Consolidated Financial Statements
(Expressed in Canadian Dollars)

people CORPORATION

Experience the Benefits of People

Years ended August 31, 2019 and August 31, 2018

Independent Auditor's Report

To the Shareholders of People Corporation:

Opinion

We have audited the consolidated financial statements of People Corporation and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at August 31, 2019 and August 31, 2018, and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at August 31, 2019 and August 31, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated 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.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis; and
- The Annual Report, but does not include the consolidated financial statements and our auditor's opinion thereon.

Our opinion on the consolidated 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 audits of the consolidated 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 consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Company'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 Company'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 consolidated 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Craig Schatkowsky.

Winnipeg, Manitoba

MNP LLP

December 6, 2019

Chartered Professional Accountants

PEOPLE CORPORATION

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	August 31, 2019	August 31, 2018
Assets			
Current assets:			
Cash		$ 12,489,692	$ 21,119,220
Trade and other receivables	5	20,714,900	13,735,697
Income tax receivable		292,187	112,745
Prepaid and other current assets		2,301,395	1,830,716
Total current assets		35,798,174	36,798,378
Non-current assets:			
Property and equipment	6	12,661,874	10,667,472
Goodwill and intangible assets	7	275,233,325	213,428,886
Loans and other assets	8	3,450,478	1,660,384
Contract cost assets		333,273	-
Total non-current assets		291,678,950	225,756,742
Total assets		**$ 327,477,124**	**$ 262,555,120**
Liabilities and shareholders' equity			
Current liabilities:			
Trade and other liabilities	9	$ 25,683,861	$ 21,649,670
Deferred revenue		-	3,288,650
Contract liabilities		5,207,406	-
Non-controlling interest put options	11	14,960,783	-
Loans and borrowings	12	2,988,017	7,074,946
Total current liabilities		48,840,067	32,013,266
Trade and other liabilities	9	2,046,762	2,165,489
Non-controlling interest put options	11	40,763,584	52,613,161
Loans and borrowings	12	83,752,227	31,198,602
Deferred tax liability	13	22,212,807	16,448,628
Total liabilities		**197,615,447**	**134,439,146**
Shareholders' equity:			
Share capital	14	125,765,547	124,672,253
Contributed surplus		6,009,327	2,747,472
Retained earnings (deficit)		(1,913,197)	696,249
Total shareholders' equity		**129,861,677**	**128,115,974**
Total liabilities and shareholders' equity		**$ 327,477,124**	**$ 262,555,120**

Commitments and contingencies (Note 21)
Subsequent events (Note 27)

ON BEHALF OF THE BOARD OF DIRECTORS

/s/ "Eric Stefanson"
Director, Chair of the Audit & Risk Committee

/s/ "Laurie Goldberg"
Director, Chief Executive Officer

The notes are an integral part of these Consolidated Financial Statements.

PEOPLE CORPORATION

Consolidated Statements of Comprehensive Income (Loss)
(Expressed in Canadian dollars)

	Note		Year ended August 31, 2019		Year ended August 31, 2018
Revenue	17	$	162,494,106	$	130,518,057
Operating expenses	22		125,461,735		100,228,915
Depreciation and amortization	6, 7		14,584,971		10,659,028
Finance expenses					
Change in estimated fair value of non-controlling interest put options	18		8,517,983		11,736,962
Other finance expenses			1,646,665		4,188,947
Acquisition, integration and reorganization costs	22		10,263,376		6,326,566
	22		160,474,730		133,140,418
Income (loss) before income taxes			**2,019,376**		**(2,622,361)**
Income tax expense (recovery):					
Current	13		8,253,901		5,882,030
Deferred	13		(3,625,079)		(1,583,752)
			4,628,822		4,298,278
Net income (loss) and comprehensive income (loss)		**$**	**(2,609,446)**	**$**	**(6,920,639)**

Earnings (loss) per share					
Basic	14,c	$	(0.04)	$	(0.13)
Diluted	14,c	$	(0.04)	$	(0.13)

The notes are an integral part of these Consolidated Financial Statements.

PEOPLE CORPORATION

Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Note	Share Capital	Contributed Surplus	Retained Earnings (Deficit)	Total
Balance, August 31, 2017		**$ 58,861,256**	**$ 1,892,859**	**$ 7,616,888**	**$ 68,371,003**
Net loss and comprehensive loss for the year		-	-	(6,920,639)	(6,920,639)
Issuance of common shares	14, b	62,906,800	-	-	62,906,800
Acquisition-related issuance of shares	14, b	1,914,315	-	-	1,914,315
Settlement of restricted stock units	14, b	63,031	(167,594)	-	(104,563)
Exercise of stock options	14, b	926,851	(291,003)	-	635,848
Share-based payments	15, b, c, d	-	1,313,210	-	1,313,210
		65,810,997	854,613	(6,920,639)	59,744,971
Balance, August 31, 2018		**$124,672,253**	**$ 2,747,472**	**$ 696,249**	**$128,115,974**

	Note	Share Capital	Contributed Surplus	Retained Earnings (Deficit)	Total
Balance, August 31, 2018		**$124,672,253**	**$ 2,747,472**	**$ 696,249**	**$128,115,974**
Net loss and comprehensive loss for the year		-	-	(2,609,446)	(2,609,446)
Acquisition-related issuance of shares	14, b	74,575	-	-	74,575
Settlement of restricted stock units	14, b	183,715	(626,993)	-	(443,278)
Exercise of stock options	14, b	835,004	(239,874)	-	595,130
Share-based payments	15, b, c, d	-	4,128,722	-	4,128,722
		1,093,294	3,261,855	(2,609,446)	1,745,703
Balance, August 31, 2019		**$125,765,547**	**$ 6,009,327**	**$ (1,913,197)**	**$129,861,677**

The notes are an integral part of these Consolidated Financial Statements.

PEOPLE CORPORATION

Consolidated Statements of Cash Flows
(Expressed Canadian dollars)

	Note	Year ended August 31, 2019	Year ended August 31, 2018
Operating activities			
Net income (loss) for the year		$ (2,609,446)	$ (6,920,639)
Adjustments for:			
Depreciation	6	2,034,006	1,485,045
Amortization of intangible assets	7	12,550,965	9,173,983
Share-based compensation	15,b,c,d	4,128,722	1,313,210
Impairment losses on property, equipment and intangible assets	6,7	35	200,524
Finance expenses	18	10,164,648	15,925,909
Income tax provision	13	4,628,822	4,298,278
Net cash from operations		30,897,752	25,476,310
Change in non-cash operating working capital	16	(3,062,576)	(559,848)
Cash generated from operating activities		27,835,175	24,916,462
Finance costs paid		(3,042,601)	(1,907,810)
Income taxes paid		(8,406,393)	(5,771,895)
Net cash from operating activities		16,386,182	17,236,757
Investing activities			
Acquisition of subsidiaries, net of cash acquired	4	(51,037,986)	(53,936,879)
Acquisition of property and equipment	6	(3,768,128)	(9,467,295)
Acquisition of intangible assets	7	(1,636,132)	(1,861,089)
Net cash used in investing activities		(56,442,246)	(65,265,263)
Financing activities			
Proceeds from exercise of stock options	15,b	595,130	635,848
Settlement of restricted stock units		(443,278)	(104,563)
Outflows relating to loans and other assets	8	(2,012,700)	(1,000,000)
Proceeds from loans and borrowings	12	116,861,085	55,662,250
Repayment of loans and borrowings	12	(76,194,933)	(63,366,897)
Proceeds from private placement of shares, net		-	61,950,909
Payment of dividends on non-controlling interest	11	(3,561,450)	(2,563,653)
Payment of put options on non-controlling interest	11	(3,817,318)	-
Net cash from financing activities		31,426,536	51,213,894
Net increase (decrease) in cash		(8,629,528)	3,185,388
Cash at beginning of the year		21,119,220	17,933,832
Cash at the end of the year		**$ 12,489,692**	**$ 21,119,220**

The notes are an integral part of these Consolidated Financial Statements.

1. Reporting entity:

People Corporation (the "Company") was incorporated under the Ontario Business Corporations Act on July 5, 2006. The Company is a public company listed on the TSX Venture Exchange (the "TSX-V"), trading under the "PEO" symbol and is domiciled in Canada. The address of the Company's corporate office is 1403 Kenaston Boulevard, Winnipeg, Manitoba, Canada and the Company's registered office is 180 Bay Street, Suite 4400, Toronto, Ontario, Canada. These consolidated financial statements of the Company comprise accounts of the Company and its subsidiaries. The Company is primarily involved in the delivery of employee group benefit consulting, third-party benefits administration services, pension consulting and human resources consulting to help companies recruit, retain and reward employees.

2. Basis of presentation:

These consolidated financial statements were approved by the Board of Directors and authorized for issuance on December 6, 2019.

(a) Statement of compliance

These consolidated financial statements were prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") effective August 31, 2019, as issued by the International Accounting Standards Board ("IASB").

(b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for the following material items in the consolidated statement of financial position:

- financial instruments at fair value through profit or loss are measured at fair value
- share-based compensation awards are measured at fair value at grant date

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

(d) Use of estimates and judgments

Preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates, judgments, and assumptions that affect the application of policies and the reported amounts of assets, liabilities at the date of these consolidated financial statements and reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates. Areas of significant accounting estimates and judgments include determination of fair value of financial instruments, impairment of financial instruments, impairment of goodwill and intangible assets, business combinations, revenue recognition and deferred taxes. The Company also uses judgment when determining operating segments, contingencies, acquisition, integration and reorganization costs, non current assets and the determination of fair value of share based payments. Details on the estimates and judgments are further described in the relevant accounting policies in these Notes.

We are required to make estimates that affect the amount of revenue from contracts with customers under IFRS 15. The Company uses judgment to determine 1) whether it is the principal or the agent and 2) the timing of the transfer of control, at a point in time or over time.

The Company makes a number of estimates when calculating recoverable amounts using discounted future cash flows or other valuation methods to test for impairment. These estimates include the assumed growth rates for future cash flows, the number of years used in the cash flow model and the discount rate. The determination of CGUs or groups of CGUs for the purpose of impairment testing requires judgment.

Provisions are recognized for present legal or constructive obligations as a result of a past event, if it is probable that they will result in an outflow of economic resources and the amount can be reliably estimated. The amounts recognized for these provisions are the best estimates of the expenditures required to settle the present obligations or to transfer them to a third party at the statement of financial position date, considering all the inherent risks and uncertainties, as well as the time value of money. These provisions are reviewed as relevant facts and circumstances change.

The amounts of deferred tax assets and liabilities are estimated with consideration given to the timing, sources and amounts of future taxable income.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

(a) Changes in accounting policies

The Company adopted the following new and revised standards, along with any consequential amendments, effective September 1, 2018. These changes were made in accordance with the applicable transitional provisions.

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15")

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

The Company has adopted IFRS 15 using the modified retrospective effect method (using the practical expedient of recognizing the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset the Company otherwise would have recognized is one year or less), with the effect of initially applying this standard recognized at the date of initial application of September 1, 2018. Accordingly, the information presented as at August 31, 2018, has not been restated to reflect the new requirements, and is presented as previously reported. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

A description of the changes and the quantitative impact of the adoption of IFRS 15 are presented below.

There was no impact on retained earnings as a result of adopting IFRS 15 as at September 1, 2018.

(Expressed in Canadian dollars)

The following tables summarize the impact of adopting IFRS 15 on the Company's consolidated statement of financial position as at August 31, 2019, for each of the line items affected below. There was no material impact on the Company's statement of comprehensive income (loss) and statement of cash flows for the year ended August 31, 2019.

	As reported	**Adjustments**	**Amounts without adoption of IFRS 15**
Contract cost assets	333,273	(333,273)	-
Deferred revenue	-	(5,207,406)	(5,207,406)
Contract liabilities	(5,207,406)	5,207,406	-

The Company incurs incremental costs in obtaining contracts for new clients, the renewal of contracts for existing clients, and in the fulfillment of the contracts for these clients. Previously all implementation and fulfillment costs were expensed once revenue on the contracts with customers was recognized. Under IFRS 15, incremental costs of obtaining and renewing contracts, and fulfillment costs on certain customer contracts with terms in excess of 12 months, will be recognized as contract assets and expensed over the term of the related contract. The Company considers the renewal period in the contract in addition to the initial term of the contract, when the renewal is highly probable, in determining the recognition period for the contract asset.

