



THE CANADIAN INSTITUTE OF CHARTERED BUSINESS VALUATORS

2007 Eastern Regional Conference

Hotel Omni Mont-Royal
Montréal, Québec — September 6 and 7, 2007

IMPORTANT DEVELOPMENTS IN BUSINESS VALUATION AND ACCOUNTING STANDARDS AFFECTING CBVs

by

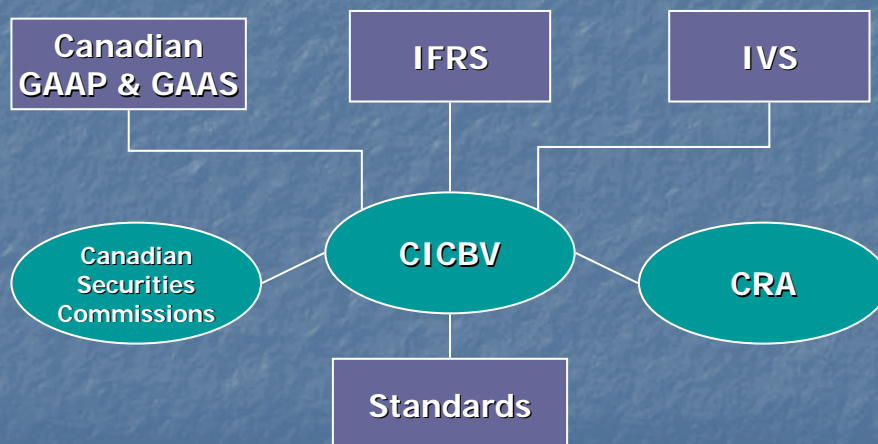
Richard M. Wise, FCA, CA•IFA, FCBV, FASA, MCBA, CVA

of

Wise, Blackman LLP
Montreal



STANDARDS AFFECTING CBVs



BUSINESS VALUATION STANDARDS

Standards provide minimum criteria to be followed by business valuers in developing and reporting valuation of businesses, business ownership interests, securities and intangible assets. They are designed to maintain and enhance quality of business valuations for benefit of business valuation profession and users of business valuation by promoting and maintaining a high level of public trust in appraisal practice.

The Canadian Institute of Chartered Business Valuers
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

NORTH AMERICAN BV STANDARDS-SETTING BODIES

Canada

- The Canadian Institute of Chartered Business Valuers

United States

- American Society of Appraisers
- Institute of Business Appraisers
- National Ass'n of Certified Valuation Analysts
- American Institute of Certified Public Accountants
- The Appraisal Foundation (USPAP)

The Canadian Institute of Chartered Business Valuers
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

NORTH AMERICAN GOVERNMENTAL/REGULATORY BODIES

Canada

- Autorité des marchés financiers du Québec (Reg. Q-27)
- Ontario Securities Commission (Rule 61-501 and 61-501CP)

United States

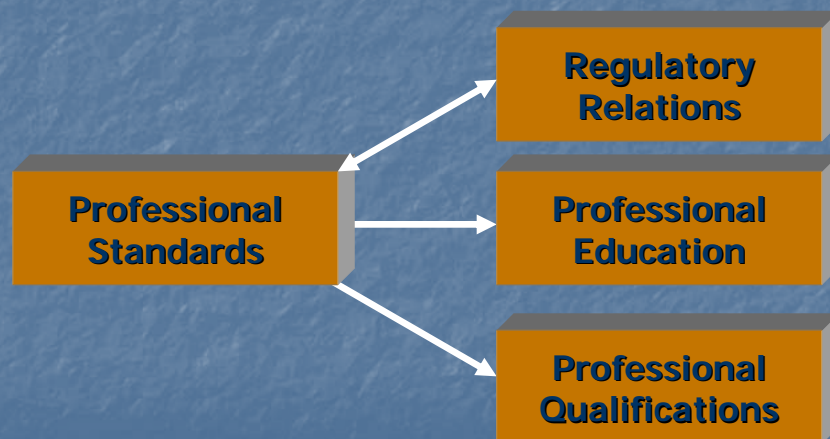
- Internal Revenue Service [July 27, 2006]
- The Appraisal Foundation (USPAP) (source of authoritative standards, per U.S. Congress)

The Canadian Institute of Chartered Business Valuers
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA•IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

RELATIONSHIP BETWEEN PROFESSIONAL STANDARDS AND FUNCTIONS OF APPRAISAL ORGANIZATIONS



The Canadian Institute of Chartered Business Valuers
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA•IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

