CANADIAN ASSOCIATION OF INSOLVENCY AND RESTRUCTURING PROFESSIONALS / ASSOCIATION CANADIENNE DES PROFESSIONNELS DE L'INSOLVABILITÉ ET DE LA RÉORGANISATION

FINANCIAL STATEMENTS

MARCH 31, 2023

HILBORN LLP

Independent Auditor's Report

To the Members of Canadian Association of Insolvency and Restructuring Professionals / Association canadienne des professionnels de l'insolvabilité et de la réorganisation

Opinion

We have audited the financial statements of Canadian Association of Insolvency and Restructuring Professionals / Association canadienne des professionnels de l'insolvabilité et de la réorganisation (the "Association"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association 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 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 will 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.

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

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 Canadian accounting standards for not-for-profit organizations, 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 ability of the Association 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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Association.

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Independent Auditor's Report (continued)

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 generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the 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 internal control of the Association.
- 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 ability of the Association 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 Association 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.

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.

Hilborn LLP

Toronto, Ontario
June 15, 2023

Chartered Professional Accountants
Licensed Public Accountants

CANADIAN ASSOCIATION OF INSOLVENCY AND RESTRUCTURING PROFESSIONALS / ASSOCIATION CANADIENNE DES PROFESSIONNELS DE L'INSOLVABILITÉ ET DE LA RÉORGANISATION

Statement of Financial Position

March 31	**2023** **$**	**2022** **$**
ASSETS		
Current assets		
Cash	**150,913**	87,719
Investments (note 3)	**801,714**	519,202
Due from ARIL Society Inc. (note 12)	**100,183**	16,461
Prepaid expenses	**169,022**	130,558
	1,221,832	753,940
Investments (note 3)	**1,781,141**	2,268,958
Capital assets (note 4)	**87,878**	112,072
	1,869,019	2,381,030
	3,090,851	3,134,970
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	**282,376**	186,136
Deferred revenue	**152,642**	20,699
	435,018	206,835
Special Reserve for Lloyd Houlden Memorial Research Fellowship (note 6)	**75,993**	55,279
Deferred lease incentives (note 7)	**51,674**	63,374
	127,667	118,653
	562,685	325,488
NET ASSETS		
Invested in capital assets	**36,204**	48,698
Internally restricted for strategic education program investments (note 8)	**695,785**	930,381
Internally restricted for strategic review (note 9)	**10,376**	-
Unrestricted	**1,785,801**	1,830,403
	2,528,166	2,809,482
	3,090,851	3,134,970

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:

Jean-Daniel Breton, CPA, FCIRP, LIT
Chartered Insolvency and Restructuring Professional
Chair

Bridget van W k, CPA, CA, CIRP, LIT
Chartered Insolvency and Restructuring Professional
Treasurer

CANADIAN ASSOCIATION OF INSOLVENCY AND RESTRUCTURING PROFESSIONALS / ASSOCIATION CANADIENNE DES PROFESSIONNELS DE L'INSOLVABILITÉ ET DE LA RÉORGANISATION

Statement of Operations

Year ended March 31	**2023** **$**	**2022** **$**
Revenues		
Membership fees	**1,113,875**	1,148,850
CQP course and examination fees	**379,825**	445,200
Continuing education seminar and webinar fees and sponsorship	**150,650**	146,800
Investment income (note 10)	**67,203**	58,170
Management fees (note 12)	**170,000**	165,000
Advertising	**15,365**	30,606
	1,896,918	1,994,626
Expenses		
Administration (see schedule)	**1,788,271**	1,912,287
CQP courses and examinations	**108,712**	113,990
Continuing education	**7,031**	9,284
	1,904,014	2,035,561
Excess of expenses over revenues before the following	**(7,096)**	(40,935)
CQP renewal (note 8)	**(234,596)**	(69,619)
Strategic review (note 9)	**(39,624)**	-
	(274,220)	(69,619)
Excess of expenses over revenues for year	**(281,316)**	(110,554)

The accompanying notes are an integral part of these financial statements

CANADIAN ASSOCIATION OF INSOLVENCY AND RESTRUCTURING PROFESSIONALS / ASSOCIATION CANADIENNE DES PROFESSIONNELS DE L'INSOLVABILITÉ ET DE LA RÉORGANISATION

Statement of Changes in Net Assets

Year ended March 31

	Invested in capital assets $	Internally restricted for strategic education program investments $	Internally restricted for strategic review $	Unrestricted $	2023 Total $
Balance, beginning of year	48,698	930,381	-	1,830,403	**2,809,482**
Excess of expenses over revenues for year	-	(234,596)	(39,624)	(7,096)	**(281,316)**
Amortization of capital assets	(26,573)	-	-	26,573	**-**
Purchase of capital assets	2,965	-	-	(2,965)	**-**
Disposal of capital assets	(586)	-	-	586	**-**
Amortization of deferred lease incentives	11,700	-	-	(11,700)	**-**
Internally imposed restriction (note 9)	-	-	50,000	(50,000)	**-**
Balance, end of year	36,204	695,785	10,376	1,785,801	**2,528,166**

The accompanying notes are an integral part of these financial statements

Statement of Changes in Net Assets

Year ended March 31

	Invested in capital assets $	Internally restricted for strategic education program investments $	Internally restricted for strategic review $	Unrestricted $	2022 Total $
Balance, beginning of year	58,085	1,000,000	-	1,861,951	2,920,036
Excess of expenses over revenues for year	-	(69,619)	-	(40,935)	(110,554)
Amortization of capital assets	(28,589)	-	-	28,589	-
Purchase of capital assets	7,502	-	-	(7,502)	-
Amortization of deferred lease incentives	11,700	-	-	(11,700)	-
Balance, end of year	48,698	930,381	-	1,830,403	2,809,482