IFRS 9, *Financial Instruments* ("IFRS 9")

(i) Classification and measurement of financial assets and liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard replaces the previous classification categories of held to maturity, loans and receivables, and available for sale under IAS 39. The two principal classification categories for financial liabilities under IFRS 9 are amortized cost and FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: it is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

(Expressed in Canadian dollars)

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and liabilities as at September 1, 2018.

	Original Classification under IAS 39	New classification under IFRS 9	Carrying amount Original under IAS 39	Carrying amount New under IFRS 9
Financial assets:				
Cash	FVTPL	Amortized cost	$ 21,119,220	$ 21,119,220
Trade and other receivables	Loans and receivables	Amortized cost	13,735,697	13,735,697
Loans receivable	Loans and receivables	Amortized cost	1,660,384	1,660,384
Financial liabilities:				
Trade and other liabilities	Amortized cost	Amortized cost	(23,815,159)	(23,815,159)
Loans and borrowings	Amortized cost	Amortized cost	(38,273,548)	(38,273,548)
Non-controlling interest put options	FVTPL	FVTPL	$ (52,613,161)	$ (52,613,161)

The adoption of IFRS 9 has not had a significant impact on the Company's measurement of financial assets and financial liabilities.

The following accounting policies apply to the subsequent measurement of financial assets and liabilities:

Financial assets at amortized cost are subsequently measured using the effective interest method. The amortized cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an expected credit loss ("ECL") model. The new impairment model applies to financial assets carried at amortized cost. The financial assets at amortized cost consist of cash, trade and other receivables and loans receivable.

Generally under IFRS 9, credit losses are recognized earlier than under IAS 39. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on historical experience and informed credit assessment and including forward-looking information.

The adoption of the new ECL impairment model has not had a significant impact on the Company's measurement of impairment losses on its financial assets carried at amortized cost.

(iii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied using the modified retrospective method. The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Accordingly, the information presented for the comparative period at August 31, 2018, does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application: the determination of the business model within which a financial asset is held and the designation of financial liabilities as measured at FVTPL.

There was no impact on retained earnings as a result of adoption of IFRS 9 as at September 1, 2018.

(b) Future accounting changes

IFRS 16, Leases ("IFRS 16")

On January 13, 2016, the IASB issued IFRS 16, Leases ("IFRS 16"). The new standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 will replace IAS 17, Leases ("IAS 17").

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Company expects to adopt IFRS 16 using the modified retrospective method. Under the modified retrospective method, comparative financial information is not restated and continues to be reported under the accounting standards in effect for those periods. Under the principles of the new standard, lease liabilities will be measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at September 1, 2019. The associated ROU assets will be measured at the lease liability amount on September 1, 2019, resulting in no adjustment to the opening balance of retained earnings.

The Company intends to use the following practical expedients permitted under the new standard;

- applying a single discount rate to a portfolio of leases with similar characteristics;
- accounting for leases with a remaining lease term of less than twelve months as at the date of adoption as short-term leases;
- continuing to expense low dollar value leases as incurred;
- using the Company's previous assessment of impairment under IAS 37 for onerous contracts instead of re-assessing the ROU asset for impairment on September 1, 2019;
- using hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Furthermore, the Company intends to apply IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and related interpretations will not be reassessed. Therefore, the definition of a lease under IFRS 16 will be applied only to contracts entered into or changed on or after September 1, 2019.

The estimated impact of the adoption of the standard is a lease liability of approximately $13,150,000 and a ROU asset of approximately $12,422,000 with no impact on retained earnings. The ROU asset will be net of the provision for onerous leases of $728,000 relating to the leases recognized in the consolidated statement of financial position immediately before the date of initial application. The additional ROU asset and lease liability is expected to result in an increase in depreciation and amortization expense and increase in non-cash finance expenses on lease liabilities, with a corresponding decrease in operating lease expenses.

(c) Basis of consolidation

(i) Business combinations

For acquisitions, the Company measures goodwill as the fair value of the consideration transferred, including the recognized amount of any non-controlling interest in the acquiree, less the fair value of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in net income (loss).

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments to goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as a liability is remeasured as subsequent report dates with subsequent changes in the fair value of the contingent consideration recognized in net income (loss). The subsequent remeasurement of contingent consideration is estimated based on predetermined formulas as defined in the purchase agreements which are generally a multiple of estimated future revenue or earnings of the acquired companies exceeding target thresholds over a specified period.

The Company recognizes liabilities in trade and other liabilities (see note 9), if any, at their acquisition date fair value and such amounts form part of the cost of the business combination. Subsequent changes in the fair value of contingent consideration arrangements are recognized in net income (loss) for the period.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

(Expressed in Canadian dollars)

(ii) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. Where necessary, adjustments are made to the financial statements of acquired subsidiaries to conform their accounting policies to the Company.

Intercompany balances and transactions, and any realized or unrealized revenue and expenses arising from intercompany transactions, are eliminated in preparing these consolidated financial statements.

These consolidated financial statements include the accounts of the Company and its subsidiaries:

	Common Ownership %	**Economic Interest %**
People First HR Services Ltd.	100.0%	100.0%
Hamilton + Partners Inc., including its subsidiaries:	100.0%	50.0%-70.0%
Employee Benefits Inc., Disability Concepts Inc., 6814407 Canada Corporation		
Bencom Financial Services Group Inc.	100.0%	100.0%
Coughlin & Associates Ltd.	100.0%	72.0%
BPA Financial Group Ltd., including its subsidiaries:	50.0%-100.0%	78.2%
Benefit Plan Administrators Ltd., Benefit Plan Administrators (Atlantic) Ltd., BPA Consulting Group Ltd., BPA Internet Connections Ltd., TAL Insurance Brokers Ltd., 1739813 Ontario Ltd., and Alluvus Solutions Inc.		
Sirius Benefit Plans Inc.	100.0%	100.0%
Skipwith & Associates Insurance Agencies Inc.	100.0%	100.0%
Lane Quinn Benefit Consultants Ltd.	100.0%	100.0%
Silverberg & Associates Inc.	100.0%	75.0%
Benefit Partners Inc.	100.0%	75.0%
Life Benefit Solutions Inc.	100.0%	100.0%
ACL Student Benefits Ltd.	100.0%	100.0%

Economic interest represents the share of earnings attributable to the Company through common share ownership excluding earnings attributable to the principals of acquired companies through restricted non-voting classes of shares.

(d) Financial instruments

This note provides information about the Company's accounting policy related to the initial recognition and measurement, subsequent measurement, and derecognition of financial instruments. The Company's impairment policy and exposure to various risks associated with the financial instruments are discussed in notes 3(i) and 18, respectively.

(i) Financial assets

On initial recognition, a financial asset is classified and measured at amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit and loss (FVTPL).

The Company classifies non-derivative financial assets that the Company intends to hold in order to collect the contractual cash flows and have fixed or determinable payments that are not quoted in an active market as amortized cost. This includes cash, trade and other receivables, and loans receivable.

Financial assets carried at amortized cost are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method when the Company becomes party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets at amortized cost are subsequently measured using the effective interest method. The amortized cost is reduced by impairment losses (see note 3(i) below). Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a currently enforceable legal right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(ii) Non-derivative financial liabilities

Financial liabilities are initially measured at fair value and subsequently measured at amortized cost unless classified as FVTPL, when the entity becomes party to the contractual provisions of the instrument.

The Company recognizes trade and other liabilities and loans and borrowings initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

The Company recognizes non controlling interest put options and contingent consideration obligations initially at fair value, with gains and losses as a result of subsequent measurement including any interest recognized in net income (loss).

The Company derecognizes a financial liability when its contractual obligations are extinguished.

Financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a currently enforceable legal right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(e) Share capital

Common voting shares are classified as equity. Incremental costs directly attributable to the issue of common voting shares are recognized as a deduction from equity, net of any tax effects.

(f) Cash

Cash and cash equivalents may include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less and restricted cash.

(g) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The costs of the day-to-day servicing of property and equipment are recognized in the consolidated statement of comprehensive income (loss) in the period in which they are incurred.

(ii) Depreciation

Depreciation is recognized in the consolidated statement of comprehensive income (loss) over the estimated useful lives of each part of an item of property and equipment in a manner which most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Asset	**Basis**	**Rate**
Leasehold improvements	Straight-line	Shorter of useful life or term of the lease
Furniture & fixtures	Diminishing balance	20%
Computer equipment	Diminishing balance	30%
Automobiles	Diminishing balance	30%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(h) Goodwill and intangible assets

(i) Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of subsidiaries over the fair value of the net assets acquired. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized but is subject to an annual impairment test.

(ii) Intangible assets

Intangible assets consist of internally-developed software, acquired customer relationships and brands, customer contracts and acquired software. Intangible assets acquired separately are measured on initial recognition at cost. The cost of identifiable intangible assets acquired in a business combination is equal to the fair value as at the date of acquisition. Following initial recognition, identifiable intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Internally-developed software is recognized at the aggregate cost of all eligible development costs, when the following criteria are met: (i) technically feasible; (ii) management intention to complete development; (iii) the Company is able to use the software once implemented; (iv) future benefits associated with the software can be demonstrated; (v) adequate technical, financial, and other resources to complete development and to use the software are available; and (vi) expenditures attributable to the software during its development can be reliably measured. Eligible expenditures capitalized as part of internally-developed software include external direct costs of materials and services consumed in development, and payroll and payroll-related costs for employees who are directly associated with and who devote time to the development of the software.

Definite life intangible assets are amortized from the date of acquisition or, for internally developed assets, from the time the asset is available for use. Amortization is recognized in the consolidated statement of comprehensive income (loss) on a straight-line basis over the estimated useful life of the asset, and the residual values and useful lives of the assets are reviewed at each financial year-end and adjusted if appropriate. The estimated useful lives for the current and comparative periods are as follows:

Asset	**Basis**	**Rate**
Acquired customer relationships and brands	Straight-line	8 - 10 years
Customer contracts	Straight-line	term of the contract
Computer software (including internally developed)	Straight-line	4 - 10 years

(i) Impairment

(i) Financial assets

The Company recognizes loss allowances for ECLs on financial assets measured at amortized cost and measures the allowance at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on historical experience and informed credit assessment and future probability of default.

At each reporting date, the Company assess whether a financial asset carried at amortized cost is credit-impaired. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive), discounted at the effective interest rate of the financial asset. Loss allowances are deducted from the gross carrying amount of the assets and recognized in the net income (loss).

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets (that have indefinite useful lives or that are not yet available for use) the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash generating unit”, or “CGU”). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment recoverability test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Company’s corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net income (loss). Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(j) Trade and other liabilities

Trade payables include obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less and are recognized initially at fair value and subsequently measured at amortized cost.

Other liabilities include accruals for salaries and compensation, contingent consideration obligations, provisions and other obligations incidental to the Company’s normal business operations. They are classified as current when it is expected to be settled within one year of the reporting period date, and are recognized initially at fair value and subsequently measured at amortized cost.

(k) Contract liabilities

Contract liabilities represent payments received in advance for services which have not yet been performed. Contract liabilities are recognized into income as services are rendered, in accordance with the revenue recognition policies described below.

(l) Insurance premium liabilities and related cash

In its capacity as third party administrators, the Company collects premiums from clients and remits premiums and claim payments, net of agreed deductions, such as taxes, administrative fees and commissions, to insurance carriers. As the Company is acting in its capacity as third party administrators to collect and remit premiums to insurance underwriters and claim payments to individuals, the Company is considered to have a legal right to offset premiums collected and corresponding liabilities. As such, the cash and investment balances relating to these liabilities have been offset against the related liability in the Company’s consolidated statement of financial position.

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Share-based payment transactions

Share-based payments are comprised of equity-settled Employee Share Purchase Plan ("ESPP"), equity-settled stock options, equity-settled performance-conditioned Restricted Stock Units and equity-settled Deferred Stock Units (collectively, "Equity-Settled Awards"). Equity-Settled Awards granted to employees and directors of the Company are measured at the fair value of the equity instruments at the grant date. The grant date fair value of Equity-Settled Awards are recognized as compensation expense, with a corresponding increase in equity, over the period that the awards vest. The amount recognized as an expense is adjusted to reflect the number of Equity-Settled Awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of Equity-Settled Awards that do meet the related service and non-market performance conditions at the vesting date. For Equity-Settled Awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no reconciliation for differences between expected and actual outcomes.

The Company's contributions under its ESPP are expensed as incurred.

Equity-Settled Awards to non-employees are measured at the fair value of the goods and services received unless that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instrument granted and measured at the date the Company obtains the good or the counterparty renders the service.