RECENTLY-ISSUED U.S. STANDARDS BUSINESSES, BUSINESS INTERESTS, SECURITIES AND INTANGIBLES

- IRS** Valuation Guidelines (July 2006)
- AICPA** Statements on Standards for Valuation services "Valuation of a Business, Business Ownership Interest, Security, or Intangible Asset" (June 2007)
- TAF/
ASB** Uniform Standards of Professional Appraisal Practice (July 2006 amendments)
- ASA** Valuation of Intangible Assets (being finalized)

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

CATEGORIES OF BUSINESS VALUATION STANDARDS

- Reporting
- Development (Scope of Work)
- File Documentation
- Expert Reports
- Critiques
- Glossary of Business Valuation Terms (AICPA, ASA, CICBV, IBA, NACVA)

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

CATEGORIES OF BUSINESS VALUATION STANDARDS (CONT'D)

OTHER

- Statements on Valuation Standards (ASA, USPAP)
- Advisory Reports (CICBV)
- Advisory Opinions (ASA, USPAP)
- Expert Reports (CICBV)
- Practice Bulletins (CICBV)
- Practice Aids (AIPCA)
- Procedural Guidelines (ASA)
- Code of Ethics (CICBV, AICPA, ASA, IBA)

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

THE CANADIAN INSTITUTE OF CHARTERED BUSINESS VALUATORS

- Practice Standards
 - Valuation Reports (110, 120 and 130)
 - Advisory Reports (210, 220 and 230)
 - Expert Reports (310, 320 and 330)
 - Limited Critique Reports (410, 420 and 430)
- Practice Bulletins
 - Scope Limitations
 - International Glossary of Business Valuation Terms
 - Definitions of Valuation, Advisory and Expert Reports

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

THE CANADIAN INSTITUTE OF CHARTERED
BUSINESS VALUATORS

PRACTICE STANDARDS

- Each of the four Standards has three sections
 1. Reporting Standards
 2. Scope of Work Standards
 3. File Documentation Standards

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

THE CANADIAN INSTITUTE OF CHARTERED
BUSINESS VALUATORS

PRACTICE BULLETINS

- Provide guidance to members on application of its Standards and Code of Ethics.
- To assist Members in exercising professional judgment in valuation assignment.
 - Clarification of meaning of certain terms used in Practice Standards
 - International Glossary of Business Valuation Terms

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

THE CANADIAN INSTITUTE OF CHARTERED BUSINESS VALUATORS

ADHERENCE TO PRACTICE STANDARDS

Members must comply with, and adhere to, all Practice Standards, since they represent a minimum required standard of care. It must be remembered ... that compliance with ... Standards is not necessarily compliance with all obligations required of Members under the Code of Ethics and applicable law. Practice Standards are published in Handbook.

Failure to comply with Standards is breach of Member's ethical obligations and Institute can take action considered appropriate by Board of Directors.

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

RECOGNITION BY CRA OF CICBV STANDARDS (INFORMATION CIRCULAR 01-1: *THIRD-PARTY CIVIL PENALTIES, SEPT. 18, 2001*)

"The standards followed by [the CICBV] promote and maintain a high level of public trust in professional valuation and appraisal practices by establishing requirements for various types of assignments. These standards cover ethical issues, which set out the requirements for integrity, impartiality, objectivity, independent judgement and ethical conduct".

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

AMERICAN SOCIETY OF APPRAISERS

BUSINESS VALUATION STANDARDS (BVS)

BVS	Title
I	General Requirements for Developing a Business Valuation
II	Financial Statement Adjustments
III	Asset-Based Approach to Business Valuation
IV	Income Approach to Business Valuation

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

AMERICAN SOCIETY OF APPRAISERS

BUSINESS VALUATION STANDARDS (BVS)

BVS	Title
VI	Reaching a Conclusion of Value
VII	Valuation Discounts and Premiums
VIII	Comprehensive Written Business Valuation Report

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

AMERICAN SOCIETY OF APPRAISERS

STATEMENTS ON BUSINESS VALUATION STANDARDS (SBVS)

SBVS	Title
1	The Guideline Public Company Method
2	The Merger & Acquisition Method

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

AMERICAN SOCIETY OF APPRAISERS

ADVISORY OPINIONS

AO-1	Financial Consultation and Advisory Services
------	----------------------------------------------

PROCEDURAL GUIDELINES

PG-1	Litigation Support: Role of The Independent Financial Expert
------	--------------------------------------------------------------

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE (USPAP)

- Appraisal Standards Board of The Appraisal Foundation, Washington, D.C.
- Adhered to by ASA
- Major changes in 2006 relating to:
 - Scope of Work
 - Departure Provisions

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE (USPAP) (CONT'D)

BUSINESS VALUATION-RELATED STANDARDS

- Standard 3: Appraisal Review
- Standard 9: Business Appraisal, Development
- Standard 10: Business Appraisal, Reporting

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

STATEMENTS ON STANDARDS¹, STATEMENTS OF POSITION² AND INTERPRETATIONS

- Clarify, , interpret, explain or elaborate on, Standards. Statements have full weight of Standards.

