



BOYD GROUP INCOME FUND
CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Management is responsible for their integrity, objectivity and reliability, and for the maintenance of financial and operating systems, which include effective controls, to provide reasonable assurance that the Fund's assets are safeguarded and that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting, disclosure control and internal control. The Board exercises these responsibilities through its Audit Committee, all members of which are not involved in the daily activities of the Boyd Group Services Inc. The Audit Committee meets with management and, as necessary, with the independent auditors, Deloitte LLP, to satisfy itself that management's responsibilities are properly discharged and to review and report to the Board on the consolidated financial statements.

In accordance with Canadian generally accepted auditing standards, the independent auditors conduct an examination each year in order to express a professional opinion on the consolidated financial statements.

(signed)

Tim O'Day
President & Chief Executive Officer

Winnipeg, Manitoba
March 17, 2020

(signed)

Narendra Pathipati
Executive Vice President & Chief Financial Officer

Independent Auditor's Report

To the Unitholders of Boyd Group Income Fund

Opinion

We have audited the consolidated financial statements of Boyd Group Income Fund and its subsidiaries (the "Fund"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of earnings, comprehensive earnings, 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 (collectively referred to as the "financial statements").

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

Basis for Opinion

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

Other Information

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

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

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

We obtained Management's Discussion and Analysis and the Annual Report 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 in this auditor's report. We have nothing to report in this regard.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund'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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Fund to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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 Michael Boucher.

Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2020

BOYD GROUP INCOME FUND
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31,

(thousands of Canadian dollars)

		2019	2018
	<i>Note</i>		
Assets			
Current assets:			
Cash		\$ 35,468	\$ 64,476
Accounts receivable	17	112,748	105,088
Income taxes recoverable		1,267	3,064
Inventory	6	47,912	41,804
Prepaid expenses		33,488	30,292
		230,883	244,724
Property, plant and equipment	7	295,584	253,103
Right of use assets	4,8	472,818	-
Intangible assets	10	347,367	295,789
Goodwill	11	554,601	439,867
		\$ 1,901,253	\$ 1,233,483
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 269,769	\$ 267,991
Distributions and dividends payable	12	931	902
Current portion of long-term debt	13	22,122	16,390
Current portion of lease liabilities	4,14	109,559	3,846
Non-controlling interest call liability	17	-	13,651
		402,381	302,780
Long-term debt	13	393,147	271,769
Lease liabilities	4,14	403,814	4,561
Deferred income tax liability	9	39,010	39,882
Unearned rebates	15	9,142	-
Exchangeable Class A common shares	12,17	37,332	21,549
Unit based payment obligation	18	-	14,936
Non-controlling interest put option	17	4,515	6,905
		1,289,341	662,382
Equity			
Accumulated other comprehensive earnings	20	52,164	77,637
Retained earnings		44,504	14,038
Unitholders' capital	21	511,242	475,424
Contributed surplus	22	4,002	4,002
		611,912	571,101
		\$ 1,901,253	\$ 1,233,483

The accompanying notes are an integral part of these consolidated financial statements

Approved by the Board:

TIM O'DAY
Trustee

ALLAN DAVIS
Trustee

BOYD GROUP INCOME FUND
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(thousands of Canadian dollars, except unit amounts)

	Note	Unitholders' Capital		Contributed Surplus	Accumulated Other Comprehensive Earnings	Retained Earnings (Deficit)	Total Equity
		Units	Amount				
Balances - January 1, 2018		19,513,864	\$ 443,463	\$ 4,002	\$ 38,810	\$ (46,432)	\$ 439,843
Issue costs (net of tax of \$nil)			(101)				(101)
Units issued from treasury in connection with options exercised	18	300,000	31,020				31,020
Retractions	17	9,611	1,042				1,042
Other comprehensive earnings					38,827		38,827
Net earnings						77,639	77,639
Comprehensive earnings					38,827	77,639	116,466
Adjustment on adoption of IFRS 15 (net of tax of \$1,804)						(6,731)	(6,731)
Distributions to unitholders	12					(10,438)	(10,438)
Balances - December 31, 2018		19,823,475	\$ 475,424	\$ 4,002	\$ 77,637	\$ 14,038	\$ 571,101
Issue costs (net of tax of \$nil)			(126)				(126)
Units issued in connection with acquisition	5	45,371	5,537				5,537
Units issued from treasury in connection with options exercised	18	150,000	29,456				29,456
Retractions	17	5,971	951				951
Cancellation of units held by a subsidiary		(2,436)	-				-
Other comprehensive loss					(25,473)		(25,473)
Net earnings						64,147	64,147
Comprehensive earnings					(25,473)	64,147	38,674
Adjustment on adoption of IFRS 16 (net of tax of \$8,442)	4					(22,902)	(22,902)
Distributions to unitholders	12					(10,779)	(10,779)
Balances - December 31, 2019		20,022,381	\$ 511,242	\$ 4,002	\$ 52,164	\$ 44,504	\$ 611,912

The accompanying notes are an integral part of these consolidated financial statements

BOYD GROUP INCOME FUND
CONSOLIDATED STATEMENTS OF EARNINGS

For the years ended December 31,

(thousands of Canadian dollars, except unit and per unit amounts)

		2019	2018
	<i>Note</i>		
Sales	25	\$ 2,283,325	\$ 1,864,613
Cost of sales		1,246,845	1,022,162
Gross profit		1,036,480	842,451
Operating expenses		716,608	669,068
Acquisition and transaction costs		4,850	4,298
Depreciation of property, plant and equipment	7	41,601	34,067
Depreciation of right of use assets	8	90,890	-
Amortization of intangible assets	10	22,467	17,674
Fair value adjustments	16	28,330	4,787
Finance costs		38,185	10,283
		942,931	740,177
Earnings before income taxes		93,549	102,274
Income tax expense			
Current	9	20,237	12,143
Deferred	9	9,165	12,492
		29,402	24,635
Net earnings		\$ 64,147	\$ 77,639

The accompanying notes are an integral part of these consolidated financial statements

Basic earnings per unit	30	\$3.23	\$3.94
Diluted earnings per unit	30	\$3.12	\$3.79
Basic weighted average number of units outstanding	30	19,878,567	19,684,337
Diluted weighted average number of units outstanding	30	19,902,469	19,856,163

BOYD GROUP INCOME FUND
CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

For the years ended December 31,

(thousands of Canadian dollars)

		2019	2018
Net earnings		\$ 64,147	\$ 77,639
Other comprehensive (loss) earnings			
Items that may be reclassified subsequently to Consolidated Statements of Earnings			
Change in unrealized earnings on translating financial statements of foreign operations		(25,473)	38,827
Other comprehensive (loss) earnings		(25,473)	38,827
Comprehensive earnings		\$ 38,674	\$ 116,466

The accompanying notes are an integral part of these consolidated financial statements

BOYD GROUP INCOME FUND
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31,
(thousands of Canadian dollars)

		2019	2018
	<i>Note</i>		
Cash flows from operating activities			
Net earnings		\$ 64,147	\$ 77,639
Adjustments for			
Fair value adjustments	16	28,330	4,787
Deferred income taxes		9,165	12,492
Finance costs		38,185	10,283
Amortization of intangible assets	10	22,467	17,674
Depreciation of property, plant and equipment	7	41,601	34,067
Depreciation of right of use assets	8	90,890	-
Other		(637)	(218)
		294,148	156,724
Changes in non-cash working capital items		1,674	34,023
		295,822	190,747
Cash flows used in financing activities			
Fund units issued from treasury			
in connection with options exercised	18, 32	812	876
Issue costs	32	(126)	(101)
Increase in obligations under long-term debt	13	182,453	67,799
Repayment of long-term debt, principal	13	(75,603)	(66,079)
Repayment of obligations under property leases, principal		(82,092)	-
Repayment of obligations under vehicle and equipment leases, principal		(3,874)	(3,906)
Interest on long-term debt	13	(15,456)	(9,700)
Interest on property leases		(22,184)	-
Interest on vehicle and equipment leases		(474)	(532)
Acquisition of non-controlling interest in Glass America LLC	17	(13,152)	-
Dividends and distributions paid	12, 32	(10,867)	(10,522)
		(40,563)	(22,165)
Cash flows used in investing activities			
Proceeds on sale of equipment and software	7	392	565
Equipment purchases and facility improvements		(33,911)	(25,742)
Acquisition and development of businesses (net of cash acquired)		(246,700)	(129,948)
Software purchases and licensing	10	(2,017)	(909)
		(282,236)	(156,034)
Effect of foreign exchange rate changes on cash		(2,031)	4,097
Net (decrease) increase in cash position		(29,008)	16,645
Cash, beginning of year		64,476	47,831
Cash, end of year		\$ 35,468	\$ 64,476
Income taxes paid		\$ 18,538	\$ 8,258
Interest paid		\$ 37,647	\$ 10,181

The accompanying notes are an integral part of these consolidated financial statements

BOYD GROUP INCOME FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

(thousands of Canadian dollars, except unit, share and per unit/share amounts)

1. GENERAL INFORMATION

Prior to January 2, 2020, Boyd Group Services Inc. (“BGSI”) operated as an income trust under the name Boyd Group Income Fund (“the Fund”). Pursuant to a plan of arrangement (the “Arrangement”) under the *Canada Business Corporations Act*, on January 2, 2020, unitholders of the Fund received one BGSI common share for each Fund unit held as at December 31, 2019. Also pursuant to the Arrangement, Boyd Group Holdings Inc. (“BGHI”) Class A common shareholders received one BGSI common share for each BGHI Class A common share held as at December 31, 2019.

As the Arrangement was effective on January 2, 2020, information presented in these financial statements as at, and for periods prior to, or ending on December 31, 2019, is provided for Boyd Group Income Fund, and information provided as at January 1, 2020 and later is provided for Boyd Group Services Inc. Therefore, as the context requires, references to “Boyd” or the “Company” mean, collectively, Boyd Group Services Inc, Boyd Group Income Fund and Boyd Group Holdings Inc.

The Company’s business consists of the ownership and operation of autobody/autoglass repair facilities and related services. At the reporting date, the Company operated locations in Canada under the trade name Boyd Autobody & Glass and Assured Automotive, as well as in the U.S. under the trade name Gerber Collision & Glass. In addition, the Company is a major retail auto glass operator in the U.S. under the trade names Gerber Collision & Glass, Glass America, Auto Glass Service, Auto Glass Authority and Autoglassonly.com. The Company also operates Gerber National Claim Services (“GNCS”), that offers glass, emergency roadside and first notice of loss services.

