



LIGHT AT THE END OF THE TUNNEL

Audit, Tax & Valuations
Considerations in a Changed World



Welcome!

- Submit questions via Zoom Q&A function
- Survey, link to PD Certificate, slides and video emailed to you following the webinar



Agenda

- **Auditor's Involvement in Offering Documents**

Carmen Newnham, CPA, CA

- **M&A Tax Considerations**

Howard Chang, CPA, CGA, MTax

- **Valuation Considerations**

Mark Weston, CPA, CA, CBV

- **Q&A Session**

- **Door Prize Draw**





Auditor's Involvement in Offering Documents

Carmen Newnham, CPA, CA, CPA (Washington)

Audit & Assurance Partner, Davidson & Company LLP

Auditor's Involvement in Offering Documents

Step 1: Expected Timeline and Nature of Each Parties Involvement

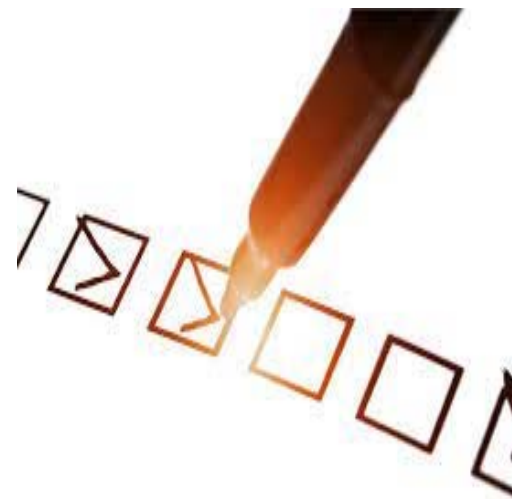
Step 2: Engage Davidson for Prospectus Involvement

Step 3: Engage Davidson for Interim Review

Step 4: Provide Davidson Copy of Short Form Preliminary Prospectus

Step 5: Due Diligence Meeting

Step 6: Circle-up Documents



Auditor's Involvement in Offering Documents

Step 7: Set Preliminary Short Form Prospectus Filing Date

Step 8: File Preliminary Short Form Prospectus

Step 9: Provide Comment Letter and Draft Management Responses

Step 10: Set Short Form Prospectus Filing Date

Step 11: Bring Down Due Diligence Meeting

Step 12: File Short Form Prospectus



© CanStockPhoto.com - csp31881632



M&A Tax Considerations

Howard Chang, CPA, CGA, MTax

Tax Principal, Davidson & Company LLP

Asset vs. Share Purchase

- **Asset vs. Share Purchase**
 - Step-up of tax basis and existing tax attributes
 - Capital gains vs. recapture
 - Tax liabilities
 - Transfer taxes on real property, GST/HST/PST

Structuring Techniques

- **Structuring techniques:**
 - Non-share consideration
 - Share-for-share exchange
 - Triangular amalgamation

Loss Restriction Event/Acquisition of Control

- **Acquisition of control (“AOC”)**
 - Reverse-takeover
 - Deemed taxation year-end(s)
 - Write-down to FMV
 - “Streaming” of pre-AOC tax losses and other attributes
 - Expiration of pre-AOC capital and property losses

Tax Accounting Considerations

- Opening balance sheet
- Initial recognition exception (IFRS)
- Goodwill

Other Tax Considerations

- Taxable Canadian property from NR Seller
- Thin capitalization
- Loss of CCPC status



Valuation Considerations - COVID - 19

Mark Weston, CPA, CA, CBV

Valuations & Advisory Partner, Davidson & Company LLP

Fair Value Measurement – COVID 19

- What is Fair Value?
- How is it measured?
- How is it impacted?
- How are *you* impacted?

Fair Value Measurement – COVID 19

- **What is Fair Value?**
 - An EXIT price
 - Price that would be *received to sell* an asset or *paid to transfer* a liability in an *orderly transaction* between *market participants* at the *measurement date*

Fair Value Measurement – COVID 19

- How is **FV** measured?
 - Hierarchy of inputs (IFRS 13)
 - Observable and unobservable
 - Measured using assumptions that **market participants would use**, including assumptions about risk
 - COVID - 19

Fair Value Measurement – COVID 19

- How is **FV** measured?
 - Hindsight not permitted
 - Consider business comb or impairment analysis at
 - Dec 31, 2019
 - June 30, 2020
 - Dec 31, 2020
 - June 30, 2021

Fair Value Measurement – COVID 19

- How is *measurement* impacted?
 - Different impacts across industries
 - Regardless of industry, impacts risk
 - Risk inherent in cash flows
 - Forecasting, FX, Commodity pricing (gov't measures)
 - Credit risk (Own / counterparty)
 - Liquidity risk

Fair Value Measurement – COVID 19

- How are *you* impacted?
 - Ensure inputs reflect market participants inputs, based on information available at measurement date
 - Ensure COVID-19 related risk premiums are considered
 - Ensure adequate disclosures are made around the key assumptions and judgements used (including sensitivity analysis)



Q&A Session

Closing Items

- Survey, PD Certificate & Slides e-mailed shortly
- Video recording will be posted to our website
- Upcoming Events – save the date!
 - IFRS Update Webinar: October 28, 2021
 - Annual Tax Update: November 24, 2021
 - Annual Regulatory & TSXV Update: January 12, 2022
- Draw(s)