1. ASA and USPAP.

2. AICPA

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

PROCEDURAL GUIDELINES¹, PRACTICE AIDS, PRACTICE BULLETINS AND TOOLKITS²

- These provide recommendations on application of Standards and provide guidance to valuation analysts through discussions of the application. Also, they may describe concepts and procedures relating to the BV assignment. These guidelines may relate to development, reporting and documenting a business valuation performed by the valuation analyst.³ They are not binding.

1. ASA.

2. AICPA.

3. "Procedural Guidelines" (ASA) and "Business Valuation Guidelines" (IRS).

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

ADVISORY OPINIONS*

- Illustrate applicability of Standards and Statements on Standards in specific fact-situations, and offer advice for resolution of valuation issues. Not binding.

* ASA and USPAP.

PRACTICE BULLETINS*

- To assist valuers in exercise of their professional judgment in carrying out valuation assignments, providing guidance on report definitions, including comprehensive clarification on meaning of certain terms (e.g., "conclusion" or "draft form") used in a specific Standard. Not binding.

* CICBV.

GUIDANCE NOTES*

- Relate to valuations of specific types of properties (e.g., intangible assets, business ownership interests) and to valuation reviews, DCF analyses, etc. Not binding.

* IVSC.

INFORMATION PAPERS*

- Case specific and disseminate results of recent research on valuation issues. (Findings and conclusions of authors [who are identified] of papers and do not necessarily reflect viewpoint of association, its member associations or delegates.) Not binding.

* IVSC.

UNITED STATES
IRS BUSINESS VALUATION GUIDELINES
INTERNAL REVENUE MANUAL, ENGINEERING PROGRAM
(RELEASED JULY 27, 2006)

- Tangible Personal Property Valuation Guidelines — § 4.48.3
- Business Valuation Guidelines — § 4.48.4
- Intangible Property Valuation Guidelines — § 4.48.5
- Real Property Valuation Guidelines — § 4.48.6

IRS valuator must reasonably justify departure from Guidelines

The Canadian Institute of Chartered Business Valuers
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

UNITED STATES
**NEW VALUATION GUIDELINES FOR
IRS VALUATORS**

GUIDANCE FOR:

- 1) Developing valuation issue(s)
- 2) Resolving issue(s) when possible
- 3) Preparing reports
- 4) Reviewing taxpayer's valuation

The Canadian Institute of Chartered Business Valuers
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

UNITED STATES
**NEW VALUATION GUIDELINES FOR
IRS VALUATORS**
(CONT'D)

1) Development of Valuation

- a) Planning valuation assignment
- b) Identifying relevant facts and issues
- c) Analyzing information
- d) Preparing working papers
- e) Reviewing and reporting on taxpayer's valuation

**Relevant valuation information includes that in
*IRS Revenue Ruling 59-60***

The Canadian Institute of Chartered Business Valuers
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA*IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

UNITED STATES
**NEW VALUATION GUIDELINES FOR
IRS VALUATORS**
(CONT'D)

3) Reporting Guidelines:

- a) Required contents of valuation report
- b) Convincing and compelling support for conclusions reached
- c) All information necessary to allow clear understanding of valuation analyses
- d) Explanation of how conclusions reached

The Canadian Institute of Chartered Business Valuers
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA*IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

UNITED STATES
NEW VALUATION GUIDELINES FOR
IRS VALUATORS
(CONT'D)

- 4) Review of Taxpayer's Business Valuation
- a) Identify Scope of Review process conducted
 - b) Determine:
 - i. Completeness of taxpayer's valuation report
 - ii. Adequacy and relevance of data used
 - iii. Propriety of any adjustments thereto
 - iv. Appropriateness of valuation method and techniques
 - v. Whether there is disagreement and, if so, give reasons
 - vi. Whether analyses, opinions and conclusions in taxpayer's report are appropriate and reasonable

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

U.S. TAX-PURPOSE VALUATIONS FOR
CHARITABLE DONATIONS
NOTICE 2006-96
"QUALIFIED APPRAISAL"

Conducted by Qualified Appraiser in
accordance with "generally accepted
appraisal standards" and any
regulations or other guidance
prescribed by Treasury Secretary

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

U.S. TAX-PURPOSE VALUATIONS FOR CHARITABLE DONATIONS

NOTICE 2006-96

"QUALIFIED APPRAISER"