The shares of the Company are listed on the Toronto Stock Exchange and trade under the symbol “BYD”. Prior to the Arrangement, the Fund was listed on the Toronto Stock Exchange under the symbol “BYD.UN”. The head office and principal address of the Company are located at 1745 Ellice Avenue, Winnipeg, Manitoba, Canada, R3H 1A6.

The consolidated financial statements for the year ended December 31, 2019 (including comparatives) were approved and authorized for issue by the Board of Trustees on March 17, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

The consolidated financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These consolidated financial statements are presented in thousands of Canadian dollars, except unit, share and per unit/share amounts.

b) Revenue recognition

The Fund is in the business of collision repair. The Fund recognizes revenue upon completion and delivery of the repair to the customer, which has been determined to be the performance obligation that is distinct and the point at which control of the asset passes to the customer. Revenue is measured at the fair value of the consideration received.

c) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

BOYD GROUP INCOME FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

(thousands of Canadian dollars, except unit, share and per unit/share amounts)

d) Property, plant and equipment

Property, plant and equipment assets are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is calculated using the declining balance and straight line rates as disclosed in the property, plant and equipment note. Leasehold improvements are amortized on the straight line basis over the period of estimated benefit.

An item of property, plant and equipment is reclassified as held for sale or derecognized upon disposal, or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of earnings.

The Fund conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for property, plant and equipment and any changes arising from the assessment are applied by the Fund prospectively.

e) Consolidation

The financial statements of the Fund consolidate the accounts of the Fund and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

Subsidiaries are those entities which the Fund controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Fund controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Fund and are de-consolidated from the date that control ceases.

f) Business combinations, goodwill and other intangible assets

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method of accounting. The cost of the acquisition is measured at the aggregate of the fair values (at the acquisition date) of assets transferred, liabilities incurred or assumed, and equity instruments issued by the Fund in exchange for control of the acquired company. Acquisition costs are expensed as incurred. The acquired company's identifiable assets (including previously unrecognized intangible assets), liabilities and contingent liabilities are recognized at their fair values at the acquisition date.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Fund's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses.

Intangible assets are recognized only when it is probable that the expected future economic benefits attributable to the assets will accrue to the Fund and the cost can be reliably measured. Intangible assets acquired in a business combination are recorded at fair value. Intangible assets that do not have indefinite lives are amortized over their useful lives using an amortization method which reflects the economic benefit of the intangible asset. Customer relationships are amortized on a straight-line basis over the expected period of benefit of 20 years. Contractual rights, which consist of non-compete agreements, zoned property rights and favourable lease agreements, are amortized on a straight-line basis over the term of the contract. Computer software is amortized on a straight-line basis over periods of three and five years. Brand names which the Company continues to use in the conduct of its business are considered indefinite life because their value is not expected to degrade over time. To the extent the Company decides to discontinue the use of a certain brand, an estimate of the remaining useful life is made and the intangible asset is amortized over the remaining period.

BOYD GROUP INCOME FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

(thousands of Canadian dollars, except unit, share and per unit/share amounts)

g) Impairment of non-financial assets

Property, plant and equipment and definite life intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating unit or "CGU"). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Goodwill and indefinite lived intangible assets are reviewed for impairment annually or at any time if an indicator of impairment exists. As well, newly acquired goodwill is reviewed for impairment at the end of the year in which it was acquired.

Goodwill acquired through a business combination is allocated to each CGU, or group of CGUs, that are expected to benefit from the related business combination. A group of CGUs represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, which is not higher than an operating segment. Impairment losses on goodwill are not reversed.

The Fund evaluates impairment losses, other than goodwill impairment, for potential reversals when events or circumstances warrant such consideration.

h) Cash and cash equivalents

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

i) Income taxes

Income tax comprises of current and deferred tax. Income tax is recognized in the consolidated statement of earnings except to the extent that it relates to items recognized directly in equity, in which case the income tax is recognized directly in equity.

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

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Fund and it is probable that the temporary difference will not reverse in the foreseeable future.

j) Unearned rebates

Prepaid purchase rebates are recorded as unearned rebates on the statement of financial position and amortized, as a reduction of the cost of purchases, on a straight-line basis over the term of the contract.

BOYD GROUP INCOME FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

(thousands of Canadian dollars, except unit, share and per unit/share amounts)

k) Unitholders' capital

Under IAS 32, a financial instrument that gives the holder the right to put the instrument back to the issuer for cash or another financial asset (a 'puttable instrument') is a financial liability, except for those instruments that meet the exceptions to be classified as equity instruments. The trust units of the Fund meet the puttable equity exceptions and therefore are classified as equity.

The Fund's declaration of trust allows a unitholder to tender their units for cash redemption. This cash redemption right is restricted, at the Fund's option, to an aggregate cash amount of \$25 per month. Historically, the Fund has not been asked to redeem units for cash.

l) Unit-Based compensation

The Fund issued unit-based awards to certain employees in the form of unit options during the period 2006-2010. The unit options are financial liabilities since the units are ultimately puttable back to the Fund in exchange for cash. The cost of cash-settled unit-based transactions are measured at fair value using a Black-Scholes model and expensed over the vesting period with the recognition of a corresponding liability. The liability is re-measured at each reporting date with changes in fair value recognized in earnings.

m) Earnings per unit

Basic earnings per unit ("EPU") is calculated by dividing the net earnings for the period attributable to equity owners of the Fund by the weighted average number of units outstanding during the period.

Diluted EPU is calculated by adjusting the weighted average number of units outstanding and corresponding earnings impact for dilutive instruments. The Fund's dilutive instruments comprise of unit options, exchangeable shares, and non-controlling interest put option and call liability. The number of shares included with respect to unit options is computed using the treasury stock method. The exchangeable Class A shares are evaluated as to whether or not they are dilutive based on the effect on earnings per unit of eliminating the liability adjustment for the period and increasing the weighted average number of units outstanding for the units that would be exchanged for the Class A shares. The dilutive impact of the non-controlling interest put option and call liability is calculated using the "if converted" method.

n) Foreign currency translation

Items included in the financial statements of each subsidiary are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is the Fund's functional currency. The financial statements of entities that have a functional currency different from that of the Fund are translated into Canadian dollars. Assets and liabilities are translated into Canadian dollars at the noon rate of exchange prevailing at the statement of financial position dates and income and expense items are translated at the average exchange rate during the period (as this is considered a reasonable approximation to actual rates). The adjustment arising from the translation of these accounts is recognized in other comprehensive earnings (loss) as cumulative translation adjustments.

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive earnings (loss) related to the foreign operation are recognized in earnings. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive earnings (loss) related to the subsidiary are reallocated between controlling and non-controlling interests.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in earnings.

BOYD GROUP INCOME FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

(thousands of Canadian dollars, except unit, share and per unit/share amounts)

o) Financial instruments

Recognition

Financial assets and liabilities are recognized when the Fund becomes a party to the contractual provisions of the instrument.

Classification

The Fund classifies its financial assets and liabilities in the following categories depending on the Fund's business model for managing the financial assets and the contractual terms of the cash flows:

- Those to be measured subsequently at fair value, either through profit or loss ("FVPL") or through OCI, and
- Those to be measured at amortized cost.

Cash and accounts receivable are classified as amortized cost. After their initial fair value measurement, they are measured at amortized cost using the effective interest method, as reduced by appropriate allowances for estimated lifetime expected credit losses.

Accounts payable and accrued liabilities, dividends and distributions payable, and long-term debt are classified as amortized cost and are net of any related financing fees or issue costs. After their initial fair value measurement, they are measured at amortized cost using the effective interest method.

Derivative contracts including the non-controlling interest put option and call liability are classified as financial assets or financial liabilities at FVPL with mark-to-market adjustments being recorded to net earnings at each period end.

As a result of the Fund's units being redeemable for cash, the exchangeable Class A shares of the Fund's subsidiary BGHI, are presented as financial liabilities and classified as financial assets or financial liabilities at FVPL. Exchangeable Class A shares are measured at the market price of the units of Fund as of the statement of financial position date.

Measurement

At initial recognition, the Fund measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

For those financial instruments where fair value is recognized in the Consolidated Statement of Financial Position the methods and assumptions used to develop fair value measurements have been classified into one of the three levels of the fair value hierarchy for financial instruments:

- Level 1 includes quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 includes inputs that are observable other than quoted prices included in Level 1
- Level 3 includes inputs that are not based on observable market data

p) Non-controlling interests

The Company accounts for transactions where a non-controlling interest exists, and where a put option has been granted to third parties under IFRS 10 whereby the non-controlling interest is initially recognized at fair value and then immediately derecognized upon the issuance and recognition of the put option. Differences between the put option liability recognized at fair value and the amount of any non-controlling interest derecognized is recognized directly in equity.

When there is no allocation of profit or loss to non-controlling partners, no non-controlling interest is recognized in the Consolidated Statement of Financial Position. Distributions to non-controlling partners are recognized as an expense when paid or payable based on the distribution formula of the agreement.

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q) *Pensions and other post-retirement benefits*

The Company contributes to defined contribution pension plans of employees. Contributions are recognized within operating expenses at an amount equal to contributions payable for the period. Any outstanding contributions are recognized as liabilities within accrued liabilities.

r) *Provisions*

Provisions are recognized when the Fund has a present legal or constructive obligation that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is significant. The increase in the provision due to the passage of time is recognized as a finance cost.

s) *Segment reporting*

The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the joint responsibility of the Chief Executive Officer of the Fund, the Chief Operating Officer and President of the Fund and the Executive Vice President and Chief Financial Officer of the Fund.

The Fund's primary line of business is automotive collision and glass repair and related services, with the majority of revenues relating to this group of similar services. This line of business operates in Canada and the U.S. and both regions exhibit similar long-term economic characteristics. In this circumstance, IFRS requires the Company to provide specific geographical disclosure. For the years reported, the Company's revenues were derived within Canada or the U.S. and all property, plant and equipment, right of use assets, goodwill and intangible assets are located within these two geographic areas.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

The Fund makes estimates, including the assumptions applied therein, concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of Goodwill and Intangible Assets

When testing goodwill and intangibles for impairment, the Fund uses the recorded historical cash flows of the CGU or group of CGU's to which the assets relate for the most recent two years, and an estimate or forecast of cash flows for the next year to establish an estimate of the Fund's future cash flows. An estimate of the recoverable amount is then calculated as the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The methods used to value intangible assets and goodwill require critical estimates to be made regarding the future cash flows and useful lives of the intangible assets. Goodwill and intangible asset impairments, when recognized, are recorded as a separate charge to earnings, and could materially impact the operating results of the Fund for any particular accounting period.

