



STAFF NOTICE 45-705

PREPARATION AND AUDIT REQUIREMENTS FOR FUTURE ORIENTED FINANCIAL INFORMATION INCLUDED IN NI 45-106 OFFERING MEMORANDA

This Staff Notice sets out staff's views relating to the preparation and audit of future oriented financial information ("FOFI") included in offering memoranda prepared under the exemption in section 2.9 of National Instrument 45-106 *Prospectus and Registrant Exemptions* ("NI 45-106").

FOFI is information about prospective results of operations, financial position or cash flows based on assumptions about future economic conditions and courses of action. FOFI is presented as either a forecast or a projection.

Clause B. 12 of Instructions for Completing Form 45-103F1 states:

"Refer to National Policy 48 *Future Oriented Financial Information* if future oriented financial information is included in the offering memorandum."

Preparation

The principles set out in National Policy 48 *Future Oriented Financial Information* ("NP 48") apply to the preparation of FOFI that is included in an offering memorandum used in an exemption under section 2.9 of NI 45-106. One of the primary principles in NP 48 is that FOFI be prepared in accordance with the requirements of the CICA Handbook and the additional requirements of NP48. Section 4250 of the CICA Handbook – Future Oriented Financial Information establishes standards for the measurement, presentation, and disclosure of FOFI. We will expect issuers to follow these standards and the additional requirements of NP 48 in preparing FOFI.

Audit Requirements

For general purpose documents listed in Appendix A of NP 48, FOFI must also be accompanied by an auditor's report. NI 45-106 OMs are the same type as the OMs listed in Appendix A. Staff take the position that NI 45-106 OMs should be considered as general purpose documents, and that any FOFI included in a NI 45-106 OM must be accompanied by an auditor's report.

Public accountants undertaking an examination of FOFI included in a NI 45-106 OM should refer to Assurance and Related Services Guideline AuG-6 of the CICA Handbook –

“Examination of a Financial Forecast or Projection included in a Prospectus or other Public Offering Document”. The public accountant’s objective in conducting an examination of FOFI is to form an opinion as to whether the FOFI has been prepared and presented in accordance with the standards set out in Section 4250 of the CICA Handbook.

Dated February 3, 2005
Amended September 14, 2005.

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