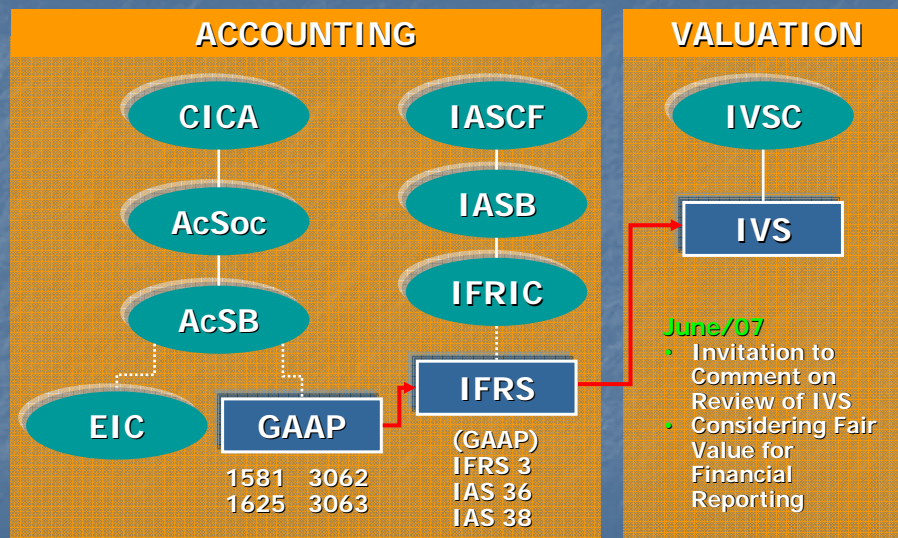
- 1) Earned appraisal designation from recognized professional appraisal organization or otherwise met minimum education and experience requirements per regulations prescribed by U.S. Treasury Secretary,
- 2) Regularly performs appraisals for which he/she receives compensation, and
- 3) Meets other requirements prescribed by Treasury Secretary

The Canadian Institute of Chartered Business Valuers
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

STANDARDS



The Canadian Institute of Chartered Business Valuers
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

"TORONTO VALUATION ACCORD"

- **Signed in 2003**
- **Comprises North American valuation organizations**
- **Provides for participating organizations to coordinate efforts with regulatory bodies and standards-setting groups to aid in expediting simplification and convergence of financial reporting standards**
- **Active support of IVSC**

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

TORONTO VALUATION ACCORD

TVA coalition is united to promote use of market value in financial reporting in best interest of public, investors, government, and business decision makers.

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

TORONTO VALUATION ACCORD

At international level, TVA continues to support International Valuation Standards Committee (IVSC) in its work to ensure valuation standards consistent with and complementary to financial reporting standards being developed and promulgated by IASB. TVA coalition intends to encourage use of market value concepts and aid in expediting simplification and convergence of financial reporting standards in North America and internationally. (Emphasis added.)

The Canadian Institute of Chartered Business Valuers
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

INTERNATIONAL VALUATION STANDARDS COMMITTEE (IVSC)

- 43 Member States
- 9 non-member representatives (observers)
- 2 non-member representatives (correspondents)
- International Valuation Standards 2005
- Newsletters
- Technical Papers
- Research Papers
- Exposure Drafts

The Canadian Institute of Chartered Business Valuers
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

IVSC (CONT'D)

Objectives of IVSC:

- To formulate and publish, in the public interest, valuation Standards for property valuation and to promote their worldwide acceptance; and
- To harmonize Standards among world's States and identify and disclose differences in statements and/or applications of Standards as they occur.

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

IVSC AND FASB AGREEMENT

As Fair Value Measurement becomes more prevalent in financial statements, valuations that follow generally accepted valuation practices prepared by qualified valuation professionals will be needed. Accounting and valuation professionals need clear understanding of each other's roles and responsibilities.

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

IVSC DISCUSSION PAPER RE FAIR VAUE OF
INTANGIBLES FOR IFRS REPORTING
TOPICS ADDRESSED INCLUDE:

- Issues on which comments are sought
 - General approach adopted in Discussion Paper
 - Technical valuation issues
 - Intangible asset valuation methods
 - Determination & benchmarking of valuation inputs
 - Comparison of different approaches & proposed hierarchy for selection of valuation methods
 - Valuation process

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

IVSC DISCUSSION PAPER RE FAIR VAUE OF
INTANGIBLES FOR IFRS REPORTING
TOPICS ADDRESSED INCLUDE:
(CONT'D)

- Key Standards affected
- Technical Valuation Issues
- Intangible Asset Valuation Methods
- Determination & benchmarking of valuation inputs
- Comparison of different approaches and proposed hierarchy for selection of valuation methods
- Valuation process

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

IVSC (CONT'D)

OBJECTIVE

Develop and publish valuation standards and procedural guidance in valuation of assets for use in financial statements