(n) Revenue recognition

Revenue includes fees and commissions generated from administrative, advisory and consulting services provided to clients. Revenue and related costs from these services is recognized in accordance with the five step model in IFRS 15:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price, which is the total consideration provided by the customer;
4. Allocate the transaction price among the performance obligations in the contract based on their relative fair values; and
5. Recognize revenue when the relevant criteria are met for each performance obligation.

Additional information about the Company's new revenue recognition accounting policies is as follows:

Benefit solutions

Benefit solutions revenue is primarily from fees earned for third-party administrative services. In addition, the Company earns fees from group retirement consulting and administration, and individual financial services including insurance and wealth management. Revenue from administrative services is recognized as services are provided and the performance obligation is met, except as described below.

Group benefit commission revenue from clients where advisory services and plan administration services are provided by the Company is generally received in advance and recorded as a contract liability on the consolidated statement of financial position. Commission advances are recognized in revenue over time based on the number of months for which the commission revenue was advanced. The transaction price and consideration received is reduced for expected return commissions due to policy cancellation and adjustments. The transaction price reduction is determined based on historical data.

Group benefit commission revenue from clients where the Company provides only advisory services is recognized in income at the effective or renewal date of the policy, with the transaction price reduced for expected return commissions due to policy cancellation and adjustments. The transaction price reduction is determined based on historical data.

Variable consideration is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

Consulting solutions

Consulting solutions revenue is primarily comprised of commissions from insurance carriers. In addition, the Company provides group retirement plan advisory services from which it earns commissions paid by the carrier who administers and invests the funds. Revenue from consulting services is recognized as services are provided and the performance obligation is met.

Human Resource solutions

Human Resource solutions revenue is primarily earned from hourly or fixed fees for consulting services and as a percentage of compensation for recruiting services. Fee revenue from consulting services is recognized as services are provided and the performance obligation is met. For fee revenue that is contingent on certain criteria being met, consulting service revenue is not recognized until the criteria have been met.

Other

All other revenue is recognized as services are rendered by the Company. Other revenue includes investment income recorded on an accrual basis.

The Company incurs incremental costs in obtaining contracts for new clients, the renewal of contracts for existing clients, and in the fulfillment of the contracts for these clients. Previously all implementation and fulfillment costs were expensed once revenue on the contracts with customers was recognized. Under IFRS 15, incremental costs of obtaining and renewing contracts, and fulfillment costs on certain customer contracts with terms in excess of 12 months, will be recognized as contract assets and expensed over the term of the related contract. The Company considers the renewal period in the contract in addition to the initial term of the contract, when the renewal is highly probable, in determining the recognition period for the contract asset.

(o) Finance income and finance costs

Finance income comprises interest income on funds invested which is recognized as it accrues in net income (loss), using the effective interest method. Finance costs comprise interest expense on borrowings which are recognized in net income (loss) using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income (loss) except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The Company follows the asset and liability method of accounting for income taxes. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss on acquired goodwill and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(q) Earnings per share

Basic earnings per share is calculated by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period.

Diluted earnings per share is calculated by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares, which comprise stock options, tandem stock appreciation rights, restricted stock units and deferred stock units at the weighted average price of the Company's common shares for the period.

4. Business acquisitions:

During the year, the Company acquired the following businesses:

ACL Student Benefits Ltd. ("ACL")

Effective July 30, 2019, the Company acquired all of the issued and outstanding shares of ACL a company providing consulting services related to health and dental benefits to student associations at Canadian post-secondary education institutions, and to international students attending Canadian universities and colleges, primarily in Ontario, Alberta and New Brunswick. The total purchase price for the acquisition of ACL included cash payment on closing of the transaction, subject to final working capital adjustment and vendor take-back note payable following the second period of the closing and contingent consideration. The vendor take-back note is subject to potential adjustment related to the financial performance of the business over that period. In addition, ACL vendors may be eligible to receive a potential additional payment after three years following closing of the transaction should the business exceed certain financial performance thresholds.

Life Benefit Solutions Inc. ("Life")

Effective February 11, 2019, the Company acquired all of the issued and outstanding shares of Life, a company providing group benefit consulting and group retirement solutions primarily focused on the First Nation market segment based in Winnipeg, Manitoba. Total consideration paid for the acquisition of Life included cash, subject to final adjustments for working capital, vendor take-back notes, common shares of the Company and contingent consideration. Vendor take-back notes payable are subject to both claw back adjustments and an earn back provision tied to achievement of certain financial metrics set out in the share purchase agreement. The contingent consideration recorded is based on Life reaching predetermined EBITDA targets, over the three annual periods from March 1, 2019, to February 28, 2022, multiplied by the transaction multiple.

Benefit Partners Inc. ("BPI")

Effective November 27, 2018, the Company acquired BPI, a company providing group benefit consulting and group retirement solutions to clients based primarily in Ontario. Total consideration paid for the acquisition of BPI included cash, subject to final adjustments for working capital, and non-controlling interest put options. The Company holds a 100% voting interest and holds a 75% economic interest in BPI through ownership of all of the issued dividend-bearing common shares of BPI.

The BPI Principals collectively hold a 25% economic interest in the business through ownership of non-voting, non-cumulative, dividend-bearing special shares of BPI (“BPI Principal Shares”). All classes of non-voting, non-cumulative, dividend-bearing shares of BPI have an ongoing contractual right to receive quarterly dividends based on a calculation derived from BPI’s earnings. The Company is entitled to a priority on the payment of dividends declared on the BPI dividend-bearing shares to the extent of a specified earnings amount.

In addition, the Company has a future right to purchase the BPI Principal Shares (“BPI Call Options”) and individual BPI Principals have a future right to require the Company to purchase the BPI Principal Shares (collectively, the "BPI Put Options"), subject to the satisfaction of certain terms and conditions and by giving notice to the Company. On the effective date of exercise of the BPI Call Options or the BPI Put Options, the BPI Principals pro-rata right to earn dividends will be terminated.

(Expressed in Canadian dollars)

These acquisitions enable the Company to continue execution of its growth strategy and expansion of its national presence.

The Company accounted for these transactions as business combinations and has applied the acquisition method of accounting in accordance with IFRS 3. The recognized amounts of assets acquired and liabilities assumed in these transactions and the acquisition date fair value of the total consideration paid or payable are as follows:

	ACL Student Benefits Ltd.	Life Benefit Solutions Inc.	Benefit Partners Inc.	Total
Assets acquired and liabilities assumed				
Goodwill (including assembled workforce)	$ 22,318,182	$ 11,037,904	$ 5,680,351	$ 39,036,437
Customer relationships and other intangible assets	19,472,241	9,736,000	4,474,594	33,682,835
Property and equipment	148,772	59,138	52,405	260,315
Deferred tax liabilities	(5,426,196)	(2,848,298)	(1,182,510)	(9,457,004)
Net working capital	(254,386)	(732,462)	(278,106)	(1,264,954)
Cash	504,387	1,346,576	79,872	1,930,835
	$ 36,763,000	$ 18,598,858	$ 8,826,606	$ 64,188,464
Consideration paid or payable				
Cash payment upon closing	$ 31,200,000	$ 14,840,425	$ 6,779,660	$ 52,820,085
Working capital adjustment due to vendors	-	73,781	74,955	148,736
Non-controlling interest put options	-	-	1,971,991	1,971,991
Vendor take-back notes payable	4,325,000	3,610,077	-	7,935,077
Contingent consideration obligation	1,238,000	-	-	1,238,000
Common shares issued by the Company	-	74,575	-	74,575
	$ 36,763,000	$ 18,598,858	$ 8,826,606	$ 64,188,464

Total consideration paid for the acquisition of ACL, during the period, is subject to final adjustments for working capital. The fair values of the net identifiable assets were determined provisionally at August 31, 2019.

A part of the goodwill recorded on the acquisitions can be attributed to the assembled workforce and the operating know how of key personnel. However, no intangible assets qualified for separate recognition in this respect. The remaining goodwill represents the excess of purchase price over net assets.

(Expressed in Canadian dollars)

The Company's consolidated statement of comprehensive income (loss) include the results of operations for Benefit Partners Inc., Life Benefit Solutions Inc., and ACL Student Benefits Ltd. from their respective dates of acquisition to August 31, 2019. The acquisitions contributed the following revenue and net income during the year ended August 31, 2019.

		August 31, 2019
		As reported
Operating revenues		
Benefit Partners Inc.	$	2,689,372
Life Benefit Solutions Inc.	$	3,173,156
ACL Student Benefits Ltd.	$	1,658
Net income (loss) and comprehensive income (loss)		
Benefit Partners Inc.	$	530,078
Life Benefit Solutions Inc.	$	774,002
ACL Student Benefits Ltd.	$	(296,325)

If the acquisitions had occurred on September 1, 2018, management estimates that consolidated revenue for the year ended August 31, 2019, would have been $177,032,920, consolidated net income (loss) would have been $(178,610), and earnings (loss) per share would have been ($0.00). In determining these amounts, management assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on September 1, 2018.

During the prior year, the Company acquired the following businesses:

Silverberg & Associates Inc. ("Silverberg")

Effective August 1, 2018, the Company acquired Silverberg, an independent privately-owned employee group benefits consulting firm in Western Canada. Total consideration paid for the acquisition of Silverberg included cash, subject to final adjustments for working capital and non-controlling interest put options. The Company holds a 100% voting interest and holds a 75% economic interest in Silverberg through ownership of all of the issued dividend-bearing common shares of Silverberg.

The Silverberg Principals collectively hold a 25% economic interest in Silverberg through ownership of non-voting, non-cumulative, dividend-bearing special shares of Silverberg ("Silverberg Principal Shares"). All classes of non-voting, non-cumulative, dividend-bearing shares of Silverberg have an ongoing contractual right to receive quarterly dividends based on a calculation derived from Silverberg's earnings. The Company is entitled to a priority on the payment of dividends declared on the Silverberg dividend-bearing shares to the extent of a specified earnings amount.

In addition, the Company has a future right to purchase the Silverberg Principal special shares ("Silverberg Call Options") and individual Silverberg Principals have a future right to require the Company to purchase the Silverberg Principal special shares (collectively, the "Silverberg Put Options"), subject to the satisfaction of certain terms and conditions and by giving notice to the Company. On the effective date of exercise of the Silverberg Call Options or the Silverberg Put Options, the Silverberg Principal's pro-rata right to earn dividends will be terminated.

Lane Quinn Benefit Consultants Ltd. ("Lane Quinn")

Effective May 23, 2018, the Company acquired all of the issued and outstanding shares of Lane Quinn, a group benefits consulting firm in the Alberta market. Total consideration paid for the acquisition of Lane Quinn included cash, subject to final adjustments for working capital, vendor take-back notes, common shares of the Company and contingent consideration. Vendor take-back notes payable are subject to claw back adjustments tied to achievement of certain financial metrics. The contingent consideration recorded is based on Lane Quinn exceeding predetermined EBITDA targets, over the three annual periods from August 1, 2018, to July 31, 2021, multiplied by the transaction multiple. The present value of the estimated contingent consideration has been determined using a 15.8% discount rate.

Rockwater Benefits Company ("Rockwater")

Effective February 1, 2018, the Company acquired specific assets, liabilities and business operations of Rockwater, an established group retirement and group benefits insurance advisory practice based in Ontario. Total consideration paid for the acquisition of Rockwater included cash and vendor take-back notes. Vendor take-back notes payable are subject to claw back adjustments tied to achievement of certain revenue metrics.

Assurances Dalbec Ltée ("Dalbec")

Effective December 1, 2017, the Company acquired specific assets, liabilities and business operations of Dalbec, a Third Party Administrator (TPA) and Third Party Payor (TPP) service provider for employee benefit plans of small and medium sized companies in the Québec market. Total consideration paid for the acquisition of Dalbec included cash, subject to final adjustments for working capital, vendor take-back notes and contingent consideration. Vendor take-back notes payable are subject to claw back adjustments tied to achievement of certain revenue metrics. The contingent consideration recorded is based on Dalbec exceeding predetermined revenue targets, over the three annual periods from December 4, 2017, to December 3, 2020, multiplied by a multiple. The present value of the estimated contingent consideration has been determined using a 5.0% discount rate.