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Impairment of Other Long-lived Assets

The Fund assesses the recoverability of its long-lived assets, other than goodwill and intangibles, after considering the potential impairment indicated by such factors as business and market trends, the Fund's ability to transfer the assets, future prospects, current market value and other economic factors. In performing its review of recoverability, management estimates the future cash flows expected to result from the use of the assets and their potential disposition. If the discounted sum of the expected future cash flows is less than the carrying value of the assets generating those cash flows, an impairment loss would be recognized based on the excess of the carrying amounts of the assets over their estimated recoverable value. The underlying estimates for cash flows include estimates for future sales, gross margin rates and operating expenses. Changes which may impact these estimates include, but are not limited to, business risks and uncertainties and economic conditions. To the extent that management's estimates are not realized, future assessments could result in impairment charges that may have a material impact on the Fund's consolidated financial statements.

Fair Value of Financial Instruments

The Fund has applied discounted cash flow methods to establish the fair value of certain financial liabilities recorded on the Consolidated Statement of Financial Position, as well as disclosed in the notes to the consolidated financial statements. The Fund also establishes mark-to-market valuations for derivative instruments, which are assumed to represent the current fair value of these instruments. These valuations rely on assumptions regarding interest and exchange rates as well as other economic indicators, which at the time of establishing the fair value for disclosure, have a high degree of uncertainty. Unrealized gains or losses on these derivative financial instruments may not be realized as markets change.

Income Taxes

The Fund is subject to income tax in several jurisdictions and estimates are used to determine the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Fund recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. Uncertain tax liabilities may be recognized when, despite the Fund's belief that its tax return positions are supportable, the Fund believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The Fund believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

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4. CHANGES IN ACCOUNTING POLICIES

Leases

The Fund has adopted IFRS 16, *Leases* on January 1, 2019 using the modified retrospective approach, which recognizes the cumulative effect of initial application as an adjustment to the opening balances of property, plant and equipment, right of use assets, accounts payable and accrued liabilities, lease liabilities, obligations under finance leases, deferred income tax liability and retained earnings at January 1, 2019 without restatement of comparatives. Accounts payable and accrued liabilities were impacted on adoption of IFRS 16 due to the reversal of deferred rent amounts recorded under the previous accounting standard, IAS 17, *Leases*. The impact on the consolidated financial statements as at January 1, 2019 is as follows:

	December 31, 2018	Adjustment as a result of IFRS 16	January 1, 2019
Assets			
Property, plant and equipment	\$ 253,103	\$ (10,382)	\$ 242,721
Right of use assets	-	452,938	452,938
	\$ 253,103	\$ 442,556	\$ 695,659
Liabilities			
Accounts payable and accrued liabilities	\$ 267,991	\$ (5,679)	\$ 262,312
Current portion of lease liabilities	-	103,880	103,880
Current portion of obligations under finance leases	3,846	(3,846)	-
	271,837	94,355	366,192
Lease liabilities	-	384,106	384,106
Obligations under finance leases	4,561	(4,561)	-
Deferred income tax liability	39,882	(8,442)	31,440
	316,280	465,458	781,738
Equity			
Retained earnings (deficit)	14,038	(22,902)	(8,864)
	14,038	(22,902)	(8,864)
	\$ 330,318	\$ 442,556	\$ 772,874

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As part of the initial application of IFRS 16, the Fund has utilized the following recognition exemptions and practical expedients:

- not to apply the requirements to short term leases and leases for which the underlying asset is of low value;
- not to reassess whether a contract is, or contains, a lease at the date of initial application;
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- to adjust the right of use asset at the date of initial application by the amount of any provision for onerous leases recognized in the statement of financial position immediately before the date of initial application;
- to exclude initial direct costs from the measurement of the right of use asset at the date of initial application;
- to use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease; and
- not to apply the requirements to leases for which the lease term ends within 12 months of the date of initial application.

The following reconciliation to the opening balance for the lease liabilities as at January 1, 2019 is based upon the operating lease obligations as at December 31, 2018:

	January 1, 2019
Operating lease obligations at December 31, 2018	\$ 535,533
Finance lease obligations at December 31, 2018	8,407
Discounting	(88,306)
Adjustment for extensions	30,018
Other adjustments	2,334
Lease liabilities at January 1, 2019	\$ 487,986

On adoption of IFRS 16, the Fund's right of use assets were measured based on the carrying amount as if the Standard had been applied since the commencement date, discounted at the incremental borrowing rate at the date of initial application. For leases previously classified as finance leases, the carrying amount of the right of use asset and the lease liability at the date of initial application were measured based on the carrying amount of the lease asset and lease liability immediately before that date, measured applying IAS 17.

The right of use assets and lease liabilities were discounted at the incremental borrowing rate as at January 1, 2019. The weighted average discount rate was 4.47%. In order to calculate the incremental borrowing rate, reference interest rates were derived for periods of up to 20 years from the yields of corporate bonds in Canada and the U.S. The reference interest rates were supplemented by a leasing risk premium.

Extension options exist for a number of leases, particularly for property. In determining lease terms, extension options are considered only if they are reasonably certain to be exercised.

Leases are presented in the consolidated statement of earnings as follows:

	For the year ended December 31, 2019
Operating expenses	\$ 4,556
Depreciation of right of use assets	\$ 90,890
Finance costs	\$ 22,658

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Under IFRS 16, right of use assets are tested for impairment in accordance with IAS 36, *Impairment of Assets*. This replaces the previous requirement to recognize a provision for onerous lease contracts.

After initial implementation of IFRS 16 on January 1, 2019, the Fund assesses whether a contract is or contains a lease, at inception of the contract. The Fund recognizes a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases, defined as leases with a lease term of 12 months or less, and leases of low value assets. For these leases, the Fund recognizes the lease payments as operating expenses on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

After initial implementation of IFRS 16 on January 1, 2019, the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If the interest rate implicit in the leases cannot be readily determined, the Fund uses its incremental borrowing rate. In order to calculate the incremental borrowing rate, reference interest rates are derived from the yields of corporate bonds in Canada and the U.S. The reference interest rates are supplemented by a leasing risk premium.

Lease payments included in the measurement of the lease liability include:

- fixed lease payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the exercise price of purchase options, if the Fund is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect lease payments made.

The Fund remeasures the lease liability when:

- the lease term has changed or there is a change in the assessment of the exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

During the period presented, the Fund made the following such adjustments:

- the lease term has changed or there is a change in the assessment of the exercise of a purchase option.
- the lease payments have changed due to changes in an index or rate or a change in expected payment under a guaranteed residual value.

After initial implementation of IFRS 16 on January 1, 2019, right of use assets include the initial measurement of the corresponding lease liability, lease payment made at or before the commencement date and any initial direct costs. Right of use assets are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation is recorded on a straight line basis over the term of the lease.

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5. ACQUISITIONS

The Fund completed 29 acquisitions that added 97 locations during the year ended December 31, 2019 as follows:

Acquisition Date	Location
January 9, 2019	Cayce, SC
January 11, 2019	Peoria, AZ
February 28, 2019	New York (18 locations)
March 8, 2019	Michigan (11 locations)
March 15, 2019	Guelph, ON
March 18, 2019	Richland, WA
March 25, 2019	Bullhead City, AZ
March 29, 2019	Oregon & Washington (7 locations)
April 15, 2019	New York (3 locations)
May 14, 2019	Trussville, AL
May 14, 2019	Nevada & Arizona (4 locations)
June 7, 2019	Louisville, KY (2 locations)
June 10, 2019	Watauga, TX
June 24, 2019	Austin, TX
July 19, 2019	Rochester, NY (16 locations)
July 29, 2019	Steinbach, MB
August 19, 2019	Moody & Anniston, AL (2 locations)
September 6, 2019	Evansville, IN (4 locations)
September 13, 2019	Columbia, Irmo & Lexington, SC (3 locations)
September 30, 2019	Port Orchard & Gig Harbor, WA (2 locations)
October 8, 2019	Gonzales, LA
November 1, 2019	Hunstville, AL
November 1, 2019	Pelham, AL
November 22, 2019	Nashville, TN
December 2, 2019	Tacoma, WA
December 6, 2019	California (6 locations)
December 6, 2019	California (3 locations)
December 13, 2019	Utica, MI
December 13, 2019	Kingston, ON

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The Fund has accounted for the 2019 acquisitions using the acquisition method as follows:

Acquisitions in 2019	Total acquisitions
Identifiable net assets acquired at fair value:	
Cash	\$ 1,332
Other current assets	7,744
Property, plant and equipment	41,208
Right of use assets	94,866
Identified intangible assets	
Customer relationships	79,751
Non-compete agreements	3,802
Liabilities assumed	(18,804)
Lease liability	(94,866)
Identifiable net assets acquired	\$ 115,033
Goodwill	133,425
Total purchase consideration	\$ 248,458
Consideration provided	
Cash paid or payable	\$ 212,133
Units issued	5,537
Seller notes	30,788
Total consideration provided	\$ 248,458

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The Fund completed 28 acquisitions that added 69 locations during the year ended December 31, 2018 as follows:

Acquisition Date	Location
January 19, 2018	Collier County, FL (2 locations)
January 31, 2018	Sudbury, ON (4 locations)
February 20, 2018	Falcon, CO
February 23, 2018	Dallas, TX (3 locations)
April 17, 2018	Seattle, WA (3 locations)
May 18, 2018	Alexandria, LA
May 25, 2018	Atlanta, GA (2 locations)
May 28, 2018	Bradford, ON
June 8, 2018	Chicago, IL
June 27, 2018	Elk Grove Village, IL
July 3, 2018	Aurora, ON
July 6, 2018	Brunswick, OH
July 9, 2018	Nanaimo, BC
July 10, 2018	Elkhart, IN
August 3, 2018	Bessemer & Birmingham, AL (2 locations)
August 3, 2018	Kenosha, WI
September 21, 2018	Dundas, ON
October 10, 2018	Kennewick, WA
October 10, 2018	Springfield, IL
October 12, 2018	Saskatoon, SK (2 locations)
October 15, 2018	Turtle Creek, PA
October 15, 2018	Brownsburg & Greenwood, IN (2 locations)
November 1, 2018	Kansas City, MO (5 locations)
November 30, 2018	West Hawksbury, ON
November 30, 2018	Wisconsin and Northern Illinois (18 locations)
December 11, 2018	Albany, OR
December 14, 2018	Western & Central Regions, TX (9 locations)
December 19, 2018	Jacksonville, NC

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The Fund has accounted for the 2018 acquisitions using the acquisition method as follows:

Acquisitions in 2018	Total acquisitions
Identifiable net assets acquired at fair value:	
Cash	\$ 416
Other current assets	3,464
Property, plant and equipment	34,876
Identified intangible assets	
Customer relationships	43,935
Non-compete agreements	1,408
Liabilities assumed	(1,499)
Deferred income tax liability	(595)
Identifiable net assets acquired	\$ 82,005
Goodwill	65,381
Total purchase consideration	\$ 147,386
Consideration provided	
Cash paid or payable	\$ 118,426
Contingent consideration	8,887
Sellers notes	20,073
Total consideration provided	\$ 147,386

The preliminary purchase prices for the 2019 acquisitions may be revised as additional information becomes available. Further adjustments may be recorded in future periods as purchase price adjustments are finalized.