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

RECENT DEVELOPMENTS INVITATIONS TO COMMENT

1. *Proposal for Restructuring of the IVSC*
(Jan. 2007)
 - ➔ CICBV's comments submitted Mar. 15, 2007
(ivsc.org)
2. *Review of International Valuation Standards* (June 2007)
 - ➔ CICBV and ASA to comment by Oct. 31, 2007

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

ACCOUNTING STANDARDS BOARD OF CANADA (AcSB)

1. Requires Canadian “publicly accountable enterprise” (including one planning to issue securities in public market) to apply International Financial Reporting Standards (IFRS) effective 2011
2. In 2008, publicly-accountable enterprises may disclose plans for convergence
3. Stated policy: to comply with International Accounting Standards Board (IASB)

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

ACCOUNTING PRONOUNCEMENTS/POLICIES AFFECTING BUSINESS VALUATORS

- Accounting Standards Board (AcSB)
- Canadian Emerging Issues Committee (EIC)
- U.S. Securities and Exchange Commission (SEC)
- Financial Reporting Releases (FRRs)
- U.S. Financial Accounting Standards Board (FASB)

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

**"FAIR VALUE" MEASUREMENT AND DISCLOSURE
UNDER GAAP/GAAS**

	<u>CANADA</u>	<u>U.S.A.</u>
Fair Value Measurements under GAAP	Awaiting IFRS	SFAS 157
Allocation of Purchase Price in Business Combinations	CICA 1581	SFAS 141
Annual Impairment Test — goodwill and other intangibles	CICA 3062	SFAS 142
Reorganizations under bankruptcy laws: "fresh start" accounting	CICA 1625	SOP 90-7

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

**"FAIR VALUE" MEASUREMENT AND DISCLOSURE
UNDER GAAP/GAAS
(CONT'D)**

	<u>CANADA</u>	<u>U.S.A.</u>
Impairment or disposal of long-lived assets; Using Cash Flow Information and Present Value in Accounting Measurements	CICA 3063	SFAS 144, CON 7
Auditing Fair Value Measurements	CICA 5306	SAS 101, AU 328
Using Work of a Specialist	CICA 5049	SAS 73, AU 336
Performance in Assurance Engagements	CICA 5025	

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

VALUATION BASIS FOR INTANGIBLES

	GAAP	
	<u>CANADA</u>	<u>U.S.A.</u>
"Estimated or appraised values"	CICA 1581.43(e)	
"Estimated fair values"		SFAS 141.37(e)
"Fair value"		SFAS 142

Canada – CICA Handbook

U.S.A. – Statement of Financial Accounting Standards

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

FINANCIAL REPORTING

- Canadian Accounting Standards Board adopt International Financial Reporting Standards ("IFRS") by 2011
- No longer harmonizing Canadian GAAP with U.S. GAAP

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

INTERNATIONAL FINANCIAL REPORTING STANDARDS

- Conceptual framework substantially same as for Canadian standards (GAAP)
- Cover many of same topics
- Reach same conclusions on many issues
- Structured same way as *CICA Handbook* (Accounting)
- GAAP principles highlighted in similar language
- Of similar style, length and detail as *CICA Handbook*

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

(iasb.org)

- Convergence of GAAP
- Requires assets, liabilities and equity instruments to be measured at fair value
- Canadian subs: IFRS Standard 1, "First-time Adoption of International Financial Reporting Standards"

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

INTERNATIONAL FINANCIAL REPORTING STANDARDS

Entire series of pronouncements issued by IASB, comprising IFRS 1 to 8 and IAS (Revised) 1 to 41:

1. Standards and interpretations approved by IASB
2. International Accounting Standards (IAS) issued by IASC between 1973 to 2001, still in effect unless replaced by IFRS

FAIR VALUE AND FINANCIAL REPORTING UNDER GAAP

- Financial statements continue to receive careful scrutiny by investors and AMF/OSC
- Auditing firms scrutinizing work of outside experts
- Valuation experts must also understand technical aspects and valuation issues from *auditor's* perspective
- Section 3.1, *National Instrument 52-107*, requires financial statements be prepared pursuant to Canadian GAAP

IFRS

OBJECTIVES FOR "FAIR VALUE"

- a. Establish simple source of guidance for all Fair Value measurements required by IFRS
- b. Clarify definition of Fair Value and relevant guidance
- c. Enhance disclosures regarding Fair Value

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

AcSB INTERNATIONAL ACTIVITIES

- Strategy to adopt International Financial Reporting Standards (IFRS) for public companies
- Details found in AcSB's Strategic Plan, "Accounting Standards in Canada: New Directions" (acsbcanada.org)

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

IASB (iasb.org)

- Developed by International Accounting Standards Board (IASB), London
- Include former International Accounting Standards
- Require assets, liabilities and equity instruments to be measured at "Fair Value"
- For Canadian subsidiaries: IFRS Standard 1, "First-time Adoption of International Financial Reporting Standards"