(Expressed in Canadian dollars)

	Dalbec	Rockwater	Lane Quinn	Silverberg	Total
Assets acquired and liabilities assumed					
Goodwill (including assembled workforce)	$ 7,462,986	$ 1,225,773	$ 12,482,106	$ 24,114,013	$ 45,284,878
Customer relationships and other intangible assets	8,692,126	1,726,966	11,083,900	19,164,600	40,667,592
Property and equipment	-	-	39,441	25,750	65,191
Deferred tax liabilities	-	-	(3,024,803)	(5,078,619)	(8,103,422)
Liabilities assumed	-	-	(1,068,363)	-	(1,068,363)
Net working capital	(152,180)	-	(319,481)	(587,341)	(1,059,002)
Cash	-	-	300,443	945,978	1,246,421
	$ 16,002,932	$ 2,952,739	$ 19,493,243	$ 38,584,381	$ 77,033,295
Consideration paid or payable					
Cash payment on closing	$ 11,270,000	$ 2,000,000	$ 12,931,637	$ 29,045,000	$ 55,246,637
Cash received on closing for negative working capital	(185,419)	-	-	-	(185,419)
Working capital adjustment due to / (from) vendors	33,239	-	(69,794)	158,637	122,082
Non-controlling interest put options	-	-	-	9,380,744	9,380,744
Vendor take-back notes payable	4,332,131	952,739	3,919,551	-	9,204,421
Contingent consideration obligations	552,981	-	789,541	-	1,342,522
Common shares issued by the Company	-	-	1,922,308	-	1,922,308
	$ 16,002,932	$ 2,952,739	$ 19,493,243	$ 38,584,381	$ 77,033,295

A part of the goodwill recorded on the acquisitions can be attributed to the assembled workforce and the operating know how of key personnel. However, no intangible assets qualified for separate recognition in this respect.

5. Trade and other receivables:

The Company had the following trade and other receivables:

	August 31, 2019	August 31, 2018
Trade receivables	$ 15,255,890	$ 13,623,605
Less: loss allowance	(269,383)	(219,383)
Net trade receivables	14,986,507	13,404,222
Other receivables	5,728,393	331,475
Total trade and other receivables	$ 20,714,900	$ 13,735,697

As at August 31, 2019, the balance in other receivables included an estimated insurance recovery. The Company's exposure to credit risk and impairment losses related to trade and other receivables is disclosed in note 23.

(Expressed in Canadian dollars)

6. Property and equipment:

The Company had the following property and equipment as at August 31, 2019:

	Leasehold improvements	Furniture & fixtures	Computer equipment	Automobiles	Total
Cost					
Balance, September 1, 2018	$ 8,624,458	$ 4,422,956	$ 3,057,460	$ 22,345	$ 16,127,219
Additions	2,465,052	653,711	649,365	-	3,768,128
Write down of property and equipment	(63,145)	(81,869)	(12,978)	-	(157,992)
Acquisition through business combination	127,392	84,352	48,571	-	260,315
Balance, August 31, 2019	11,153,757	5,079,150	3,742,418	22,345	19,997,670
Accumulated depreciation					
Balance, September 1, 2018	(1,108,095)	(1,982,499)	(2,356,444)	(12,709)	(5,459,747)
Depreciation for the year	(1,117,029)	(562,021)	(352,065)	(2,891)	(2,034,006)
Write down and disposal	63,145	81,869	12,943	-	157,957
Balance, August 31, 2019	(2,161,979)	(2,462,651)	(2,695,566)	(15,600)	(7,335,796)
Carrying amount	$ 8,991,778	$ 2,616,499	$ 1,046,852	$ 6,745	$ 12,661,874

(Expressed in Canadian dollars)

The Company had the following property and equipment as at August 31, 2018:

	Leasehold improvements	Furniture & fixtures	Computer equipment	Automobiles	Total
Cost					
Balance, September 1, 2017	$ 3,014,366	$ 2,603,089	$ 3,150,294	$ 119,181	$ 8,886,930
Additions	6,757,528	2,195,953	513,814	-	9,467,295
Write down of property and equipment	(1,153,021)	(433,710)	(608,630)	(96,836)	(2,292,197)
Acquisition through business combination	5,585	57,624	1,982	-	65,191
Balance, August 31, 2018	8,624,458	4,422,956	3,057,460	22,345	16,127,219
Accumulated depreciation					
Balance, September 1, 2017	(1,539,050)	(2,021,000)	(2,601,311)	(59,321)	(6,220,682)
Depreciation for the year	(722,058)	(387,231)	(363,763)	(11,993)	(1,485,045)
Write down and disposal	1,153,013	425,732	608,630	58,605	2,245,980
Balance, August 31, 2018	(1,108,095)	(1,982,499)	(2,356,444)	(12,709)	(5,459,747)
Carrying amount	$ 7,516,363	$ 2,440,457	$ 701,016	$ 9,636	$ 10,667,472

During the year ended August 31, 2018, the Company wrote off property and equipment with an original cost of $2,292,197 and a net book value of $46,217 primarily in connection with the move to the Company's new head office building.

(Expressed in Canadian dollars)

7. Goodwill and intangible assets:

The Company had the following goodwill and intangible assets as at August 31, 2019:

	Goodwill	Customer relationships	Customer contracts	Computer software	Total
Cost					
Balance, September 1, 2018	$ 125,019,060	$ 112,990,735	$ 3,977,849	$ 6,797,122	$ 248,784,766
Additions	-	-	-	1,636,132	1,636,132
Acquisition through business combination	39,036,437	33,665,300	-	17,535	72,719,272
Balance, August 31, 2019	164,055,497	146,656,035	3,977,849	8,450,789	323,140,170
Accumulated amortization					
Balance, September 1, 2018	-	(28,106,638)	(3,375,368)	(3,873,874)	(35,355,880)
Amortization for the period	-	(11,979,432)	(88,291)	(483,242)	(12,550,965)
Balance, August 31, 2019	-	(40,086,070)	(3,463,659)	(4,357,116)	(47,906,845)
Carrying amount	$ 164,055,497	$ 106,569,965	$ 514,190	$ 4,093,673	$ 275,233,325

The Company had the following goodwill and intangible assets as at August 31, 2018:

	Goodwill	Customer relationships	Customer contracts	Computer software	Total
Cost					
Balance, September 1, 2017	$ 79,734,182	$ 72,248,647	$ 3,880,000	$ 5,553,361	$ 161,416,190
Additions	-	228,696	97,849	1,534,544	1,861,089
Write down and disposal	-	(154,200)	-	(290,783)	(444,983)
Acquisition through business combination	45,284,878	40,667,592	-	-	85,952,470
Balance, August 31, 2018	125,019,060	112,990,735	3,977,849	6,797,122	248,784,766
Accumulated amortization					
Balance, September 1, 2017	-	(19,966,289)	(3,295,629)	(3,210,655)	(26,472,573)
Amortization for the period	-	(8,140,349)	(79,739)	(953,895)	(9,173,983)
Write down and disposal	-	-	-	290,676	290,676
Balance, August 31, 2018	-	(28,106,638)	(3,375,368)	(3,873,874)	(35,355,880)
Carrying amount	$ 125,019,060	$ 84,884,097	$ 602,481	$ 2,923,248	$ 213,428,886

Included in computer software additions is $1,526,974 (August 31, 2018 - $1,130,466) of internally developed assets.

(Expressed in Canadian dollars)

The Company completed its annual impairment tests for goodwill and concluded that there was no impairment. For impairment test purposes, the carrying value of goodwill has been allocated as follows:

	Note	August 31, 2019	August 31, 2018
Coughlin & Associates Ltd.		$ 25,930,637	$ 25,930,637
BPA Financial Group Ltd.		14,665,972	14,665,972
Hamilton & Partners Ltd.		11,600,184	11,600,184
Assurances Dalbec Ltée	4	7,462,986	7,462,986
Lane Quinn Benefit Consultants Ltd.	4	12,482,106	12,482,106
Silverberg & Associates Inc.	4	24,114,013	24,114,013
Benefit Partners Inc.	4	5,680,351	-
Life Benefit Solutions Inc.	4	11,037,904	-
ACL Student Benefits Ltd.	4	22,318,182	-
Other		28,763,162	28,763,162
		$ 164,055,497	$ 125,019,060

The key assumptions used to calculate the value in use are those regarding discount rates, growth rates and expected changes in profit margins. The values of these assumptions reflect past experience.

The after tax weighted average cost of capital was determined to be 16.0% (August 31, 2018 - 16.0%) and is based on a risk-free rate, an equity risk premium adjusted for betas of comparable publicly traded companies, an unsystematic risk premium, an after-tax cost of debt based on the Company's financing arrangements and the capital structure of comparable publicly traded companies.

Cash flow projections have been discounted using rates of return derived from the Company's after-tax weighted average cost of capital considering specific risks relating to each CGU. At August 31, 2019, the after-tax discount rate used in the recoverable amount calculations was 16.0% (August 31, 2018 - 16.0%). The pretax discount rate was 21.9% (August 31, 2018 - 21.9%).

The Company included five years of cash flows in its discounted cash flow model. The cash flow forecasts were extrapolated beyond the five year period using estimated average long term growth rate of 5.0% (August 31, 2018 - 5.0%).

(Expressed in Canadian dollars)

8. Loans and other assets:

The Company had the following loans and other assets:

		August 31, 2019		August 31, 2018
Loans receivable	$	2,366,773	$	1,892,110
Restricted cash		1,500,000		-
Total loans and other assets		3,866,773		1,892,110
Less current portion of loans and other assets		(416,295)		(231,726)
Total non-current loans and other assets	$	3,450,478	$	1,660,384

The Company made an interest-bearing loan to facilitate the transfer of certain economic interest through the ongoing right to earn performance-based commissions and fees and ownership of non-voting, non-dividend earning special shares in a subsidiary. The current portion of loans receivable is included in trade and other receivables.

The Company has an agreement in which it provides an interest bearing forgivable loan over ten years subject to certain conditions, which provides for future additional advances.

9. Trade and other liabilities:

The Company had the following trade payables, accrued and other liabilities:

		August 31, 2019		August 31, 2018
Trade payables and other liabilities	$	20,058,501	$	18,763,502
Post-retirement benefits and contingent consideration obligations		2,291,833		3,735,836
Provisions		5,380,289		1,315,821
		27,730,623		23,815,159
Less current portion of trade and other liabilities		25,683,861		21,649,670
Total non-current trade and other liabilities	$	2,046,762	$	2,165,489

The fair value of the contingent consideration obligations are subsequently revalued by discounting the estimated future payment obligations at each reporting date. The changes in fair value of the estimated liability in future periods will be recorded in finance costs in subsequent consolidated statement of comprehensive income (loss). Significant unobservable assumptions include: 1) projected revenue and EBITDA of the practices, 2) growth rates based on historical results, and 3) discount rates ranging from 4.5% to 16.0%.

(Expressed in Canadian dollars)

10. Insurance premium liabilities and related cash:

In its capacity as third-party benefits administrator, the Company collects premiums from insurers and remits premiums, net of agreed deductions, such as taxes, administrative fees and commissions, to insurance underwriters. These are considered flow-through items for the Company and, as such, the cash and investment balances relating to these liabilities are deducted from the related liability in the consolidated statement of financial position. The Company has the following amounts held in accounts segregated from the Company's operating funds for insurance premium liabilities.

		August 31, 2019		August 31, 2018
Payable to carriers and insured individuals or groups	$	106,910,623	$	90,448,848
Less related cash balances		106,910,623		90,448,848
	$	-	$	-

11. Non-controlling interest put options:

The Company is subject to the following non-controlling interest put options:

	Note		August 31, 2019		August 31, 2018
Balance, beginning of year		$	52,613,161	$	34,059,108
Acquisition through business combination	4		1,971,991		9,380,744
Change in estimated fair value	18		8,517,983		11,736,962
Less payment of dividends on non-controlling interest			(3,561,450)		(2,563,653)
Less non-controlling interest put/call options exercised			(3,817,318)		-
			55,724,367		52,613,161
Less current portion of non-controlling interest put options			14,960,783		-
Total non-current non-controlling interest put options		$	40,763,584	$	52,613,161

Changes in estimated fair value represents accretion of interest and changes in assumptions used to estimate the liability related to future dividend payments and put features.

On October 16, 2018, the Company acquired 2,000 Class C special shares of BPA, being all of the issued and outstanding Class C Special shares, from one of the BPA Principals, pursuant to the Company's call right under the BPA Shareholder agreement, for a total purchase price of $558,795. The Class C special shares were non-voting and non-dividend bearing and did not participate in BPA's earnings. This transaction did not change the economic interests in BPA that are held by the Company and the BPA Principals.