Funding for the February 28, 2019 transaction was a combination of cash and the issuance of 45,371 units to the sellers at a unit price of \$122.05.

U.S. acquisition transactions are initially recognized in Canadian dollars at the rates of exchange in effect on the transaction dates. Subsequently, the assets and liabilities are translated at the rate in effect at the Statement of Financial Position date.

A significant 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.

Goodwill recognized during 2019 is expected to be deductible for tax purposes. The goodwill recognized in 2018 is deductible for tax purposes except for the goodwill related to the January 31, 2018 acquisition in Sudbury. Goodwill recognized on this transaction totaled \$2,658.

On November 1, 2018, the Company acquired the assets of A&B Body Shop, Inc. The contingent consideration recorded is based on the business meeting predetermined earnings targets during the period from January 1, 2019 to December 31, 2021. A maximum payment of \$3,284 in 2021 would be required if the business meets or exceeds the target. The present value of the contingent consideration of \$647 has been determined using a cost of borrowing discount rate.

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On December 14, 2018, the Company acquired the assets of Paceline Collision Centers. The contingent consideration recorded is based on the business meeting predetermined earnings targets during the period from January 1, 2019 to December 31, 2021. A maximum payment of \$6,690 in 2021 would be required if the business meets or exceeds the target. The present value of the contingent consideration of \$4,888 has been determined using a cost of borrowing discount rate.

The results of operations reflect the revenues and expenses of acquired operations from the date of acquisition. Revenue contributed by acquisitions since being acquired were \$168,498. Net losses incurred by acquisitions since being acquired were \$685. If 2019 acquisitions had been acquired on January 1, 2019, the Fund's net earnings for the year ended December 31, 2019 would have been \$69,538 (unaudited).

6. INVENTORY

As at	December 31, 2019	December 31, 2018
Parts and materials	\$ 18,556	\$ 15,533
Work in process	29,356	26,271
	\$ 47,912	\$ 41,804

Included in cost of sales for the year ended December 31, 2019 are parts and material costs of \$719,294 (2018 – \$581,337) and labour costs of \$369,238 (2018 – \$304,968) with the balance of cost of sales primarily made up of sublet charges.

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7. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Shop Equipment	Office Equipment	Computer Hardware	Signage	Vehicles	Leasehold Improvements	Total
Depreciation rates		5%	15%	20%	30%	15%	30%	10 to 25 years straight line	
As at January 1, 2018									
Cost	\$ 7,015	\$ 19,510	\$ 133,477	\$ 13,275	\$ 16,812	\$ 11,370	\$ 20,686	\$ 103,186	\$ 325,331
Accumulated depreciation	-	(1,288)	(58,553)	(6,415)	(8,491)	(4,691)	(12,785)	(37,009)	(129,232)
Net book value	\$ 7,015	\$ 18,222	\$ 74,924	\$ 6,860	\$ 8,321	\$ 6,679	\$ 7,901	\$ 66,177	\$ 196,099
For the year ended December 31, 2018									
Acquired through business combinations	3,215	5,118	13,272	-	-	-	326	12,945	34,876
Additions	805	2,489	17,993	1,547	4,630	1,041	3,329	9,636	41,470
Proceeds on disposal	-	-	-	-	-	-	(468)	(97)	(565)
Gain (loss) on disposal	-	-	(22)	(1)	-	-	234	(1)	210
Depreciation	-	(863)	(13,684)	(1,500)	(2,941)	(1,108)	(2,964)	(11,007)	(34,067)
Foreign exchange	754	1,739	5,373	450	597	536	681	4,950	15,080
Net book value	\$ 11,789	\$ 26,705	\$ 97,856	\$ 7,356	\$ 10,607	\$ 7,148	\$ 9,039	\$ 82,603	\$ 253,103
As at December 31, 2018									
Cost	\$ 11,789	\$ 29,016	\$ 175,704	\$ 15,801	\$ 23,009	\$ 13,284	\$ 24,625	\$ 133,876	\$ 427,104
Accumulated depreciation	-	(2,311)	(77,848)	(8,445)	(12,402)	(6,136)	(15,586)	(51,273)	(174,001)
Net book value	\$ 11,789	\$ 26,705	\$ 97,856	\$ 7,356	\$ 10,607	\$ 7,148	\$ 9,039	\$ 82,603	\$ 253,103

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	Land	Buildings	Shop Equipment	Office Equipment	Computer Hardware	Signage	Vehicles	Leas ehold Improvements	Total
Depreciation rates		5%	15%	20%	30%	15%	30%	10 to 25 years straight line	
As at January 1, 2019									
Cost	\$ 11,789	\$ 29,016	\$ 175,704	\$ 15,801	\$ 23,009	\$ 13,284	\$ 24,625	\$ 133,876	\$ 427,104
Accumulated depreciation	-	(2,311)	(77,848)	(8,445)	(12,402)	(6,136)	(15,586)	(51,273)	(174,001)
Net book value	\$ 11,789	\$ 26,705	\$ 97,856	\$ 7,356	\$ 10,607	\$ 7,148	\$ 9,039	\$ 82,603	\$ 253,103
For the year ended December 31, 2019									
IFRS 16 opening net book value	-	-	(2,633)	-	-	-	(7,625)	(124)	(10,382)
Acquired through business combinations	1,237	3,252	17,843	153	253	-	613	17,857	41,208
Additions	788	2,165	23,812	3,171	6,281	3,711	652	22,429	63,009
Proceeds on disposal	-	-	-	-	-	-	(369)	(23)	(392)
Gain (loss) on disposal	-	-	(9)	-	(1)	-	3	(4)	(11)
Transfers from right of use assets	-	-	1,937	-	-	-	31	-	1,968
Depreciation	-	(1,544)	(17,594)	(1,733)	(3,956)	(1,283)	(656)	(14,835)	(41,601)
Foreign exchange	(515)	(1,602)	(4,835)	(303)	(418)	(294)	(489)	(2,862)	(11,318)
Net book value	\$ 13,299	\$ 28,976	\$ 116,377	\$ 8,644	\$ 12,766	\$ 9,282	\$ 1,199	\$ 105,041	\$ 295,584
As at December 31, 2019									
Cost	\$ 13,299	\$ 32,690	\$ 207,789	\$ 18,407	\$ 27,913	\$ 16,398	\$ 8,710	\$ 167,604	\$ 492,810
Accumulated depreciation	-	(3,714)	(91,412)	(9,763)	(15,147)	(7,116)	(7,511)	(62,563)	(197,226)
Net book value	\$ 13,299	\$ 28,976	\$ 116,377	\$ 8,644	\$ 12,766	\$ 9,282	\$ 1,199	\$ 105,041	\$ 295,584

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8. RIGHT OF USE ASSETS

	Property	Vehicles	Equipment	Total
As at January 1, 2019	\$ 442,557	\$ 7,624	\$ 2,757	\$ 452,938
Acquired through business combinations	94,866	-	-	94,866
Additions and modifications	27,250	2,723	-	29,973
Depreciation	(88,148)	(2,510)	(232)	(90,890)
Loss on disposal	-	(229)	(2)	(231)
Transfers to property, plant and equipment	-	(31)	(1,937)	(1,968)
Foreign exchange	(11,456)	(346)	(68)	(11,870)
Net book value	\$ 465,069	\$ 7,231	\$ 518	\$ 472,818

9. INCOME TAXES

The Fund is a “specified investment flow-through” (“SIFT”) and until December 31, 2010 was exempt from tax on its income to the extent that its income was distributed to unitholders. This exemption did not apply to the Company or its subsidiaries, which are corporations that are subject to income tax. Fund distributions that are sourced from U.S. business earnings are not subject to the SIFT tax.

The Fund accounts for deferred income tax assets and liabilities in respect of accounting and tax basis differences. Deferred income tax assets and liabilities which relate to the same jurisdiction are netted on the Consolidated Statement of Financial Position.

