
<td>26,662</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$238,725</td>
<td>$88,103</td>
</tr>
</tbody>
</table>

6. DEFERRED LEASE INDUCEMENT

Effective February 1, 2017, the Institute entered into a 10 year premise lease agreement and received a lease inducement in the form of leasehold improvements and a rent free period from the landlord. This inducement has been deferred and is being amortized on a straight-line basis over the term of the lease (Note 11).

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenant lease inducement</td>
<td>$59,640</td>
<td>$68,060</td>
</tr>
<tr>
<td>Less current portion</td>
<td>8,420</td>
<td>8,420</td>
</tr>
<tr>
<td></td>
<td>$51,220</td>
<td>$59,640</td>
</tr>
</tbody>
</table>

7. INTERFUND TRANSFER

During the year, $500,000 (2018 - $Nil) was transferred from the Unrestricted Surplus Fund to the Transformation and Innovation Fund, an internally restricted fund.

8. INVESTMENT INCOME

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>$90,938</td>
<td>$67,844</td>
</tr>
<tr>
<td>Dividends and foreign</td>
<td>10,510</td>
<td>8,122</td>
</tr>
<tr>
<td></td>
<td>$101,448</td>
<td>$75,966</td>
</tr>
</tbody>
</table>

9. GAINS (LOSSES) ON INVESTMENTS

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized gains (losses) on carrying value of investments</td>
<td>$130,420</td>
<td>$(62,777)</td>
</tr>
<tr>
<td>Realized gains on sale of investments</td>
<td>35,565</td>
<td>16,855</td>
</tr>
<tr>
<td></td>
<td>$165,985</td>
<td>$(45,922)</td>
</tr>
</tbody>
</table>

10. PROMISSORY NOTE FROM IIBV

The Institute has a promissory note from the IIBV that was renegotiated in 2019 to be received in 5 equal annual payments commencing in 2020 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.

The principal amount of promissory note outstanding at year-end is CDN $117,284 (US $87,200) (2018 CDN $117,284 (US $87,200)). The Institute’s Management has estimated an allowance for annual payment for CDN $114,851 (US $87,200) (2018 CDN $117,284 (US $87,200)), as the collectability of the promissory note is not reasonably certain as of year-end. Interest payments were received in 2019 for 2018 interest in the amount of $5,852 and interest for 2019 in the amount of $5,743 was accrued.

11. COMMITMENTS

The Institute operates from leased premises under a lease expiring January 31, 2027. The minimum lease payments are outlined below. In addition, the Institute is responsible for a portion of the common area costs and common area and other expenses. The Institute’s Management has estimated an allowance for CDN $114,851 (US $87,200), as the collectability of the promissory note is not reasonably certain as of year-end. Interest payments were received in 2019 for 2018 interest in the amount of $5,852 and interest for 2019 in the amount of $5,743 was accrued.

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 being denominated in foreign currencies:

<table>
<thead>
<tr>
<th></th>
<th>US</th>
<th>CAD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$7,948</td>
<td>$10,468</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>4,360</td>
<td>5,743</td>
</tr>
</tbody>
</table>

Interest, 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.

Currently, the Institute mitigates its interest rate price risk by restricting the type of investments and investing in professionally managed pooled investment funds.

13. SUBSEQUENT EVENTS

Subsequent to the year-end, economic uncertainties have arisen as a result of the COVID-19 coronavirus pandemic. The spread of this virus has caused business disruptions. The related financial impact and duration of this disruption cannot be reasonably estimated at this time.

14. COMPARATIVE AMOUNTS

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