On January 2, 2019, the Company executed its right to purchase 5,000 Coughlin Vendor Shares for total consideration of $2,899,750. The Coughlin Vendor was entitled to dividend payments derived from Coughlin’s earnings up to the period ending November 30, 2018, thereafter the Coughlin Vendor will not be entitled to be paid any further dividends. The Company’s economic interest in Coughlin has increased from 67% to 72% effective the second quarter of fiscal year 2019.

During the second quarter of fiscal year 2019, the vendors exercised their Bencom Put Options. As at August 31, 2019, a liability of $712,275 was recognized in connection with the Bencom Put Option, which has been determined based on a settlement agreement between the vendors and the Company. Effective June 14, 2019, the Company now owns 100% economic interest in Bencom.

On October 22, 2019, the Company executed its right to purchase 5,000 BPA Vendor Class “A” Shares for total consideration of $2,709,194. This BPA Vendor is entitled to dividend payments derived from BPA’s earnings up to the period ending November 30, 2019. The Company’s economic interest in BPA will increase from 78.2% to 83.2% effective the end of the first quarter of fiscal year 2020.

(a) Benefit Partners Inc.

In connection with the BPI acquisition, the Company entered into various agreements whereby the BPI Principals, through non-voting, non-cumulative, dividend-bearing shares of BPI (“BPI Principal Shares”), hold an aggregate 25% economic interest in BPI ("BPI Retained Economic Interest").

All classes of non-voting, non-cumulative, dividend-bearing shares of BPI have an ongoing contractual right to receive dividends based on a calculation derived from BPI's earnings. The Company is entitled to a priority on the payment of dividends declared on the BPI dividend-bearing shares to the extent of a specified earnings amount.

In addition, the Company has a future right to purchase the BPI Principal Shares (“BPI Call Options”) and individual BPI Principals have a future right to require the Company to purchase the BPI Principal Shares (collectively, the “BPI Put Options”), subject to the satisfaction of certain terms and conditions and by giving notice to the Company. On the effective date of exercise of the BPI Call Options or the BPI Put Options, the BPI Principal's pro rata right to earn dividends will be terminated.

The liability recognized in connection with the BPI Retained Economic Interest, which includes the fair value of future dividend entitlements of the BPI Principal Shares and the BPI Put Options, has been determined based on a pre-determined formula defined in an agreement which is based on a multiple of estimated future earnings of BPI, the estimated future exercise dates of BPI Put Options and other factors. Individual BPI Principals are restricted from exercising their respective BPI Put Options until dates on or after November 27, 2020, subject to certain terms and conditions including restrictions requiring a minimum time period between individual exercise dates.

(b) Silverberg

In connection with the Silverberg acquisition, the Company entered into various agreements whereby the Silverberg Principals, through non-voting, non-cumulative, dividend-bearing shares of Silverberg (“Silverberg Principal Shares”), hold an aggregate 25% economic interest in Silverberg ("Silverberg Retained Economic Interest").

All classes of non-voting, non-cumulative, dividend-bearing shares of Silverberg have an ongoing contractual right to receive dividends based on a calculation derived from Silverberg's earnings. The Company is entitled to a priority on the payment of dividends declared on the Silverberg dividend-bearing shares to the extent of a specified earnings amount.

In addition, the Company has a future right to purchase the Silverberg Principal Shares ("Silverberg Call Options") and individual Silverberg Principals have a future right to require the Company to purchase the Silverberg Principal Shares (collectively, the "Silverberg Put Options"), subject to the satisfaction of certain terms and conditions and by giving notice to the Company. On the effective date of exercise of the Silverberg Call Options or the Silverberg Put Options, the Silverberg Principal's pro rata right to earn dividends will be terminated.

The liability recognized in connection with the Silverberg Retained Economic Interest, which includes the fair value of future dividend entitlements of the Silverberg Principal Shares and the Silverberg Put Options, has been determined based on a pre-determined formula defined in an agreement which is based on a multiple of estimated future earnings of Silverberg, the estimated future exercise dates of Silverberg Put Options and other factors. Individual Silverberg Principals are restricted from exercising their respective Silverberg Put Options until dates on or after August 1, 2021, subject to certain terms and conditions including restrictions requiring a minimum time period between individual exercise dates.

(c) BPA

In connection with the BPA acquisition, the Company entered into various agreements whereby the BPA Principals, through a class of non-voting, non-cumulative, dividend-bearing shares of BPA (“BPA Principal Shares”) and options to acquire BPA Principal Shares at a nominal price over a period of approximately four and one-half years from April 13, 2016 (“BPA Share Options”), can collectively hold an aggregate 33% economic interest in BPA ("BPA Retained Economic Interest"). Effective September 1, 2018, the BPA Principals held a 21.8% (August 31, 2018 - 16.2%) Retained Economic Interest in BPA. The remaining 11.2% of BPA Share Options will vest evenly on an annual basis over the next two years.

All classes of non-voting, non-cumulative, dividend-bearing shares of BPA have an ongoing contractual right to receive dividends based on a calculation derived from BPA's earnings. The Company is entitled to a priority on the payment of dividends declared on the Company Shares to the extent of a specified earnings amount. BPA dividend entitlements are paid in arrears on a quarterly basis.

In addition, the Company has a future right to purchase the BPA Principal Shares (“BPA Call Options”) and individual BPA Principals have a future right to require the Company to purchase the BPA Principal Shares (collectively, the “BPA Put Options”), subject to the satisfaction of certain terms and conditions and by giving notice to the Company. On the effective date of exercise of the BPA Call Options or the BPA Put Options, the BPA Principal's pro-rata right to earn dividends will be terminated.

The liability recognized in connection with the BPA Retained Economic Interest, which includes the fair value of future dividend entitlements of the BPA Principal Shares and the BPA Put Options, has been determined based on a predetermined formula, including the exercise of BPA Share Options on vesting, defined in an agreement which is based on a multiple of estimated future earnings of BPA, the estimated future exercise dates of BPA Put Options and other factors. Individual BPA Principals are restricted from exercising their respective BPA Put Options until dates on or after August 31, 2019, subject to certain terms and conditions including restrictions requiring a minimum time period between individual exercise dates.

On October 16, 2018, the Company acquired 2,000 Class C special shares of BPA, being all of the issued and outstanding Class C Special shares, from one of the BPA Principals, pursuant to the Company’s call right under the BPA Shareholder Agreement, for a total purchase price of $558,795. The Class C special shares were non-voting and non-dividend bearing and did not participate in BPA’s earnings. This transaction did not change the economic interests in BPA that are held by the Company and the BPA Principals.

On October 22, 2019, the Company executed its right to purchase 5,000 BPA Vendor Class “A” Shares for total consideration of $2,709,194. This BPA Vendor is entitled to dividend payments derived from BPA’s earnings up to the period ending November 30, 2019. The Company’s economic interest in BPA will increase from 78.2% to 83.2% effective the end of the first quarter of fiscal year 2020.

(d) Coughlin

In connection with the Coughlin acquisition, the Company entered into various agreements whereby the former Coughlin shareholders (the “Coughlin Vendors”) retained an initial 34% minority economic interest (“Coughlin Retained Economic Interest”) through a class of non-voting, non-cumulative, dividend-bearing shares of Coughlin (“Coughlin Vendor Shares”). At August 31, 2019, the Coughlin Vendors' retained economic interest is 28% after various call/put options have been exercised in the current and prior years. In addition, certain of the Coughlin Vendors were issued a class of non-voting, non-cumulative, dividend-bearing shares of Coughlin (“Coughlin Spring Shares”) in which the aggregate Coughlin Retained Economic Interest can increase to 34% on August 31, 2020, subject to certain specified terms and conditions having been met and subject to Coughlin achieving certain financial performance targets over the five year period following the date of close, and thereby reducing the Company’s economic interest in Coughlin to 66%.

All classes of non-voting, non-cumulative, dividend-bearing shares of Coughlin have an ongoing contractual right to receive dividends based on a calculation derived from Coughlin's earnings. The Company is entitled to a priority on the payment of dividends declared on a distinct class of Coughlin dividend-bearing shares to the extent of a specified earnings amount. Coughlin dividend entitlements are paid in arrears on a quarterly basis.

In addition, the Company has the right to purchase the Coughlin Vendor Shares and the Coughlin Spring Shares (“Coughlin Call Options”) and individual Coughlin Vendors have the right to require the Company to purchase the Coughlin Vendor Shares and the Coughlin Spring Shares (the “Coughlin Put Options”) by giving notice to the Company. On the effective date of exercise of the Coughlin Call Options or the Coughlin Put Options, the Coughlin Vendor’s right to earn earnings-based dividends will be terminated.

The liability recognized in connection with the Coughlin Retained Economic Interest, which includes the fair value of future dividend entitlements of the Coughlin Vendor Shares and Coughlin Spring Shares and the Coughlin Put Options, has been determined based on a pre-determined formula defined in an agreement which is based on a multiple of estimated future earnings of Coughlin, the estimated future exercise dates of Coughlin Put Options and other factors. Individual Coughlin Vendors are restricted from exercising their respective Coughlin Put Options until dates on or after August 31, 2018, subject to certain terms and conditions including restrictions requiring a minimum time period between individual exercise dates.

On September 1, 2016, 1,000 Coughlin Vendor Shares were exercised under the terms of the Coughlin Put Options with a total value of $450,904, resulting in the Company's economic interest in Coughlin increasing from 66.0% to 67.0%.

On January 2, 2019, the Company executed its right to purchase 5,000 Coughlin Vendor Shares for total consideration of $2,899,750. The Coughlin Vendor was entitled to dividend payments derived from Coughlin’s earnings up to the period ending November 30, 2018, thereafter the Coughlin Vendor will not be entitled to be paid any further dividends. The Company’s economic interest in Coughlin has increased from 67% to 72% effective the second quarter of 2019.

(e) H+P

In connection with the acquisition of H+P on July 9, 2013, the Company entered into various agreements whereby the H+P vendors hold an economic interest in H+P through the ongoing right to earn performance-based commissions and fees. In addition, the H+P vendors hold ongoing ownership through non-voting, non-dividend earning special shares ("H+P Special Shares"). The Company has the right to purchase the H+P Special Shares ("H+P Call Option") and the vendors have the right to require the Company to purchase the H+P Special Shares ("H+P Put Option") at certain dates in the future, subject to certain vesting and other conditions. On the effective date of exercise of the H+P Call Option or the H+P Put Option, the H+P vendor's right to earn performance-based commissions and fees will be terminated.

The liability recognized in connection with the H+P Put Option has been determined based on a pre-determined formula defined in an agreement which is based on a multiple of estimated future earnings of H+P, the estimated future exercise dates and other factors. The H+P Put Options are exercisable at any time by the non-controlling shareholder(s), subject to certain terms and conditions.

(f) Bencom

In connection with the acquisition of Bencom Financial Service Group Inc. ("Bencom"), the Company entered into various agreements whereby the vendors hold an economic interest in Bencom through the ongoing right to earn performance-based commissions and fees. In addition, the vendors hold ongoing ownership through non-voting, non-dividend earning special shares ("Bencom Special Shares"). The Company has the right to purchase the Bencom Special Shares ("Bencom Call Option") and the vendors have the right to require the Company to purchase the Bencom Special Shares ("Bencom Put Option") at certain dates in the future, subject to certain vesting and other conditions. On the effective date of exercise of the Bencom Call Option or the Bencom Put Option, the Bencom vendor's right to earn performance-based commissions and fees will be terminated.

During the second quarter of 2019, the vendors exercised their Bencom Put Options. The liability recognized in connection with the Bencom Put Option has been determined based on a settlement agreement between the vendors and the Company. Effective June 14, 2019, the Company now owns 100% economic interest in Bencom.

The fair value of the liability associated with the non-controlling put options is determined by discounting the estimated future payment obligation at each reporting date, and changes in fair value of the estimated liability in future periods will be recorded in finance costs in subsequent consolidated statement of comprehensive income (loss).

Significant unobservable inputs assumptions include: (i) put option exercises over periods ranging from 6 to 60 months; (ii) Contractually-defined EBITDA of BPA, Coughlin, H+P, Bencom, Silverberg and BPI before considering the retained economic interest attributable the respective vendors generated ("Put Earnings") as at August 31, 2019 equal to $30.6 million; (iii) growth rates applied to Put Earnings ranging from 0.7% to 10.0% annually based on historical results; and (iv) discount rate of 16.0%. An increase in the Put Earnings would result in an increase to the liability associated with the non-controlling put options. A 1.0% change in the discount rate would decrease or increase the liability associated with the non-controlling put options by $979,000.