- a) The reconciliation between income tax expense and the accounting earnings multiplied by the combined basic Canadian and U.S. federal, provincial and state tax rates is as follows:

	For the years ended December 31,	
	2019	2018
Earnings before income taxes	\$ 93,549	\$ 102,274
Earnings subject to tax in the hands of unitholders not the Fund	(10,779)	(10,438)
Income subject to income taxes	\$ 82,770	\$ 91,836
Combined basic Canadian and U.S. federal, provincial and state tax rates	24.96%	25.42%
Income tax expense at combined statutory tax rates	\$ 20,659	\$ 23,345
Adjustments for the tax effect of:		
Other non-deductible expenses	452	383
Allocation to non-controlling interest	-	(692)
Dividends treated as interest	1,273	1,142
Non-deductible fair value adjustments	7,622	1,330
Effective rate adjustment	59	45
Items affecting equity - issue costs	(33)	(27)
Other	(630)	(891)
Income tax expense	\$ 29,402	\$ 24,635

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The structure of the Fund as at December 31, 2019 is such that a portion of the Fund's earnings continue to be subject to tax in the hands of the unitholders, not the Fund. This permits the Company to reduce its tax obligation. As a result during the year, the Company benefitted from an interest deduction in the amount of \$8,301 (2018 - \$8,301). This amount was received by the Fund who then is permitted to reduce its taxable income for the distributions declared in the year.

b) Deferred income taxes consist of the following:

As at	December 31, 2019	December 31, 2018
Intangible assets	\$ 34,713	\$ 30,029
Accrued liabilities	(10,499)	(8,557)
Property, plant and equipment	29,409	21,826
Acquisition costs	(3,783)	(3,097)
Right of use assets net of lease liabilities	(9,619)	-
Other	(1,211)	(319)
Deferred income tax liability	\$ 39,010	\$ 39,882

c) The movement in deferred income liabilities during the year is as follows:

Deferred income tax liability as at	December 31, 2019	December 31, 2018
Balance, beginning of period	\$ 39,882	\$ 26,302
Acquired through business combination	-	595
Deferred income tax expense	9,165	12,386
Foreign exchange	(10,037)	599
Balance, end of period	\$ 39,010	\$ 39,882

d) Deferred income tax assets are recognized to the extent it is probable that sufficient future taxable income will be available to allow a deferred income tax asset to be realized. At December 31, 2019, the Fund has recognized all of its deferred income tax assets with the exception of \$7,510 (2018 - \$7,510) in capital losses available in Canada. At December 31, 2019, the Fund has non-capital losses in Canada of \$1,172 (2018 - \$1,583) and net operating losses in the U.S. of \$nil (2018 - \$nil).

The losses expire as follows:

Year of expiry	
2034	\$ 1,172

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10. INTANGIBLE ASSETS

	Customer Relations hips	Brand Name	Computer Software	Non- compe te Agreements	Zoned Prope rty Rights	Favourable Lease Agreements	Total
As at January 1, 2018							
Cost	\$ 252,696	\$ 28,503	\$ 5,055	\$ 18,257	\$ 54	\$ 7,909	\$ 312,474
Accumulated amortization	(41,088)	(6,222)	(3,929)	(8,225)	(54)	(1,054)	(60,572)
Net book value	\$ 211,608	\$ 22,281	\$ 1,126	\$ 10,032	\$ -	\$ 6,855	\$ 251,902
For the year ended December 31, 2018							
Acquired through business combinations	43,935	-	-	1,408	-	-	\$ 45,343
Additions	-	-	909	-	-	-	909
Amortization	(13,639)	-	(765)	(2,724)	-	(546)	(17,674)
Foreign exchange	13,689	723	58	267	-	572	15,309
Net book value	\$ 255,593	\$ 23,004	\$ 1,328	\$ 8,983	\$ -	\$ 6,881	\$ 295,789
As at December 31, 2018							
Cost	\$ 314,260	\$ 29,772	\$ 6,763	\$ 20,585	\$ 54	\$ 8,601	\$ 380,035
Accumulated amortization	(58,667)	(6,768)	(5,435)	(11,602)	(54)	(1,720)	(84,246)
Net book value	\$ 255,593	\$ 23,004	\$ 1,328	\$ 8,983	\$ -	\$ 6,881	\$ 295,789
For the year ended December 31, 2019							
Acquired through business combinations	79,751	-	-	3,802	-	-	\$ 83,553
Additions	-	-	2,017	-	-	-	2,017
Amortization	(17,858)	-	(951)	(3,100)	-	(558)	(22,467)
Foreign exchange	(10,420)	(432)	(176)	(179)	-	(318)	(11,525)
Net book value	\$ 307,066	\$ 22,572	\$ 2,218	\$ 9,506	\$ -	\$ 6,005	\$ 347,367
As at December 31, 2019							
Cost	\$ 380,722	\$ 29,015	\$ 7,731	\$ 23,744	\$ -	\$ 8,189	\$ 449,401
Accumulated amortization	(73,656)	(6,443)	(5,513)	(14,238)	-	(2,184)	(102,034)
Net book value	\$ 307,066	\$ 22,572	\$ 2,218	\$ 9,506	\$ -	\$ 6,005	\$ 347,367

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11. GOODWILL

As at	December 31, 2019	December 31, 2018
Balance, beginning of period	\$ 439,867	\$ 351,943
Acquired through business combination	133,425	65,381
Purchase price allocation adjustments within the measurement period	(789)	-
Foreign exchange	(17,902)	22,543
Balance, end of period	\$ 554,601	\$ 439,867

The Fund has used the value in use method to evaluate the carrying amount of goodwill. The key assumptions used in the assessment include an estimate of current cash flow, taxes, a growth rate of 2% and capital maintenance expenditures. These assumptions are based on past experience. A discount rate of 8% has been applied to the expected cash flow, after adjusting the cash flow for an estimate of the taxes and capital maintenance expenditures.

The purchase price allocation adjustments represent additional working capital adjustments which resulted in the reduction of goodwill in 2019 as well as balance sheet reclassifications between property, plant and equipment and goodwill within the measurement period for certain 2018 acquisitions.

12. DISTRIBUTIONS AND DIVIDENDS

The Fund's Trustees have discretion in declaring distributions. The Fund's distribution policy is to make distributions of its available cash from operations taking into account current and future performance amounts necessary for principal and interest payments on debt obligations, amounts required for maintenance capital expenditures and amounts allocated to reserves.

Distributions to unitholders and dividends on the exchangeable Class A shares were declared and paid as follows:

Record date	Payment date	Distribution per Unit /	
		Dividend per Share	Distribution amount
January 31, 2019	February 26, 2019	\$ 0.0450	\$ 891
February 28, 2019	March 27, 2019	0.0450	892
March 31, 2019	April 26, 2019	0.0450	894
April 30, 2019	May 29, 2019	0.0450	894
May 31, 2019	June 26, 2019	0.0450	894
June 30, 2019	July 29, 2019	0.0450	895
July 31, 2019	August 28, 2019	0.0450	894
August 31, 2019	September 28, 2019	0.0450	894
September 30, 2019	October 29, 2019	0.0450	895
October 31, 2019	November 27, 2019	0.0450	894
November 30, 2019	December 20, 2019	0.0460	921
December 31, 2019	January 29, 2020	0.0460	921
		\$ 0.5420	\$ 10,779
			\$ 116

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<u>Record date</u>	<u>Payment date</u>	<u>Distribution per Unit /</u>		
		<u>Dividend per Share</u>	<u>Distribution amount</u>	<u>Dividend amount</u>
January 31, 2018	February 26, 2018	\$ 0.0440	\$ 865	\$ 10
February 28, 2018	March 27, 2018	0.0440	865	10
March 31, 2018	April 26, 2018	0.0440	866	9
April 30, 2018	May 29, 2018	0.0440	865	10
May 31, 2018	June 27, 2018	0.0440	865	10
June 30, 2018	July 27, 2018	0.0440	866	9
July 31, 2018	August 29, 2018	0.0440	865	10
August 31, 2018	September 26, 2018	0.0440	866	10
September 30, 2018	October 29, 2018	0.0440	866	9
October 31, 2018	November 28, 2018	0.0440	865	9
November 30, 2018	December 21, 2018	0.0450	892	10
December 31, 2018	January 29, 2019	0.0450	892	10
		\$ 0.5300	\$ 10,438	\$ 116

At December 31, 2019, there were 184,813 (December 31, 2018 – 190,784) exchangeable Class A shares outstanding with a carrying value of \$37,332 (December 31, 2018 - \$21,549).

During 2019, a fair value adjustment expense in the amount of \$16,734 (2018 – \$2,732) was recorded against earnings related to these exchangeable Class A shares.

Further dividends were declared by BGSF for the first quarter of 2020 in the amount of \$0.138 per share. The total amount of dividends declared after the reporting date was \$2,789.

13. LONG-TERM DEBT

The Company has a credit facility agreement expiring in May 2022 which consists of a revolving credit facility of \$400,000 U.S. with an accordion feature which can increase the facility to a maximum of \$450,000 U.S. The facility is with a syndicate of Canadian and U.S. banks and is secured by the shares and assets of the Company as well as guarantees by the Fund and BGHI. The interest rate is based on a pricing grid of the Fund's ratio of total funded debt to Adjusted EBITDA as determined under the credit agreement. The Company can draw the facility in either the U.S. or in Canada, in either U.S. or Canadian dollars. The Company can make draws in tranches as required. Tranches bear interest only and are not repayable until the maturity date but can be voluntarily repaid at any time. The Company has the ability to choose the base interest rate between Prime, Bankers Acceptances ("BA") or London Inter Bank Offer Rate ("LIBOR"). The total syndicated facility includes a swing line up to a maximum of \$5,000 U.S. in Canada and \$20,000 U.S. in the U.S. At December 31, 2019, the Company has drawn \$158,300 U.S. (December 31, 2018 - \$61,300 U.S.) and \$134,000 Canadian (December 31, 2018 - \$139,000) on the revolving credit facility.

Under the revolving facility, the Company is subject to certain financial covenants which must be maintained to avoid acceleration of the termination of the credit agreement. The financial covenants require the Fund to maintain a total debt excluding property leases to Adjusted EBITDA ratio of less than 4.25; a senior debt excluding property leases to Adjusted EBITDA ratio of less than 3.25; and a fixed charge coverage ratio of greater than 1.03. For three quarters following a material acquisition, the total debt excluding property leases to Adjusted EBITDA ratio may be increased to less than 4.75, the senior debt excluding property leases to Adjusted EBITDA ratio may be increased to less than 3.75.

Financing costs of \$859 incurred during 2017 to complete the second amended and restated credit agreement have been deferred. These fees are amortized to finance costs on a straight line basis over the five year term of the second amended and restated credit agreement. The unamortized deferred financing costs of \$415 have been netted against the debt drawn as at December 31, 2019.

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As at December 31, 2019, the Company was in compliance with all financial covenants.

Seller notes payable of \$76,084 (of which \$75,593 or \$58,202 U.S., are U.S. denominated) on the financing of certain acquisitions are unsecured, at interest rates ranging from 1% to 8%. The notes are repayable from January 2020 to January 2027 in the same currency as the related note.