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

NEW DEVELOPMENTS AFFECTING VALUATION ACCOUNTING STANDARDS

- AcSB** *Implementation Plan for Incorporating IFRS into Canadian GAAP (June 2006)*
- FASB** *SFAS 157 Fair Value Measurement (Sept. 2006)*
- FASB** *SFAS 159 Fair Value Option for Financial Assets and Financial Liabilities (Feb. 2007)*

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

U.S. FINANCIAL ACCOUNTING STANDARDS BOARD

STATEMENT ON ACCOUNTING STANDARDS NO. 157

FAIR VALUE MEASUREMENTS UNDER GAAP

- Establishes single authoritative definition of Fair Value
- Sets out framework for measuring Fair Value of assets and liabilities
- Requires expanded disclosures regarding Fair Value Measurement

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

SFAS 157 — FAIR VALUE

1. Hypothetical exchange price to be based on amount reporting entity would receive for selling asset or amount it would incur from transferring a liability.
 - FVM in GAAP should therefore be based on exit (selling) prices as opposed to entry (purchase) prices on measurement date.
 - Multiple markets can exist for certain assets and liabilities, e.g., piece of equipment (acquired in retail market but must sell in wholesale market).
 - FV is *market-based* and not *entity-specific* measurement.
2. For FVM, blockage discount not allowed for large holdings of a security.

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

“FAIR VALUE” MEASUREMENT CRITERIA

**CICA and FASB set following hierarchy for
Fair Value Measurement:**

- 1. Quoted market prices in an active market**
- 2. Recent transactions for similar assets**
- 3. Other valuation techniques**

(CICA Handbook 1581 and SFAS 157.)

IFRS **(CONT'D)**

- AcSB's objectives:**
 - a) Establishing simple source of guidance for all Fair Value measurements required by IFRS**
 - b) Clarify definition of fair value and relevant guidance**
 - c) Enhance disclosures regarding fair value**

RECENT DEVELOPMENTS INVITATIONS TO COMMENT VALUATION STANDARDS

USPAP (Amendments)	2006
CICBV (Amendments)	June 2007
AICPA (Statements on Standards SSVS-1)	June 2007
IRS (Guidelines)	July 2007
IVS (8 th Edition)	2007

The Canadian Institute of Chartered Business Valuers
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

RECENT DEVELOPMENTS AFFECTING VALUATION ACCOUNTING STANDARDS

- IASB (IFRS)** Discussion Paper: *Fair Value Measurements* (Nov. 2006)
- ➔ IVSC submitted comments
May 1, 2007 (iasb.org)
- FASB** Discussion Paper: *Valuation Guidance for Financial Reporting* (Jan. 2007)
- ➔ CICBV — Comments submitted
Mar. 15, 2007 (fasb.org)
 - ➔ ASA — Comments submitted
Apr. 13, 2007 (fasb.org)

The Canadian Institute of Chartered Business Valuers
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

RECENT DEVELOPMENTS AFFECTING VALUATION ACCOUNTING STANDARDS

(CONT'D)

IVSC Discussion Paper: *Determination of Fair Value of Intangible Assets for IFRS Reporting Purposes* (July 2007)

➔ Comments due by Oct. 31, 2007 (ivsc.org)

FASB Imminent Issuance of SFAS 141R, *Business Combinations*

IASB Imminent Issuance of revised IFRS 3, *Business Combinations*

(CICA is following developments re SFAS 141R and IFRS 3)

The Canadian Institute of Chartered Business Valuers
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

IVSC DISCUSSION PAPER RE FAIR VAUE OF INTANGIBLES FOR IFRS REPORTING TOPICS ADDRESSED INCLUDE:

- Issues on which comments are sought
 - General approach adopted in Discussion Paper
 - Technical valuation issues
 - Intangible asset valuation methods
 - Determination & benchmarking of valuation inputs
 - Comparison of different approaches & proposed hierarchy for selection of valuation methods
 - Valuation process

The Canadian Institute of Chartered Business Valuers
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

PROPOSED SFAS 141R

Acquiror must:

1. Expense, rather than capitalize, acquisition-related expenses.
2. Measure and recognize contingent consideration at Fair Value in purchase price.
3. Value total consideration paid as of *closing date* rather than *acquisition date*.