(Expressed in Canadian dollars)

12. Loans and borrowings:

The Company had the following loans and borrowings, which are measured at amortized cost:

		August 31, 2019	August 31, 2018
Term and revolving credit facility			
a	Term 1: A bank loan bearing interest of bankers' acceptance rates plus an amount equal to 1.75% to 3.50% per annum subject to certain terms, secured by the assets of the Company, repayable in quarterly installments equal to 2.00% to 3.00% of the opening principal balance throughout the term of the agreement. The loan was repaid in full on June 28, 2019.	$ -	$ 17,998,430
b	Term 2: A bank loan bearing interest of the bankers' acceptance rates plus an amount equal to 1.75% to 3.50% per annum subject to certain terms, secured by the assets of the Company, to the extent not previously paid, the principal shall be due and payable on the maturity date. The loan was repaid in full on June 28, 2019.	-	8,786,000
c	Credit Facility: A bank loan bearing interest of the bankers' acceptance rates plus an amount equal to 1.45% to 3.00% per annum subject to certain terms, secured by the assets of the Company, to the extent not previously paid, the principal shall be due and payable on the maturity date. The loan matures June 1, 2022 unless extended pursuant to the agreement.	71,241,000	-
Total term and revolving credit facility		71,241,000	26,784,430
Vendor take-back loans			
d	A vendor take-back loan bearing no interest per annum, unsecured, payable in two annual installments of $750,000. The amortized cost of the loan has been discounted using a rate of 2.56%. The loan was repaid in full on April 12, 2019.	-	738,451
e	A vendor take-back loan bearing no interest per annum, unsecured, payable in two payments: $325,000 in the first year and $425,180 in the second year. The loan is subject to certain performance conditions set out in the share purchase agreement. The amortized cost of the loan has been discounted using a rate of 2.56%. The loan was repaid in full on August 21, 2019.	-	740,348

(Expressed in Canadian dollars)

		August 31, 2019	August 31, 2018
f	A vendor take-back loan bearing no interest per annum, unsecured, payable in two payments of $575,000 and $425,000 on the date that is 15 and 27 months following acquisition date, respectively. The loan is subject to certain performance conditions set out in the asset purchase agreement. The amortized cost of the loan has been discounted using a rate of 2.90%. The loan matures on May 1, 2020.	415,867	966,638
g	A vendor take-back loan bearing no interest per annum, unsecured, payable in five payments: $150,000 in the first year and $300,000 annually thereafter. The amortized cost of the loan has been discounted using a rate of 4.40%. The loan matures June 12, 2020.	289,892	568,191
h	A vendor take-back loan bearing no interest per annum, unsecured, payable in four payments: $650,000 on the date that is 15 months following acquisition date and $1,200,000 annually thereafter. The loan is subject to certain performance conditions set out in the share purchase agreement, which was amended during the third quarter of 2019. The amortized cost of the loan has been discounted using a rate of 4.75%. The loan matures on December 31, 2022.	3,697,271	3,965,288
i	A vendor take-back loan bearing no interest per annum, secured by the assets of the Company, payable in three annual installments of $1,610,000. The loan is subject to certain performance conditions set out in the asset purchase agreement. The amortized cost of the loan has been discounted using a rate of 5.00%. The loan matures on March 1, 2021.	3,067,849	4,493,291
j	A vendor take-back loan bearing no interest per annum payable in three payments: $1,092,500 in the first and second year and $1,900,000 in the third year. The loan is subject to certain performance conditions set out in the share purchase agreement. The amortized cost of the loan has been discounted using a rate of 4.50%. The loan matures on June 1, 2022.	3,699,903	-
k	A vendor take-back loan bearing no interest per annum, secured by the assets of the Company, payable in one payment of $4,800,000 in the second year. The loan is subject to certain performance conditions set out in the share purchase agreement. The amortized cost of the loan has been discounted using a rate of 4.5%. The loan matures on December 12, 2021.	4,325,000	-
Total vendor take-back loans		15,495,782	11,472,207

(Expressed in Canadian dollars)

		August 31, 2019		August 31, 2018
Finance lease liabilities				
I A finance lease repayable in monthly installments of $1,082 and secured by the assets to which the obligation relates. The lease expires December 13, 2019, and includes an implicit interest rate equal to 4.71%.		3,462		16,911
Total finance lease liabilities		3,462		16,911
		86,740,244		38,273,548
Less current portion of:				
Term loans		-		3,329,132
Vendor take-back loans		2,984,555		3,733,311
Current Portion of Finance Lease Liabilities		3,462		12,503
		2,988,017		7,074,946
	$	83,752,227	$	31,198,602

On June 25, 2019, the Company amended and restated its existing credit agreement with a syndicate of Canadian banks which includes the following commitments:

1. $5,000,000 swingline commitment to fund operating cash flow needs. As at August 31, 2019, the Company had not utilized this facility (August 31, 2018 - $nil).
2. $125,000,000 revolving commitment which has been used to refinance the acquisition facility under the previous agreement and to fund future acquisitions. As at August 31, 2019, the balance owing on this facility was equal to $71,241,000 (August 31, 2018 - $nil).

In addition, the facility agreement provides for an option to, from time to time, request an increase in the amount of the revolving commitment by an amount of not less than $5,000,000 and not more than $50,000,000, subject to the satisfaction of certain terms and conditions. The exercise of the option would result in the size of the revolving commitment increasing from $125,000,000 to a maximum of $175,000,000 and overall credit capacity being increased to a maximum of $180,000,000. The loan matures on June 1, 2022, unless extended pursuant to the terms of the agreement. The facility is secured by a general security agreement over the assets of the Company and its subsidiaries and is subject to covenants. As at August 31, 2019, the Company was in compliance with all of its financial and non-financial covenants.

(Expressed in Canadian dollars)

Prior to the amendment described above, the Company was a party to an agreement with a syndicate of Canadian banks. On June 28, 2019, all components described below were fully extinguished:

1. $5,000,000 revolving credit facility to fund operating cash flow needs. As at August 31, 2018, the Company had not utilized this facility.
2. Term 1 - $19,500,000 term credit facility installment loan which was used to refinance the acquisition facility balance outstanding under the previous agreement and to fund acquisitions. As at August 31, 2018, the balance owing on this facility was $17,998,430.
3. Term 2 - $9,500,000 term credit facility to fund leasehold improvements at the Company's head office. As at August 31, 2018, the balance owing on this facility was $8,786,000.
4. Revolver - $63,800,000 revolving credit facility to fund future acquisitions. As at August 31, 2018, the balance owing on this facility was $nil.

The following table provides details on the changes in the Company's Loans and Borrowings during the fiscal year 2019:

	Term 1	Term 2	Revolver	Credit Facility	VTB	Finance Lease	Total
Balance, August 31, 2018	$ 17,998,430	$ 8,786,000	$ -	$ -	$ 11,472,207	$ 16,911	$ 38,273,548
Proceeds	-	-	30,620,085	86,241,000	-	-	116,861,085
Repayment	(17,998,430)	(8,786,000)	(30,620,085)	(15,000,000)	(3,776,969)	(13,449)	(76,194,933)
Consideration on acquisition	-	-	-	-	7,935,077	-	7,935,077
Amortization/Other	-	-	-	-	(134,533)	-	(134,533)
Balance, August 31, 2019	$ -	$ -	$ -	$ 71,241,000	$ 15,495,782	$ 3,462	$ 86,740,244

The following table provides details on the changes in the Company's Loans and Borrowings during the fiscal year 2018.

	Term 1	Term 2	Revolver	VTB	Finance Lease	Total
Balance, August 31, 2017	$ 18,882,750	$ -	$ 14,500,000	$ 3,116,080	$ 27,895	$ 36,526,725
Proceeds	1,117,250	9,500,000	45,045,000	-	-	55,662,250
Repayment	(2,001,570)	(714,000)	(59,545,000)	(1,094,398)	(11,929)	(63,366,897)
Consideration on acquisition	-	-	-	9,204,421	-	9,204,421
Amortization/Other	-	-	-	246,104	945	247,049
Balance, August 31,2018	$ 17,998,430	$ 8,786,000	$ -	$ 11,472,207	$ 16,911	$ 38,273,548

(Expressed in Canadian dollars)

13. Income taxes:

Income taxes recognized in net income (loss) comprise the following:

		August 31, 2019		August 31, 2018
Income (loss) before income taxes	$	2,019,376	$	(2,622,361)
Statutory tax rate		26.81%		26.84%
Income tax provision (recovery) at statutory tax rates		541,395		(703,842)
Adjustment to income taxes				
Non-deductible items		3,826,243		3,988,952
Prior period current tax provision (recovery) and other		409,402		(448,687)
Prior period deferred tax provision (recovery)		66,782		1,461,855
Changes in tax rate		(215,000)		-
		4,628,822		4,298,278
Current taxes		8,253,901		5,882,030
Deferred taxes		(3,625,079)		(1,583,752)
	$	4,628,822	$	4,298,278

Significant components of deferred tax assets and liabilities are as follows:

		August 31, 2019		August 31, 2018
Deferred tax assets				
Property and equipment	$	52,949	$	240,543
Onerous leases		71,220		352,771
Equity issue and financing costs		835,707		1,144,351
Non-capital losses carried forward		2,710,307		1,906,273
	$	3,670,183	$	3,643,938
Deferred tax liabilities				
Intangible assets		(25,695,824)		(19,978,205)
Other		(187,166)		(114,361)
		(25,882,990)		(20,092,566)
Net deferred tax liabilities	$	(22,212,807)	$	(16,448,628)

(Expressed in Canadian dollars)

Movement in net deferred tax liabilities:

	August 31, 2019	August 31, 2018
Balance, August 31, 2018	$ (16,448,628)	$ (10,878,605)
Recognized in the statement of income and comprehensive income	3,625,079	1,583,752
Recognized in business acquisitions	(9,457,004)	(8,103,422)
Recognized in equity	-	955,891
Other	67,746	(6,244)
Balance, August 31, 2019	$ (22,212,807)	$ (16,448,628)

14. Share capital:

(a) Authorized

The Company has authorized share capital of an unlimited number of common voting shares with no par value.

(b) Shares issued and outstanding

Shares issued and outstanding are as follows:

	Number of Common voting shares	Amount
Balance, August 31, 2017	51,001,140	$ 58,861,256
Private placement of shares	9,004,500	62,906,800
Acquisition-related issuance of shares	235,001	1,914,315
Exercise of stock options	384,534	926,851
Settlement of restricted stock units	15,336	63,031
Balance, August 31, 2018	60,640,511	124,672,253
Acquisition-related issuance of shares	9,842	74,575
Exercise of stock options	216,172	835,004
Settlement of restricted stock units	51,989	183,715
Balance, August 31, 2019	60,918,514	$ 125,765,547

In connection with the acquisition of Life Benefit Solutions Inc. on February 11, 2019, the Company issued 9,842 common shares to one of the vendors for an aggregate value of $74,575 net of issuance costs.

During fiscal year 2018, on August 21, 2018, the Company closed a private placement offering of 5,227,900 shares at a price of $7.70 per share, for gross proceeds of $40,254,830. The offering resulted in net proceeds of $38,654,611 after share issuance and commission costs, including a deferred tax asset of $576,948 relating to share issuance and commission costs.

During fiscal year 2018, on November 22, 2017, the Company closed a private placement offering of 3,776,600 shares at a price of $6.70 per share, for gross proceeds of $25,303,220. The offering resulted in net proceeds of $24,252,189 after share issuance and commission costs, including a deferred tax asset of $378,943 relating to share issuance and commission costs.

(Expressed in Canadian dollars)

During fiscal year 2018, in connection with the acquisition of Lane Quinn, the Company issued 235,001 common shares to the vendors for an aggregate value of $1,914,315 net of issuance costs.

(c) Earnings per share

Basic earnings per share is calculated by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period.

Diluted earnings per share is calculated by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for the potentially dilutive effect of the total number of additional common shares related to grants outstanding at August 31, 2019, that would have been issued by the Company under its Security Based Compensation Plan.

The following details the earnings per share, basic and diluted, calculations for the years ended August 31, 2019, and August 31, 2018.

	August 31, 2019	August 31, 2018
Net income (loss) attributable to common shares (basic and diluted)	$ (2,609,446)	$ (6,920,639)
Weighted average number of common shares (basic)	60,767,364	54,353,322
Weighted average number of common shares (diluted)	60,767,364	54,353,322
Net income (loss) per share (basic)	$ (0.04)	$ (0.13)
Net income (loss) per share (diluted)	$ (0.04)	$ (0.13)

The average market value of the Company's shares for the purposes of calculating the dilutive effect of stock options was based on quoted market prices for the period during which the options were outstanding.