Long-term debt is comprised of the following:

As at	December 31, 2019	December 31, 2018
Revolving credit facility (net of financing costs)	\$ 339,185	\$ 222,039
Seller notes	76,084	66,120
	\$ 415,269	\$ 288,159
Current portion	22,122	16,390
	\$ 393,147	\$ 271,769

The following is the continuity of long-term debt:

As at	December 31, 2019	December 31, 2018
Balance, beginning of period	\$ 288,159	\$ 257,976
Consideration on acquisition	30,788	20,073
Draws	182,453	67,799
Repayments	(75,603)	(66,079)
Amortization of deferred finance costs	172	172
Foreign exchange	(10,700)	8,218
Balance, end of period	\$ 415,269	\$ 288,159

The following table summarizes the repayment schedule of the long-term debt:

Principal Payments	December 31, 2019	December 31, 2018
Less than 1 year	\$ 22,122	\$ 16,390
1 to 5 years	390,669	256,674
Greater than 5 years	2,478	15,095
	\$ 415,269	\$ 288,159

Included in finance costs for the year ended December 31, 2019 is interest on long-term debt of \$15,456 (2018 - \$9,700).

On March 17, 2020, the Company entered into a third amendment of its credit agreement, increasing the revolving credit facility to \$550,000 U.S., with an accordion feature which can increase the facility to a maximum of \$825,000 U.S. The revolving credit facility is accompanied with a new seven-year fixed-rate Term Loan A in the amount of \$125,000 U.S. at an interest rate of 3.455%. The facility is with a syndicate of Canadian and U.S. banks and is secured by the shares and assets of the Company as well as guarantees by BGSI, BGIF, BGHI, and subsidiaries. The interest rate for draws on the revolver are based on a pricing grid of BGSI's ratio of total funded debt to EBITDA as determined under the credit agreement. The Company can draw the facility in either the U.S. or in Canada, in either U.S. or Canadian dollars. The Company can make draws in tranches as required. Tranches bear interest only and are not repayable until the maturity

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date but can be voluntarily repaid at any time. The Company has the ability to choose the base interest rate between Prime, Bankers Acceptances (“BA”), U.S. Prime or London Inter Bank Offer Rate (“LIBOR”). The total syndicated facility includes a swing line up to a maximum of \$10.0 million U.S. in Canada and \$30.0 million U.S. in the U.S.

Under the revolving credit facility, the Company is subject to certain financial covenants which must be maintained to avoid acceleration of the termination of the credit agreement. The financial covenants require BGSi to maintain a senior debt to EBITDA ratio of less than 3.50 and an interest coverage ratio of greater than 2.75. For four quarters following a material acquisition, the senior debt to EBITDA ratio may be increased to less than 4.00.

14. LEASE LIABILITIES

The following is the continuity of lease liabilities:

As at	December 31, 2019
Balance, January 1, 2019	\$ 487,986
Assumed on acquisition	94,866
Additions and modifications	29,973
Repayments	(108,624)
Financing costs	22,658
Foreign exchange	(13,486)
Balance, end of period	\$ 513,373
Current Portion	109,559
	\$ 403,814

The following table summarizes the repayment schedule of the lease liability:

Less than 1 year	\$ 109,559
1 to 5 years	284,137
Greater than 5 years	119,677
	\$ 513,373

Included in operating expenses are short-term and low-value asset lease expenses of \$4,431 for the year ended December 31, 2019.

15. UNEARNED REBATES

In connection with a 2019 acquisition, the Company recognized prepaid rebates received from a trading partner of \$7,500 U.S. These rebates have been deferred as unearned rebates. Under the terms of this agreement, the Company will amortize the unearned rebate on a straight line basis over a term of 12 years, as a reduction of cost of sales.

The Company is obliged to purchase the suppliers’ products on an exclusive basis over this term. In exchange for this exclusive arrangement, and subject to certain conditions, the trading partners are required to continue to price their products competitively to the Company. Termination of the arrangement by the Company, the occurrence of an event of default or a change in control, as defined by the agreement, require the Company to repay all unarmortized balances and all other amounts as outlined within the agreement.

At December 31, 2019, the Company has unearned rebates of \$9,142 (December 31, 2018 – nil).

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16. FAIR VALUE ADJUSTMENTS

	For the year ended December 31,	
	2019	2018
Exchangeable Class A common shares	\$ 16,734	\$ 2,372
Unit based payment obligation	13,708	4,896
Non-controlling interest put option and call liability	(2,128)	(2,481)
Contingent consideration	16	-
Total fair value adjustments	\$ 28,330	\$ 4,787

17. FINANCIAL INSTRUMENTS

Carrying value and estimated fair value of financial instruments

	Classification	Fair value hierarchy	December 31, 2019		December 31, 2018	
			Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Cash	Amortized cost	n/a	35,468	35,468	64,476	64,476
Accounts receivable	Amortized cost	n/a	112,748	112,748	105,088	105,088
Financial liabilities						
Accounts payable and accrued liabilities	Amortized cost	n/a	269,769	269,769	267,991	267,991
Distributions and dividends payable	Amortized cost	n/a	931	931	902	902
Long-term debt	Amortized cost	n/a	415,269	415,269	288,159	288,159
Exchangeable Class A common shares	FVPL ⁽¹⁾	1	37,332	37,332	21,549	21,549
Non-controlling interest put options and call liability	FVPL ⁽¹⁾	3	4,515	4,515	20,556	20,556

(1) Fair Value Through Profit or Loss

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For the Fund’s current financial assets and liabilities, including accounts receivable, accounts payable and accrued liabilities, and distributions and dividends payable, which are short term in nature and subject to normal trade terms, the carrying values approximate their fair value. As there is no ready secondary market for the Fund’s long-term debt, the fair value has been estimated using the discounted cash flow method. The fair value using the discounted cash flow method is approximately equal to carrying value. The fair value for the non-controlling interest put option and call liability is based on the estimated cash payment or receipt necessary to settle the contract at the Statement of Financial Position date. Cash payments or receipts are based on discounted cash flows using current market rates and prices and adjusted for credit risk. The fair value of the exchangeable Class A shares is estimated using the market price of the units of the Fund as of the Statement of Financial Position date.

Collateral

The Company’s syndicated loan facility is collateralized by a General Security Agreement. The carrying amount of the financial assets pledged as collateral for this facility at December 31, 2019 was approximately \$148,216 (December 31, 2018 - \$169,564).

Interest rate risk

The Company’s operating line and syndicated loan facility are exposed to interest rate fluctuations and the Company does not hold any financial instruments to mitigate this risk. Seller notes are at fixed interest rates.

Foreign currency risk

The Company’s operations in the U.S. are more closely tied to its domestic currency. Accordingly, the U.S. operations are measured in U.S. dollars and the Company’s foreign exchange translation exposure relates to these operations. When the U.S. operation’s net asset values are converted to Canadian dollars, currency fluctuations result in period to period changes in those net asset values. The Fund’s equity position reflects these changes in net asset values as recorded in accumulated other comprehensive earnings. The income and expenses of the U.S. operations are translated into Canadian dollars at the average rate for the period in order to include their financial results in the consolidated financial statements. Period to period changes in the average exchange rates cause translation effects that have an impact on net earnings. Unlike the effect of exchange rate fluctuations on transaction exposure, the exchange rate translation risk does not affect local currency cash flows.

Transactional foreign currency risk also exists in circumstances where U.S. denominated cash is received in Canada. The Company monitors U.S. denominated cash flows to be received in Canada and evaluates whether to use forward foreign exchange contracts. No forward foreign exchange contracts were used during 2019 or 2018.

The Fund earns interest on promissory notes issued to The Boyd Group (U.S.) Inc., the parent of the Fund’s U.S. operations. As at December 31, 2019 and December 31, 2018, promissory notes denominated in Canadian dollars are as follows:

Promissory notes	December 31,	December 31,
As at	2019	2018
Promissory note at 5.0% due September 29, 2027	\$ 108,000	\$ 108,000
Promissory note at 5.75% due January 1, 2030	41,800	41,800
Promissory note at 8.58% due January 1 2024	6,800	6,800
Promissory note at 8.58% due January 1, 2024	25,000	25,000
Promissory note at 8.58% due January 1, 2024	30,000	30,000
	\$ 211,600	\$ 211,600

The Fund’s U.S. operations purchase Canadian dollars at market rates to fund the monthly interest payments.

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Credit risk

The carrying amount of financial assets represents the maximum credit exposure. Cash is in the form of deposits on demand with major financial institutions that have strong long-term credit ratings. The Fund is subject to risk of non-payment of accounts receivable; however, the Fund's receivables are largely collected from the insurers of its customers. Accordingly, the Fund's accounts receivable comprises mostly amounts due from national and international insurance companies or provincial crown corporations.

Aging of accounts receivable	December 31,	December 31,
As at	2019	2018
Neither impaired nor past due	\$ 108,746	\$ 102,980
Past due:		
Over 90 days	5,386	3,587
	\$ 114,132	\$ 106,567
Allowance for doubtful accounts	(1,384)	(1,479)
Accounts receivable	\$ 112,748	\$ 105,088

The Fund uses an allowance account to record an estimate of potential impairment for accounts receivables. The Fund has not identified specific accounts it believes to be impaired.

Allowance for doubtful accounts	December 31,	December 31,
As at	2019	2018
Balance, beginning of period	\$ 1,479	\$ 1,508
Increase (decrease) in allowance (net of recoveries and amounts written off)	(95)	(29)
Balance, end of period	\$ 1,384	\$ 1,479

Liquidity risk

The following table details the Fund's remaining contractual maturities for its financial liabilities.

	Total	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	After 5 years
Accounts payable and accrued liabilities	\$ 269,769	\$ 269,769	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term debt	415,269	22,122	15,623	10,077	348,566	16,403	2,478
Lease obligations	513,373	109,559	96,446	80,627	61,846	45,218	119,677
	\$ 1,198,411	\$ 401,450	\$ 112,069	\$ 90,704	\$ 410,412	\$ 61,621	\$ 122,155

Obligations of the Fund are generally satisfied through future operating cash flows and the collection of accounts receivable.

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Market Risk and Sensitivity Analysis

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Components of market risk to which the Fund is exposed are interest rate risk and foreign exchange rate risk as discussed above.

The Fund has used a sensitivity analysis technique that measures the estimated change to net earnings and equity of a 1% (100 basis points) difference in market interest rates. The sensitivity analysis assumes that changes in market interest rates only affect interest income or expense of variable financial instruments not covered by hedging instruments. For the year ended December 31, 2019 it is estimated that the impact of a 1% increase to market rates would result in a \$3,097 decrease (2018 – \$2,051 decrease) to net earnings as well as comprehensive earnings.