WATCH FOR RESULTS OF

IASB Nov./06 Discussion Paper : *Fair Market Value*

IVSC July/07 Discussion Paper:
Determination of Fair Value of Intangible Assets for IFRS Reporting Purposes

FASB June/05 Exposure Draft on SFAS 141R:
Business Combinations

NACVA'S 14TH ANNUAL CONFERENCE WASHINGTON, JUNE 2007

- *Fair Value for Financial Reporting*
— SFAS 157 and SFAS 141R

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

ASA ADVANCED BV CONFERENCE SAN DIEGO, OCTOBER 2007

1. *Business Values and Financial Reporting*
 - Review of recent activities of the FASB, SEC, IASC, TAF, IVSC, ASA and AICPA
2. *FASB Current Thoughts on Fair Value*
3. *State of Business Valuation*
 - Status of ASA's position in North America and the World
 - Impact of fair value accounting for the BV profession

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

ASA ADVANCED BV CONFERENCE

SAN DIEGO, OCTOBER 2007

(CONT'D)

4. *Business Combinations Under SFAS 141R*
 - Status of SFAS 141R draft and IFRS 3 (Business Combinations)
5. *SFAS 157 (Fair Value), SFAS 159 (Fair Value Option) and Beyond: Fair Value, Fair Value Option and Fair Value in Financial Accounting*
 - Potential impact of "Fair Value (movement) on valuation professionals ... "

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

AICPA NATIONAL BV CONFERENCE

NEW ORLEANS, DECEMBER 2007

1. *Fair Value GAAP, GAAS Overview*
 - SFAS 157, SFAS 141R
2. *Fair Value Panel Discussion*
 - Intangible assets, goodwill impairment, recent developments of FASB on fair value measurement issues
3. *Hot Topics in Fair Value — SFAS 157*
 - SFAS 157, SFAS 141R and SFAS 159.

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

AUDIT OF FVM&D CICA 5306 AND SAS NO. 101

Management responsible for making FVM&D included in financial statements. As part of fulfilling responsibility, management must establish accounting and financial reporting process for determining FVM&D, select appropriate valuation methods, identify and support significant assumptions used, prepare valuation, and insure that presentation and disclosure of FV measurements are in accordance with GAAP.

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

FV AUDIT REQUIREMENTS – GENERAL

- CICA *Handbook* Section 5306, "Auditing Fair Value Measurements and Disclosures", includes standards and provides guidance on auditing FVM&D for financial statement purposes (SAS No. 101 of AICPA in U.S.).
- Auditing standards in CICA *Handbook* Section 5049 and SAS No. 73 and AU 336 in the U.S. address use of specialists (including business valuers) in audit assurance engagements.

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

AUDITING FV MEASUREMENTS AND DISCLOSURES (CICA HANDBOOK SECTION 5306)

- Guidance on understanding management's process for developing FV estimates
- Guidance in evaluating whether FV measurements conform to GAAP
- Requirements for auditor to assess:
 - reasonableness of significant assumptions
 - appropriateness of valuation model
 - relevance of underlying data,
- Do not provide guidance for auditing special assets or types of FV estimates

(Related pronouncements: CICA Handbook Section 5049 and SAS No. 73.)

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

FV AUDIT GUIDANCE (CONT'D)

- Evaluate whether entity's method for measuring fair values is applied consistently.
- Determine need to use work and findings of valuation (or other) specialist. Auditor will consider CICA 5049, Use of Specialists in Assurance Engagements.
- Test entity's FVM&D by including management's significant assumptions, valuation model and underlying data, developing independent FV estimates or considering subsequent events.

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

FV AUDIT GUIDANCE (CONT'D)

- Determine if significant assumptions used by management in measuring FVs, taken individually and as a whole, provide reasonable basis for FVM&D.
- Test data used to develop FVM&D and evaluate whether Fair Values have been properly determined from such data and from management's assumptions.

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

AUDIT PROCEDURES APPLIED UNDER GAAS (RE CICA 1581, 1625 AND 3062)

- Obtain evidence, usually through enquiries as to both management's intent and ability to carry out specific courses of action relative to significant assumptions, when intent is relevant to FVM&D under GAAP.
- Consider discussing with management its reasons for selection of valuation method adopted, and whether such method appropriate under GAAP when alternative methods for measuring fair value are available, or when valuation method not prescribed.

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

AUDIT PROCEDURES APPLIED UNDER GAAS
(RE CICA 1581, 1625 AND 3062)

- Evaluate whether entity's method for measuring fair values is applied in consistent manner.
- Determine need to use work and findings of a specialist, e.g., a business valuator.

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

AUDIT PROCEDURES APPLIED UNDER GAAS
(RE CICA 1581, 1625 AND 3062)

- Consider extent to which management had retained valuation specialists or others in determining FVM&D.
- Evaluate whether FVM&D in financial statements are in accordance with GAAP.
- Consider significant management assumptions used in determining fair value.