For the years ended August 31, 2019, and August 31, 2018, stock options were excluded from the calculation of diluted loss per share as their effect would have been anti-dilutive.

15. Share-based payments:

The Company's Security Based Compensation Plan allows for the issuance of stock options, restricted stock units and deferred stock units.

Under the Security Based Compensation Plan, awards may be granted to any director, officer, employee or consultant of the Company or of any of its affiliates by the Company's Board of Directors. Subject to the adjustment provisions provided for in the Security Based Compensation Plan and the applicable rules and regulations of all regulatory authorities to which the Company is subject (including the TSX Venture Exchange), the aggregate number of common shares reserved for issuance pursuant to the Security Based Compensation Plan cannot exceed 7,236,222, which number takes into account the common shares that are available for issuance under the Company's Security Based Compensation Plan.

At the Company’s Annual General Meeting on February 26, 2019, the shareholders passed a resolution amending the Company’s Security Based Compensation Plan, to increase the number of Common Shares available for issuance by 1,250,000, from 5,986,222 to 7,236,222 Common Shares, inclusive of Common Shares issuable pursuant to the Company's prior security-based compensation plans.

For the year ended August 31, 2019, the Company recorded non-cash expense to recognize Stock Option, RSU and DSU grants to employees and directors of the Company equal to $4,128,722 (August 2018 – $1,313,210).

(Expressed in Canadian dollars)

(a) Employee share purchase plan

The Company has an ESPP whereby both employee and Company contributions are used to purchase shares on the open market for employees. The Company's contributions are expensed as incurred as there is no vesting period. Under the plan, the Company matches $1 for every $4 contributed by employee contributions of between 2% and 5% of annual base remuneration.

At August 31, 2019, there were 395 participants (August 31, 2018 – 338) in the plan. The total number of shares purchased during the year ended August 31, 2019, on behalf of participants, including the Company contribution, was 258,495 shares (August 31, 2018 – 226,560 shares). During the year ended August 31, 2019, the Company's matching contributions totaled 51,699 shares (August 31, 2018 – 45,312 shares).

For the year ended August 31, 2019, the Company recorded an expense to recognize the matching contribution equal to $408,094 (August 31, 2018 – $330,728).

(b) Stock option plans

Stock options may be granted to directors, officers, employees and service providers of the Company on terms that the directors of the Company may determine within the limitations set forth in the Security Based Compensation Plan or former Stock Option Plan or by security regulators. Options shall not be granted for a term exceeding eight years under the terms of the Security Based Compensation Plan or five years under the terms of the former Stock Option Plan.

Changes in the number of options outstanding during the years ended August 31, 2019, and August 31, 2018, were as follows:

	August 31, 2019		August 31, 2018	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Balance, beginning of period	3,681,861	$ 6.64	1,298,480	$ 2.73
Granted	60,000	7.36	2,774,847	7.78
Exercised	(216,172)	2.75	(384,534)	1.65
Forfeited and expired	(11,817)	3.06	(6,932)	2.94
Cancelled	(15,000)	7.36	-	-
Balance, end of period	3,498,872	$ 6.91	3,681,861	$ 6.64
Options exercisable, end of period	573,912		569,197	

For the year ended August 31, 2019, the Company granted 60,000 stock options to employees that will vest in three equal tranches over the next three years. During the year, the Company received proceeds equal to $595,130 (August 31, 2018 - $635,848) from the exercise of 216,172 (August 31, 2018 - 384,534) options. Related to these transactions, the Company transferred $239,874 (August 31, 2018 - $291,003) from contributed surplus to share capital.

(Expressed in Canadian dollars)

Options outstanding at August 31, 2019 consisted of the following:

Range of exercise prices	Number Outstanding	Remaining contractual life	Weighted average exercise price	Number exercisable
$ 2.87 - $ 3.00	400,711	3.87 years	$ 2.88	240,711
$ 3.01 - $ 4.00	164,282	4.46 years	3.60	154,223
$ 4.01 - $ 5.00	214,032	4.65 years	4.28	154,032
$ 7.01 - $ 7.93	2,719,847	4.12 years	7.91	24,946
$ 2.87 - $ 7.93	3,498,872	4.14 years	$ 6.91	573,912

For the year ended August 31, 2019, the Company recorded an expense to recognize stock option compensation expense for options granted to employees and directors of the Company equal to $2,662,021 (August 31, 2018 - $441,940).

During fiscal year 2018, the Company granted 2,600,000 options to certain senior executives. Except in certain circumstances, all of the options vest on the third anniversary of the issuance. Of the 2.6 million options granted, 60% or 1.56 million are performance conditioned options, with a requirement for the Company's share price to reach a threshold of $12.00 in order for these options to vest. The remaining 40% or 1.04 million are regular options. All of the options have an exercise price of $7.93 per share, have a term of 5 years and otherwise are subject to the terms of the Plan. The stock option compensation expense for options issued to certain senior executives was determined based on the fair value of the options at the grant date using a Monte Carlo simulation approach.

Expected life time vesting options	4.00 years
Expected life performance vesting options	4.06 years
Risk-free interest rate	2.21%
Dividend yield	nil
Forfeiture rate	nil
Volatility factor of expected market price of the Company's shares	40.10%

The stock option compensation expense for options issued in normal course to employees was determined based on the fair value of the options at the date of measurement using the Black Scholes option pricing model (see note 20) with the following weighted average assumptions:

	August 31, 2019	August 31, 2018
Expected option life	5.00 years	5.00 years
Risk-free interest rate	2.20%	1.85%
Dividend yield	nil	nil
Forfeiture rate	6.29%	7.44%
Volatility factor of expected market price of the Company's shares	26.22%	27.20%

For awards that vest at the end of a vesting period, compensation cost is recognized on a straight-line basis over the period of service. For awards subject to graded vesting, each installment is treated as a separate award with separate fair value and a separate vesting period. The estimated forfeiture rate is adjusted to actual forfeiture experience as information becomes available.

(Expressed in Canadian dollars)

For recently granted stock options, the expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. Volatility is determined based on the five-year share price history of the Company. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome. The expected volatility of previously granted stock options was determined based on the five-year share price history of the Company and comparable listed entities.

(c) Performance-conditioned Restricted Stock Units ("RSUs")

The Company has conditionally granted RSUs (payable in cash or shares of the Company's common stock at the discretion of the Board of Directors) to employees, that may be earned at the end of a one-year performance period, based on each fiscal year ("the performance period"), subject to certain financial metrics for the performance period. In order to earn RSUs a minimum threshold must be achieved, with the maximum number of RSUs being earned upon achievement of the target.

For the year ended August 31, 2019, the Company conditionally granted 142,160 RSUs related to the current fiscal year. The RSUs, if earned, are scheduled to vest on or after November 29, 2021, conditional upon continued employment with the Company until such date.

Changes in the number of RSUs outstanding during the years ended August 31, 2019, and August 31, 2018, were as follows:

	August 31, 2019		August 31, 2018	
	Number of RSUs	Grant price $	Number of RSUs	Grant price $
Balance, beginning of period	442,279	$ 4.77	325,156	$ 3.87
Granted	142,160	7.97	151,814	6.60
Settled	(106,379)	3.53	(31,203)	4.11
Forfeited	(23,720)	7.73	(3,488)	6.59
Balance, end of period	454,340	$ 5.91	442,279	$ 4.77

The fair value of RSUs awarded is determined at grant date calculated based on the five-day volume weighted average price of the Company's common shares preceding grant date and the related stock compensation expense is recognized over the vesting period which is the period over which all of the specified vesting conditions are satisfied. The number of RSUs awarded is determined based on the fair market value of those RSUs on the date credited.

On January 29, 2019, the Company settled 106,379 fully vested RSUs and recorded a fair value adjustment of $250,990 (August 31, 2018 - $39,350) to recognize the incremental stock compensation expense incurred to net settle the RSUs.

For the year ended August 31, 2019, the Company recorded an expense to recognize vesting of RSUs granted to employees and directors of the Company equal to $882,205 (August 31, 2018 - $622,773).

(Expressed in Canadian dollars)

(d) Deferred Stock Units ("DSUs")

Independent members of the Company's Board of Directors are paid a portion of their annual retainer in the form of DSUs, which vest on the date determined by the Board of Directors. In addition, certain employees of the Company are granted DSUs that form part of their compensation arrangement. The underlying security of DSUs are the Company's common shares, which are valued based on their volume weighted average closing price for the five trading days prior to the date on which the DSUs are granted. The DSUs will be settled by the issuance of common shares by the Company unless, subject to the consent of the Company, the Director elects to receive cash in lieu of common shares.

Changes in the number of DSUs outstanding during the years ended August 31, 2019 and August 31, 2018, were as follows:

	August 31, 2019			August 31, 2018		
	Number of DSUs		Grant Price $	Number of DSUs		Grant price $
Balance, beginning of period	69,278	$	5.33	41,478	$	3.86
Granted	40,107		8.32	27,800		7.52
Balance, end of period	109,385	$	6.43	69,278	$	5.33

The fair value of DSU's awarded is determined at grant date calculated based on the volume weighted average price of the Company's common shares for the five business days preceding grant date and the related salary expense is recognized over the vesting period which is the period over which all of the specified vesting conditions are satisfied, if any. The number of DSUs awarded is determined based on the fair market value of those DSUs on the date credited. A portion of the DSUs were granted subsequent to year end.

For the year ended August 31, 2019, the Company recorded an expense to recognize DSUs granted to directors of the Company totaling to $333,506 (August 31, 2018 - $209,147) for annual awards covering the 2019 fiscal year.

16. Supplemental cash flow information

The following table provides details on changes in non-cash working capital items during the years ended August 31, 2019, and August 31, 2018:

		August 31, 2019		August 31, 2018
Trade and other receivable	$	(1,677,913)	$	(2,343,697)
Prepaid and other current assets		(105,168)		(289,869)
Contract cost assets		(333,273)		-
Loans receivable		222,606		294,590
Trade and other liabilities		(1,649,099)		2,488,342
Deferred revenue		(3,288,650)		(709,214)
Contract liabilities		3,768,921		-
	$	(3,062,576)	$	(559,848)

(Expressed in Canadian dollars)

17. Revenue:

The effect of initially applying IFRS 15 on consolidated revenue is described in note 3.

In the following table, revenue is disaggregated by the Company's lines of business:

	August 31, 2019	August 31, 2018
Benefit Solutions	$ 95,786,847	$ 87,703,208
Consulting Solutions	59,504,718	36,896,980
HR Solutions and Other	7,202,541	5,917,869
	$ 162,494,106	$ 130,518,057

18. Finance expenses:

The Company's finance expenses for the years ended August 31, 2019, and August 31, 2018, were comprised of the following:

	Note	August 31, 2019	August 31, 2018
Interest and finance costs on long-term debt		$ 2,520,332	$ 1,756,432
Other finance costs, net		522,269	151,378
Non-cash finance costs			
Accretion on financing instruments		715,313	267,955
Change in estimated fair value of non-controlling interest put options	11	8,517,983	11,736,962
Change in estimated fair value of other financing instruments		(2,111,249)	2,013,182
		7,122,047	14,018,099
		$ 10,164,648	$ 15,925,909

Accretion expenses on financing instruments represent the implied interest cost related to non-interest bearing vendor take-back loans initially recognized on a discounted basis (see note 12).

19. Financial instruments:

Fair value measurement

The Company's financial instruments measured at fair value through profit or loss include contingent consideration obligations and non controlling interest put options. The valuation techniques used to measure level 3 financial instruments are described in the referenced notes.

The following presents the Company's assets and liabilities measured at fair value on a recurring basis and categorized by hierarchy level:

	(Quoted prices in an active market for identical assets) Level 1	(Significant other observable inputs) Level 2	(Significant other unobservable inputs) Level 3
August 31, 2018			
Contingent consideration obligations	-	-	3,355,703
Non-controlling interest put options	-	-	52,613,161
August 31, 2019			
Contingent consideration obligations	-	-	1,311,966
Non-controlling interest put options	-	-	55,724,367

The carrying value of the Company's trade and other receivables, trade payables, accrued and other liabilities approximate their fair values due to the immediate or short-term maturity of these instruments. The carrying value of the long-term debt approximates its fair value as the interest rates are consistent with the current rates offered to the Company for debt with similar terms. The carrying value of the other non current assets approximates its fair value as the interest rates are consistent with the current rates offered by the Company for loans with similar terms.