The currency risk sensitivity analysis is based on a 5% strengthening or weakening of the Canadian Dollar against the U.S. Dollar and assumes that all other variables remain constant. Under this assumption, net earnings for the year ended December 31, 2019 as well as comprehensive earnings would have changed by \$nil due to no foreign exchange contracts being in place at the end of 2019 and 2018.

Exchangeable Class A Common Shares

The Class A common shares of BGHI are exchangeable into units of the Fund. To facilitate the exchange, BGHI issues one Class B common share to the Fund for each Class A common share that has been retracted. The Fund in turn issues a trust unit to the Class A common shareholder. The exchangeable feature results in the Class A common shares of BGHI being presented as financial liabilities of the Fund. Exchangeable Class A shares are measured at the market price of the units of the Fund as at the statement of financial position date. Exchanges are recorded at carrying value. At December 31, 2019 there were 184,813 (2018 – 190,784) shares outstanding with a carrying value of \$37,332 (2018 – \$21,549). Total retractions for the year were 5,971 (2018 – 9,611) for \$951 (2018 – \$1,042).

Non-controlling interest put option and call liability

On May 31, 2013, the Fund entered into a contribution agreement (“GA Company Agreement”) whereby Glass America Inc. contributed its auto-glass business to Gerber Glass in exchange for membership representing a 30% ownership interest in a new combined Glass America LLC. The GA Company Agreement contained a put option as well as a call option, which provided the non-controlling interest with the right to require Gerber Glass to purchase their retained interest and Gerber Glass with the right to require the non-controlling interest to sell their retained interest respectively, according to a valuation formula defined in the GA Company Agreement. On September 29, 2017, Gerber Glass exercised its call option to acquire the 30% interest in the Glass America entity. On January 31, 2019, the call option transaction was completed, and Gerber Glass LLC acquired the 30% non-controlling interest in Glass America LLC.

On May 31, 2013, in connection with the acquisition of Glass America, the Fund amended and restated the limited liability company agreement of Gerber Glass LLC (the “Gerber Glass Company Agreement”) which provides a member of its U.S. management team the opportunity to participate in the future growth of the Fund’s U.S. glass business. Within the agreement was a put option held by the non-controlling member that provided the member an option to put the business back to the Fund according to a valuation formula defined in the agreement. On October 31, 2016, the Fund amended the Gerber Glass Company Agreement. The put option held by the non-controlling member continues to provide the member an option to put the business back to the Fund according to a valuation formula defined in the Gerber Glass Company Agreement; however, the put option was not exercisable until December 31, 2018. All fair value changes in the estimated liability are recorded in earnings.

The liability recognized in connection with both the put option and the call liability have been calculated using formulas defined in the applicable limited liability company agreements. The formula for the Glass America call is based on a multiple of EBITDA for the trailing twelve months ended August 31, 2017. The formula for the U.S. management team member put option is based on a multiple of EBITDA for the trailing twelve months ended December 31, 2019.

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During 2019, the Fund made \$nil (2018 - \$nil) in payments to the Glass America non-controlling interest. The liability for non-controlling interest put options comprises the following:

As at	December 31,	December 31,
	2019	2018
Glass-business operating partner non-controlling interest put option	\$ 4,515	\$ 6,905
Glass America non-controlling interest call liability	-	13,651
	\$ 4,515	\$ 20,556

The change in the non-controlling interest put option and call liabilities is summarized as follows:

	December 31, 2019		December 31, 2018	
	Glass-business operating partner	Glass America non-controlling interest	Glass-business operating partner	Glass America non-controlling interest
Balance, beginning of period	\$ 6,905	\$ 13,651	\$ 7,075	\$ 14,167
Fair value adjustments	(2,128)	-	(753)	(1,728)
Payment to non-controlling interests	-	(13,152)	-	-
Foreign exchange	(262)	(499)	583	1,212
Balance, end of period	\$ 4,515	\$ -	\$ 6,905	\$ 13,651

During 2019, a fair value adjustment recovery in the amount of \$2,128 (2018 – \$2,481) was recorded to earnings related to the non-controlling interest put option and call liability.

18. UNIT BASED PAYMENT OBLIGATION

Pursuant to the Fund’s Option Agreement and Confirmation, the Fund granted options to purchase units of the Fund to certain key executives.

On November 25, 2019, the Fund completed the settlement of the unit options issued on January 2, 2010. As a result of the settlement, 150,000 units were issued at an exercise price of \$5.41. The fair value of the unit options at settlement was \$28,644.

On November 26, 2018, the Fund completed the settlement of the unit options issued on January 2, 2009. As a result of the settlement, 150,000 units were issued at an exercise price of \$3.14. The fair value of the unit options at settlement was \$15,416.

On January 2, 2018, the Fund completed the settlement of the unit options issued on January 2, 2008. As a result of the settlement, 150,000 units were issued at an exercise price of \$2.70. The fair value of the unit options at settlement was \$14,729.

During 2019, a fair value adjustment expense in the amount of \$13,708 (2018 – \$4,896) was recorded to earnings related to these unit based payment obligations.

19. CONTINGENCIES

The Fund has two U.S. denominated letters of credit for \$225 U.S. (2018 –\$225 U.S.).

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20. ACCUMULATED OTHER COMPREHENSIVE EARNINGS

	December 31,	December 31,
	2019	2018
Balance, beginning of period	\$ 77,637	\$ 38,810
Unrealized (loss) gain on translating financial statements of foreign operations	(25,473)	38,827
Balance, end of period	\$ 52,164	\$ 77,637

There is no tax impact of translating the financial statements of the foreign operation.

21. CAPITAL

Unitholders' Capital

Authorized:

Unlimited number of trust units

An unlimited number of units are authorized and may be issued pursuant to the Declaration of Trust. All units are of the same class with equal rights and privileges. Each unit is redeemable and transferable. A unit entitles the holder thereof to participate equally in distributions, including the distributions of net earnings and net realized capital gains of the Fund and distributions on termination or winding-up of the Fund, is fully paid and non-assessable and entitles the holder thereof to one vote at all meetings of unitholders for each unit held.

22. CONTRIBUTED SURPLUS

Units purchased under the Fund's Normal Course Issuer Bid for a value below their carrying amount represent a contribution to the benefit of the remaining unitholders and the difference is credited to contributed surplus. The Fund purchased units for cancellation under Normal Course Issuer Bids in 2009, 2008, and 2007.

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23. CAPITAL STRUCTURE

The Fund's and Company's objective when managing capital is to maintain a flexible capital structure which optimizes the cost of capital at acceptable risk. The Fund includes in its definition of capital: equity, long-term debt, convertible debentures, convertible debenture conversion features, exchangeable Class A shares, non-controlling interest put options and call liability, unit based payment obligations, non-property obligations under lease liabilities, and unearned rebates, net of cash.

The Fund and Company manage the capital structure and make adjustments to it by taking into account changing economic conditions, operating performance and growth opportunities. In order to maintain or adjust the capital structure, the Fund or Company may adjust the amount of distributions and dividends it pays, purchase units or shares for cancellation pursuant to a normal course issuer bid, issue new units or shares, exchange Class A shares, issue new debt or replace existing debt with different characteristics, issue convertible debentures, issue unit or share options, expand the revolver, increase or decrease its non-property lease liabilities, pursue alternative structuring of acquisitions, trigger call options on certain acquisition obligations, negotiate unearned rebates, or settle certain acquisition obligations using a greater amount of cash, units or shares.

The Company monitors capital on a number of bases, including a fixed charge coverage ratio, total debt to Adjusted EBITDA ratios, return on invested capital, a debt to capital ratio, a current ratio, its adjusted distributable cash payout ratio, diluted earnings per unit and distributions per unit. The fixed charge coverage ratio is the ratio of Adjusted EBITDA, adding back rental expense, less unfunded capital expenditures, less income tax expense, less dividends and distributions to debt, rental expense and non-property lease liability payments. Total debt to Adjusted EBITDA is calculated as the Company's total debt and non-property lease liabilities but excluding convertible debentures divided by Adjusted EBITDA. Return on invested capital is the ratio of Adjusted EBITDA to average invested capital. Adjusted EBITDA is a non-GAAP measure, whose nearest GAAP measure is Cash Flow from Operations. The distributable cash payout ratio is calculated by dividing the distributions paid during the period by adjusted distributable cash. Adjusted distributable cash is a non-GAAP measure, whose nearest GAAP measure is Cash Flow from Operations.

The Fund's strategy has been to maintain a strong statement of financial position including its cash position and financial flexibility while maintaining consistent distributions in order to capitalize on growth opportunities. In addition, the Fund believes that, from time to time, the market price of the units may not fully reflect the underlying value of the units and that at such times the purchase of units would be in the best interest of the Fund. Such purchases increase the proportionate ownership interest of all remaining unitholders.

The Company grows, in part, through the acquisition or start-up of collision and glass repair and replacement businesses, or other businesses. Sources of capital that the Company has been successful at accessing in the past include public and private equity placements, convertible debt offerings, the use of equity securities to directly pay for a portion of acquisitions, capital available through strategic alliances with trading partners, non-property lease financing, seller financing and both senior and subordinate debt facilities or by deferring possible future purchase price payments using contingent consideration and call or put options.

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24. RELATED PARTY TRANSACTIONS

In certain circumstances the Company has entered into property lease arrangements where an employee of the Company is the landlord. In most cases, the Company assumes these property lease arrangements initially in connection with an acquisition. The property leases for these locations do not contain any significant non-standard terms and conditions that would not normally exist in an arm's length relationship, and the Fund has determined that the terms and conditions of the leases are representative of fair market rent values.