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

IN EVALUATING COMPETENCE OF CLIENT'S VALUATOR, AUDITOR WILL CONSIDER:

- Education, professional certification, license, or other recognition of competence of valuator
- Reputation and standing of valuator in eyes of his/her peers and others familiar with valuator's capability or performance
- Valuator's knowledge and understanding of accounting concepts or requirements applicable to subject matter of valuator's engagement and, where applicable, relevant laws and regulations
- Valuator's experience in type of assignment
- Valuator's level of experience in and knowledge of entity's industry

The Canadian Institute of Chartered Business Valuers
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

AUDITOR'S ASSESSMENT OF RELIABILITY OF CLIENT'S VALUATION (FVM) SPECIALIST'S OPINION

- Consideration by auditor of:
 - Objectives and scope of valuator's work
 - Valuator's relationship to client
 - Valuator's methods and assumptions used, including consistency with those used in preceding period and those used by similar valuator, if known
 - Valuator's compliance with auditor's requirements
 - Appropriateness of using valuator's work for intended purpose
 - Form and content of valuator's findings

SOURCE: AICPA Practice Alert No. 2002-02 ("Use of Specialists"), relating to SAS No. 73.

The Canadian Institute of Chartered Business Valuers
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

AUDITING MANAGEMENT'S SIGNIFICANT ASSUMPTIONS

- Assumptions go to heart of projections.
- Evaluate whether "significant assumptions" used by management to estimate Fair Value, taken individually and as a whole, provide reasonable basis for inclusion of the Fair Values in entity's financial statements.
- GAAS require auditor to evaluate whether management's assumptions were reasonable and reflect, or are not inconsistent with, market information (such as that used by market participants).

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

VALUATION GUIDANCE U.S. CASE LAW

"Considerable argument was devoted to a number of United States Tax Court decisions. That court has had to deal with very similar arrangements. ... one must treat foreign authorities with caution, but they are entitled to respect and they can be instructive where they deal with essentially the same problem."



Hon. D.G.H. Bowman ACJ
Klotz v. The Queen, 2004 TCC 147

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

VALUATION GUIDANCE U.S. CASE LAW

"The United States authorities ... , while not binding, are entitled to respect and are illustrative of the way in which U.S. courts, operating under a different statutory regime, have sought to cope with the valuation of unique and in some cases unmarketable properties. One must, however, treat foreign authorities with caution."



Hon. D.G.H. Bowman JTCC
Aikman v. The Queen
[2000] 2 CTC 2211; aff'd [2002] DTC 6874

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

VALUATION GUIDANCE U.S. CASE LAW

"The determination of fair market value in the United States may be subject to a different definition than is applicable in Canada. However, in referring to *Hunter* [*] and *Chiu* [**], I am pointing out the reasoning of other Courts in respect of facts that are very similar to the facts in these appeals. "

Rothstein JA
AG of Canada v. Nash et al
005 FCA 386 (PARA. 31)

* *Hunter v. CIR*, 51 T.C.M. (CCH) 1533 ** *Chiu v. CIR*, 84 T.C 72 (1985)

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

U.S. TAX COURT
HERBERT V. KOHLER, JR. v. COMMISSIONER
(T.C. MEMO 2006-152)

"1. Dr. Hakala's Background and Certifications

"Although Dr. Hakala has a doctorate from University of Minnesota and is a chartered financial analyst, he is not a member of [ASA] Dr. Hakala's report also was not submitted in accordance with [USPAP]. [He] did not provide the customary USPAP certification, which assures readers that the appraiser has no bias regarding the parties, no other persons besides those listed provided professional assistance, and that the conclusions in the report were developed in conformity with USPAP."

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

U.S. TAX COURT
HERBERT V. KOHLER, JR. v. COMMISSIONER
(T.C. MEMO 2006-152)

"3. Analysis

"We have several significant concerns about the reliability of Dr. Hakala's report ... [leading] us to place no weight on Dr. Hakala's report as evidence of value of Kohler stock estate held. We have previously discussed the lack of customary certification of Dr. Hakala's report and that *his report was not prepared in accordance with all USPAP standards.*" (*Emphasis added.*)

The Canadian Institute of Chartered Business Valuators
2007 Eastern Regional Conference

September 6 & 7, 2007
Montréal, Québec

Richard M. Wise, FCA, CA+IFA, FCBV, FASA, MCBA, CVA
Wise, Blackman LLP

MORLEY v. THE QUEEN

2004 DTC 2604 (TCC)

Additional Reasons at 2004 DTC 3567 (TCC)

- [108] ... Counsel for respondent objected to the filing of this report because, in their view, Mr. Pritchard should not be considered as an expert witness. Their main reason for so contending was that Mr. Pritchard was neither a chartered business valuator, nor a chartered financial analyst nor a chartered accountant. ...
- [109] ... I conclude that he should not be recognized as such, mainly because of his lack of certification in the field in question. ...