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

20. Determination of fair values:

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial instruments and non financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property and equipment

The fair value of property and equipment recognized as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

(b) Intangible assets

The fair value of customer contracts and customer relationships is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(c) Share-based payment transactions

The fair value of the employee share options are measured using the Black Scholes or Monte Carlo valuation models. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk free interest rate (based on government bonds). Service and non market performance conditions attached to the transactions are not taken into account in determining fair value.

Restricted Stock Units are conditionally granted and subject to achievement performance goals. The fair value of each Restricted Stock Unit is estimated in accordance with IFRS 2 on the grant date based on the volume weighted average of the closing prices of common shares on the stock exchange for the five immediately preceding trading sessions, and are amortized over the vesting period, subject to the terms of the plan. Dependent on the expected nature of settlement, the Company may periodically revalue RSUs.

The fair value of Deferred Stock Units are estimated in accordance with IFRS 2 on the grant date based on the volume weighted average of the closing prices of common shares on the stock exchange for the five immediately preceding trading sessions. Deferred Stock Units vest immediately and are expensed in the period granted.

(d) Non-controlling interest put options

The fair value of the non controlling interest put option has been determined by discounting estimated future cash flows based on an appropriate discount rate. The estimated future cash flows are calculated based on pre determined formulas as defined in the purchase agreements which are based on a multiple of estimated future earnings, estimated future exercise dates and other factors.

(Expressed in Canadian dollars)

21. Commitments and contingencies:

(a) Lease obligations

The Company leases premises and various office equipments under agreements which expire on various dates up to December 2027. Future minimum lease payments as at August 31, 2019, are as follows:

Next 12 months	$ 3,845,981
13 - 24 months	3,368,198
25 - 36 months	2,530,711
37 - 48 months	1,830,810
49 - 60 months	1,320,976
Thereafter	1,971,330
	$ 14,868,006

Included in operating expenses for the year ended August 31, 2019 are operating expenses in respect of leased premises and equipment of $4,111,410 (August 31, 2018 - $4,329,449).

(b) Contingencies

In the ordinary course of operating the Company’s business it may from time to time be subject to various claims or possible claims. Management's view is that there are no claims or possible claims that if resolved would either individually or collectively result in a material adverse impact on the Company’s financial position, results of operations, or cash flows. These matters are inherently uncertain and management’s view of these matters may change in the future.

(Expressed in Canadian dollars)

22. Expenses by nature:

The Company's expenses for the years ended August 31, 2019, and August 31, 2018, were comprised of the following:

	Note	August 31, 2019	August 31, 2018
Personnel and compensation		$ 102,912,663	$ 79,739,189
General and administrative		21,785,274	16,296,494
Administration fees		4,187,809	4,025,752
Occupancy		6,304,162	6,125,276
Public company costs		535,203	368,770
		135,725,111	106,555,481
Depreciation and amortization	6, 7	14,584,971	10,659,028
Finance expenses	18	10,164,648	15,925,909
		$ 160,474,730	$ 133,140,418

The Company's operating expenses and acquisition, integration and reorganization costs, as reported on the statement of comprehensive income (loss), for the years ended August 31, 2019, and August 31, 2018, were comprised of the following:

	August 31, 2019	August 31, 2018
Operating expenses	$ 125,461,735	$ 100,228,915
Acquisition, integration and reorganization costs	10,263,376	6,326,566
	$ 135,725,111	$ 106,555,481

For the year ended August 31, 2019, the Company incurred $10,263,376 (August 31, 2018 - $6,326,566) of acquisition, integration and reorganization costs. Acquisition, integration and reorganization costs are comprised of the following:

- Professional fees, personnel and compensation, and other non-recurring incremental costs incurred to secure and complete specific acquisitions;
- Non-operating outlays, which include personnel and compensation and general and administrative expenses, that are associated with integrating acquired operations into the Company's business model subsequent to completion of an acquisition; and
- Non-recurring outlays including consulting, recruiting, and severance costs associated with reorganization of operations.

Certain employees of the Company participate in a defined contribution pension plan. Contributions to the plan by the Company totaled $1,068,887 for the year ended August 31, 2019 (August 31, 2018 - $1,040,701).

(Expressed in Canadian dollars)

23. Financial risk management:

The Company has exposure to the following risks from its use of financial instruments:

- Interest risk
- Credit risk
- Liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk. Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Company's credit facility bear interest at variable rates and vendor take-back loans are non-interest bearing. The carrying value of the long term debt approximates its fair value as the interest rates are consistent with the current rates offered to the Company for debt with similar terms.

The Company has identified an exposure to cash flows relating to variable interest rate loans. The Company does not use financial derivatives to decrease its exposure to interest risk. For the year ended August 31, 2019, a change in interest rate relating to loans and borrowings of 1% would have increased or decreased finance expense by approximately $490,100 (August 31, 2018 - $300,800).

(b) Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Company is exposed to credit risk from customers. In order to reduce its credit risk, the Company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for expected credit losses is established based upon factors surrounding the credit risk of specific accounts, historical trends and future information. When a receivable balance is considered uncollectible, it is written off against the allowance for expected credit losses. Subsequent recoveries of amounts previously written off are credited against "general and administrative operating expenses" in the consolidated statement of comprehensive income (loss). The Company recorded an expense for bad debt during the year ended August 31, 2019, of $50,754 (August 31, 2018 - $10,413).

Pursuant to their respective payment terms, consolidated trade receivables were aged as follows as at August 31, 2019:

Current	$	13,620,167
31 - 60 days past due		1,036,440
61 - 90 days past due		292,179
Over 91 days past due		307,104
		15,255,890
Allowance for expected credit losses		(269,383)
	$	14,986,507

(Expressed in Canadian dollars)

(c) Liquidity Risk

Liquidity risk is the risk that the Company would not be able to meet its financial obligations as they come to maturity or can only do so at excessive costs. Based on the Company's ability to generate cash flows through its ongoing operations, management believes that cash flows are sufficient to cover its known operating and capital requirements, as well as its debt servicing costs. The Company manages its cash resources through ongoing financial forecasts and anticipated cash flows.

Contractual obligations

The maturity dates of the Company's financial liabilities as at August 31, 2019, are as follows:

	Carrying amount	Contractual cash flows	Maturing in the next 12 months	Maturing in 13 to 36 months	Maturing in 37 to 60 months	Maturing in more than 60 months
Trade and other liabilities	$ 27,730,623	$ 28,256,395	$ 25,536,033	$ 1,380,522	$ 996,425	$ 343,415
Loans and borrowings	86,740,244	88,324,462	3,440,039	83,684,423	1,200,000	-
Lease obligations	-	14,868,006	3,845,981	5,898,909	3,151,786	1,971,330
Non-controlling interest put options	55,724,367	77,198,255	15,449,197	45,163,153	5,740,154	10,845,751
	$ 170,195,234	$ 208,647,118	$ 48,271,250	$ 136,127,007	$ 11,088,365	$ 13,160,496

24. Capital management:

The Company views its capital as the combination of its cash, loans and borrowings, and shareholders' equity, which as at August 31, 2019, was equal to $202,612,229 (August 31, 2018 - $145,270,302). The Company's primary objective when managing capital is to safeguard the entity's ability to continue as a going concern while supporting the growth of the Company's business through organic growth and new acquisitions.

The Company manages the capital structure and makes adjustments to it in accordance with the aforementioned objective, as well as taking into consideration changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new or repurchase existing shares and assume new or repay existing debt.

The credit facilities require the Company to maintain certain financial covenants. Management also uses these ratios as key indicators in managing the Company's capital. The Company complied with all the required financial covenants at August 31, 2019.

25. Operating segments:

The Company offers human resource consulting, recruitment services, pension advisory services, group benefits insurance, benefits and pension administration. As at August 31, 2019, the Company applied the aggregation criteria on the basis of type of services provided across all the segments is similar and in accordance with IFRS 8, *Operating Segments*, the Company was represented by and had one reportable segment. The Company operates exclusively within Canada.

(Expressed in Canadian dollars)

26. Related parties:

(a) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors and Officers are key management personnel. In addition to their salaries, the Company also provides non-cash benefits and participation in the Employee Share Purchase Plan (see note 15(a)) and Security Based Compensation Plan (see note 15(b), (c), (d)).

The following table details the compensation paid to key management personnel during the years ended August 31, 2019, and August 31, 2018:

		August 31, 2019		August 31, 2018
Salaries, fees and short-term employee benefits	$	3,452,995	$	3,828,077
Share-based payments		3,545,832		808,805
Post-employment obligations		212,000		-
	$	7,210,827	$	4,636,882

(b) Key management personnel and director transactions

As at August 31, 2019, directors and key management personnel owned 16.10% (August 31, 2018 - 16.66%) of the voting shares of the Company.

27. Subsequent events:

(a) Private Placement

On September 23, 2019, the Company entered into an agreement with a syndicate of underwriters led by Cormark Securities Inc. (collectively the "Underwriters") which the Underwriters have agreed to purchase, on a bought deal private placement basis, 6,594,000 common shares (the "Shares") of the Company at a price of $9.10 per Share (the "Issue Price"), with an option, exercisable in whole or in part at any time prior to the closing date, to purchase for resale up to an additional 15% of the Shares sold at the Issue Price (the "Offering").

The Offering was completed on October 16, 2019, and, pursuant to the Offering, the Company issued 6,983,500 Shares of the Company at a purchase price of $9.10 per Share, including 389,500 Shares issued through the partial exercise of the syndicate's over-allotment option, for gross proceeds to the Company of $63,549,850. The members of the syndicate received a cash commission equal to 5.0% of the gross proceeds raised in the Offering.

The net proceeds of the Offering will be used to reduce debt, fund growth initiatives (including future acquisitions) and general corporate purposes. The Shares issued in connection with the Offering are subject to a statutory four-month hold which expires on February 17, 2020.

(b) Acquisition of Collage Inc.

Effective October 31, 2019, the Company acquired specific assets, liabilities and business operations of Collage Technologies Inc. ("Collage"), a leading cloud-based digital human resource, employee benefits administration and payroll solution provider focused on the small and medium sized business segment in Canada.

(Expressed in Canadian dollars)

The Company will account for these transactions as a business combination and will apply the acquisition method of accounting in accordance with IFRS 3. The fair values of the identifiable assets and liabilities acquired in the transaction and the fair value of the total consideration paid or payable are as follows:

	Collage
Assets acquired and liabilities assumed	
Goodwill (including assembled workforce)	$ 7,993,668
Software and other intangible assets	4,175,000
Property and equipment	22,423
Deferred tax liabilities	(1,118,900)
Net working capital	(54,202)
	$ 11,017,989
Consideration paid or payable	
Cash payment on closing	10,000,000
Debt assumed	1,059,812
Working capital adjustment due to / (from) vendors	(41,823)
	$ 11,017,989

Total consideration paid for the acquisition of Collage, is subject to final adjustments for working capital. The fair values of the net identifiable assets have been determined provisionally and will be fully reflected in the Company's next reporting period.

A part of the goodwill can be attributed to the assembled workforce and the operating knowhow of key personnel. However, no intangible assets qualified for separate recognition in this respect.

The cash payment at closing was funded by a portion of the net proceeds received from the recently completed private placement of shares.

(c) Acquisition of the Apri Group of Companies

On November 28, 2019 the Company acquired the Apri Group of Companies ("Apri"), a national group benefits consulting firm, group benefits managing general agency ("MGA"), and third-party administrator ("TPA") headquartered in Richmond Hill, Ontario. The Company has acquired all of the issued and outstanding shares of Apri for a purchase price of $45.0 million, subject to post-closing adjustments for working capital. The purchase price is comprised of a payment of $38.6 million at closing, $1.9 million of the Company's common shares, and the remaining $4.5 million in the form of a vendor take-back note, subject to certain conditions, to be repaid in equal installments on the first and second anniversaries of the closing.

The Company funded the cash payment at closing by drawing funds on its credit facility.

As this transaction has recently closed, a complete determination of the purchase consideration and the purchase price allocation to the net assets acquired will be fully disclosed in the consolidated financial statements during the first quarter of fiscal year 2020.

(d) Coughlin Call Options

On December 4, 2019, the Company executed its right to purchase 16,000 Coughlin Vendor Class “Y” and 1,500 Coughlin Vendor Class “Z” Shares for total consideration of $9,210,329. The Company’s economic interest in Coughlin will increase from 72.0% to 88.0% effective after the end of the first quarter of fiscal year 2020.