The following are the lease payment amounts for facilities under lease with related parties:

Landlord	Affiliated Person(s)	Location	Lease Expires	December 31, 2019	December 31, 2018
Kard Properties Ltd.	Desmond D'Silva	Richmond Hill, ON	2035	\$ 192	\$ 188
Kard Properties Ltd.	Desmond D'Silva	Ottawa, ON	2035	263	257
Kard Properties Ltd.	Desmond D'Silva	Ajax, ON	2036	88	87
Kard Properties Ltd.	Desmond D'Silva	Mississauga, ON	2032	50	50
Kard Properties Ltd.	Desmond D'Silva	Oakville, ON	2035	192	188
D'Silva Real Estate Holdings Inc.	Desmond D'Silva	Barrie, ON	2032	430	420
Gerber Building No. 1 Ptnrp	Eddie Cheskis, & Tim O'Day	South Elgin, IL	2023	127	122
Kard Properties Ltd.	Desmond D'Silva	Mississauga, ON	2035	107	105
Kard Properties Ltd.	Desmond D'Silva	Hamilton, ON	2036	64	62
Kard Properties Ltd.	Desmond D'Silva	Mississauga, ON	2035	51	50
Kard Properties Ltd.	Desmond D'Silva	Mississauga, ON	2035	315	309
Kard Properties Ltd.	Desmond D'Silva	Mississauga, ON	2036	102	100
Kard Properties Ltd.	Desmond D'Silva	Scarborough, ON	2036	89	87
Kard Properties Ltd.	Desmond D'Silva	Toronto, ON	2023	50	50
Kard Properties Ltd.	Desmond D'Silva	Brampton, ON	2036	102	100
Kard Properties Ltd.	Desmond D'Silva	Hamilton, ON	2035	105	103
Kard Properties Ltd.	Desmond D'Silva	Woodstock, ON	2037	69	67
Kard Properties Ltd.	Desmond D'Silva	Etobicoke, ON	2037	217	213
Kard Properties Ltd.	Desmond D'Silva	Milton, ON	2035	115	113
Kard Properties Ltd.	Desmond D'Silva	Brantford, ON	2020	113	83
Kard Properties Ltd.	Desmond D'Silva	Ottawa, ON	2036	217	212
Kard Properties Ltd.	Desmond D'Silva	Newmarket, ON	2024	45	-

The Fund's subsidiary, The Boyd Group Inc., has declared dividends totaling \$58 (2018 - \$57), through BGHI to 4612094 Manitoba Inc., an entity controlled by a senior officer of the Fund. At December 31, 2019, 4612094 Manitoba Inc. owned 107,329 Class A common shares and 30,000,000 voting common shares of BGHI, representing approximately 30% of the total voting shares of BGHI.

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25. SEGMENTED REPORTING

The Fund has one reportable line of business, being automotive collision repair and related services, with all revenues relating to a group of similar services. In this circumstance, IFRS requires the Fund to provide geographical disclosure. For the periods reported, all of the Fund's revenues were derived within Canada or the United States of America. Reportable assets include property, plant and equipment, right of use assets, goodwill and intangible assets which are all located within these two geographic areas.

Revenues	For the year ended	
	December 31,	
	2019	2018
Canada	\$ 285,490	\$ 289,482
United States	1,997,835	1,575,131
	\$ 2,283,325	\$ 1,864,613

Reportable Assets	December 31,	
	2019	2018
Canada	\$ 305,946	\$ 239,504
United States	1,364,424	749,255
	\$ 1,670,370	\$ 988,759

The Fund's revenues are largely derived from the insurers of its customers, who are generally automobile owners. In three Canadian provinces where the Fund operates, government-owned insurance companies have, by legislation, either exclusive or semi-exclusive rights to provide insurance to the Fund's customers. Sales generated in these three markets represent approximately 2% (2018 – 2%) of the Fund's total sales. Although the Fund's services in these markets are predominately paid for by these government-owned insurance companies, the Fund's customers (automobile owners) have freedom of choice of repair provider. In markets where non-government owned insurance companies are predominant, formal relationships with insurance companies such as Direct Repair Programs ("DRPs") play an important role in generating sales volumes for the Fund. Although automobile owners still have the freedom of choice of repair provider, that choice can be influenced by the insurance companies with DRPs. Of the top five non-government owned insurance companies that the Fund deals with, which in aggregate account for approximately 44% (2018 – 40%) of total sales, one insurance company represents approximately 15% (2018 – 13%) of the Fund's total sales, while a second insurance company represents approximately 10% (2018 – 11%).

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26. COMPENSATION OF KEY MANAGEMENT

Compensation awarded to key management included:

	For the years ended December 31,	
	2019	2018
Salaries and short-term employee benefits	\$ 5,743	\$ 5,234
Post-employment benefits	99	95
Long-term incentive plan	2,466	2,872
Unit options	13,708	4,896
	\$ 22,016	\$ 13,097

Key management includes the Fund's Trustees as well as the most senior officers of the Fund and Subsidiary Companies.

27. SHARE-BASED COMPENSATION

Certain executive officers of the Company, as well as the Board of Directors of the Company and BGHI and the Board of Trustees of the Fund, participate in share-based compensation plans. These plans are cash-settled, with compensation expense determined based on the fair value of the associated liability at the end of the reporting period until the awards are settled.

Long-term incentive plan

On January 1, 2017, January 1, 2018, and January 1, 2019 Performance Cash Units were granted to certain executive officers for the 2017, 2018, and 2019 grant years. Performance Cash Units are tied to unit value from date of grant to the date of vesting and will be paid out in cash over a three-year period, subject to the terms of the plan. Performance Cash Units represent the right to receive payments linked to the Fund's unit value, conditional, in whole or in part, upon the achievement of one or more objective performance goals. The distribution rate declared by the Fund on issued and outstanding units of the Fund is also applied to the Performance Cash Units. The distribution amount on the Performance Cash Units is converted into additional Performance Cash Units based on the market value of the Fund's units at the time of the distribution. These additional Performance Cash Units vest at the same time as the Performance Cash Units that the distribution rate was applied on.

The 2017, 2018, and 2019 Awards include non-market performance conditions. The impact of market and non-market performance conditions is recognized through the adjustment of the award that is expected to vest. At the end of each reporting period, the Fund re-assesses its estimates of the number of awards that are expected to vest and recognizes the impact of the revision to compensation expense in earnings over the vesting period.

The fair value of each outstanding Performance Cash Unit is estimated based on the fair market value of the Fund's units at the grant date, subsequently adjusted for additional units granted based on the reinvestment of notional distributions and the market value of the units at the end of each reporting period. The associated compensation expense is recognized over the vesting period, factoring in the probability of the performance criteria being met during that period.

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Directors Deferred Share Unit Plan

A Directors Deferred Share Unit Plan (“DSUP”) is administered through BGHI and requires independent Trustees, who are also Directors of BGHI, to receive at least 60% of their Director compensation in the form of deferred shares, which are essentially notional shares of BGHI and are redeemable for cash on termination. Directors may elect to receive up to 100% of their Director compensation in the form of deferred shares. The number of deferred share units to which a Director is entitled will be adjusted for the payment of dividends or other cash distributions on the Class A common shares of BGHI.

The fair value of each outstanding Director Deferred Share Unit is estimated based on the fair market value of the BGHI’s shares at the grant date, subsequently adjusted for additional shares granted based on the reinvestment of notional dividends and the market value of the shares at the end of each reporting period.

28. EMPLOYEE EXPENSES

	For the years ended December 31,	
	2019	2018
Salaries and short-term employee benefits	\$ 858,696	\$ 701,476
Post-employment benefits	99	95
Long-term incentive plan	7,880	4,150
Unit options	13,708	4,896
	\$ 880,383	\$ 710,617

29. DEFINED CONTRIBUTION PENSION PLANS

The Fund has defined contribution pension plans for certain employees. The Fund matches U.S. employee contributions at rates up to 6.0% of the employees’ salary. The expense and payments for the year were \$2,584 (2018 - \$1,639). The Fund has established a Retirement Defined Contribution Arrangement Trust Agreement for the Executive Chair which qualifies as retirement compensation arrangement as defined in the Income Tax Act (Canada), RSC 1985, c.1 (5th Supplement), as amended. The agreement specifies that quarterly contributions are to be made until the end of 2024. During 2019, \$99 (2018 - \$95) was paid related to these arrangements.

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30. EARNINGS PER UNIT

	For the year ended	
	December 31,	
	2019	2018
Net earnings	\$ 64,147	\$ 77,639
Less:		
Non-controlling interest put options and call liability	(2,128)	(2,481)
Net earnings - diluted basis	\$ 62,019	\$ 75,158
Basic weighted average number of units	19,878,567	19,684,337
Add:		
Non-controlling interest put options and call liability	23,902	171,826
Average number of units outstanding - diluted basis	19,902,469	19,856,163
Basic earnings per unit	\$ 3.23	\$ 3.94
Diluted earnings per unit	\$ 3.12	\$ 3.79

Exchangeable class A shares and unit options are instruments that could potentially dilute basic earnings per unit in the future, but were not included in the calculation of diluted earnings per unit because they are anti-dilutive for the periods presented.

31. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	For the year ended December 31,	
	2019	2018
Accounts receivable	\$ (6,820)	\$ (11,294)
Inventory	(2,694)	(972)
Prepaid expenses	(3,896)	(2,814)
Accounts payable	1,618	45,238
Income taxes, net	13,466	3,865
	\$ 1,674	\$ 34,023

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32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

As at	December 31, 2018	Cash Flows	Non-cash changes				December 31, 2019
			Acquisition	Other items	Fair value changes	Foreign exchange	
Fund units issued from treasury in connection with options exercised	\$ -	\$ 812	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term debt	288,159	91,394	30,788	15,628	-	(10,700)	415,269
Obligations under finance leases	8,407	-	-	(8,407)	-	-	-
Lease liabilities	-	(108,624)	94,866	540,617	-	(13,486)	513,373
Dividends and distributions	902	(10,867)	-	10,896	-	-	931
Non-controlling interest put option and call liability	20,556	(13,152)	-	-	(2,128)	(761)	4,515
Issue costs	-	(126)	-	-	-	-	-
	\$ 318,024	(40,563)	125,654	558,734	(2,128)	(24,947)	\$ 934,088

As at	December 31, 2017	Cash Flows	Non-cash changes				December 31, 2018
			Acquisition	Other items	Fair value changes	Foreign exchange	
Fund units issued from treasury in connection with options exercised	\$ -	\$ 876	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term debt	257,976	(7,980)	20,073	9,872	-	8,218	288,159
Obligations under finance leases	8,921	(4,438)	-	3,316	-	608	8,407
Dividends and distributions	869	(10,522)	-	10,555	-	-	902
Non-controlling interest put option and call liability	21,242	-	-	-	(2,481)	1,795	20,556
Issue costs	-	(101)	-	-	-	-	-
	\$ 289,008	(22,165)	20,073	23,743	(2,481)	10,621	\$ 318,024