The accompanying notes are an integral part of these financial statements

CANADIAN ASSOCIATION OF INSOLVENCY AND RESTRUCTURING PROFESSIONALS / ASSOCIATION CANADIENNE DES PROFESSIONNELS DE L'INSOLVABILITÉ ET DE LA RÉORGANISATION

Statement of Cash Flows

Year ended March 31	2023 $	2022 $
Cash flows from operating activities		
Excess of expenses over revenues for year	**(281,316)**	(110,554)
Adjustments to determine net cash provided by (used in) operating activities		
Amortization of capital assets	**26,573**	28,589
Interest capitalized on investments	**(32,976)**	(41,566)
Receipt of prior year interest capitalized on investments	**94,587**	166,400
Amortization of deferred lease incentives	**(11,700)**	(11,700)
	(204,832)	31,169
Change in non-cash working capital items		
Decrease (increase) in prepaid expenses	**(38,464)**	4,964
Increase (decrease) in accounts payable and accrued liabilities	**96,240**	(53,187)
Increase (decrease) in deferred revenue	**131,943**	(28,751)
	(15,113)	(45,805)
Cash flows from investing activities		
Purchase of investments	**(3,300,000)**	(919,607)
Proceeds from disposal of investments	**3,443,694**	263,268
Purchase of capital assets	**(2,965)**	(7,502)
Proceeds on disposal of capital assets	**586**	-
	141,315	(663,841)
Cash flows from financing activities		
Repayment from (advances to) ARIL Society Inc.	**(63,008)**	4,882
Net change in cash	**63,194**	(704,764)
Cash, beginning of year	**87,719**	792,483
Cash, end of year	**150,913**	87,719

The accompanying notes are an integral part of these financial statements

CANADIAN ASSOCIATION OF INSOLVENCY AND RESTRUCTURING PROFESSIONALS / ASSOCIATION CANADIENNE DES PROFESSIONNELS DE L'INSOLVABILITÉ ET DE LA RÉORGANISATION

Schedule of Administration Expense

Year ended March 31	2023 $	2022 $
Amortization of capital assets	**26,573**	28,589
Audit, legal and consulting	**79,428**	72,756
Director honoraria (note 11)	**49,000**	49,000
Committee expenses	**7,361**	-
Insol International	**41,854**	47,049
Communication (note 12)	**157,057**	290,328
Office, printing, postage, courier and sundry (note 12)	**167,911**	178,399
Rent (note 7)	**127,408**	137,637
Salaries and benefits	**1,131,679**	1,108,529
	1,788,271	1,912,287

The accompanying notes are an integral part of these financial statements

Notes to Financial Statements

March 31, 2023

Nature and description of the organization

The Canadian Association of Insolvency and Restructuring Professionals / Association canadienne des professionnels de l'insolvabilité et de la réorganisation (the “Association”) was incorporated under the Canada Corporations Act on July 27, 1979.

The Association advances the practice of insolvency administration, develops and administers standards of qualification for Chartered Insolvency and Restructuring Professionals ("CIRP's"), and maintains standards of professional conduct for all CIRP's.

The Association is a not-for-profit organization, as described in Section 149(1)(l) of the Income Tax Act, and therefore is not subject to income taxes.

1. **Significant accounting policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) **Revenue recognition**

Membership fees

Membership fees are recognized as revenue in the fiscal year to which they relate. The membership year of the Association coincides with that of the fiscal year of the Association, being April 1 to March 31. Membership fees received in advance of the fiscal year to which they relate are recorded as deferred revenue.

Sponsorship

Revenue from sponsorships is recognized in the fiscal year in which the related event is held. Sponsorships received in advance of the date of the related event are recorded as deferred revenue.

CQP Course, examination and continuing education seminar and webinar fees

Revenue from insolvency administration and CIRP Qualification Program ("CQP") courses and continuing education seminars is recognized in the fiscal year of enrolment. Examination fees are recognized as revenue in the fiscal year in which the examination takes place. Examination fees received in advance of the fiscal year in which the examination is held are recorded as deferred revenue. Webinar subscription fees are recognized as revenue in the fiscal year to which they relate. The subscription year coincides with that of the fiscal year of the Association.

1. **Significant accounting policies (continued)**

(a) **Revenue recognition (continued)**

Investment income

Investment income comprises interest from cash and investments.

Revenue is recognized on an accrual basis. Interest on investments is recognized over the terms of the investments using the effective interest method.

Contributions

The Association follows the deferral method of accounting for contributions.

Restricted contributions received are deferred and recognized as revenue in the year in which the related expenses are incurred.

Management fees

Revenue from management fees is recognized in the fiscal year in which the Association delivers the services.

Advertising

Advertising revenue is recognized at the time of publication.

(b) **Deferred lease incentives**

Lease incentives consist of tenant inducements received in cash used to purchase capital assets.

Lease incentives received in connection with original leases are amortized to income on a straight-line basis over the terms of the original lease. Lease incentives received in connection with re-negotiated leases are amortized to income on a straight-line basis over the period from the expiration date of the original lease to the expiration date of the re-negotiated lease.

(c) **Net assets invested in capital assets**

Net assets invested in capital assets comprises the net book value of capital assets less the unamortized balance of tenant inducements used to purchase capital assets.

1. **Significant accounting policies (continued)**

(d) **Related parties**

A party is considered to be related to the Association if such party or the Association has the ability to, directly or indirectly, control or exercise significant influence over the other's financial and operating decisions, or if the Association and such party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Transactions with related parties are initially measured at cost, determined using undiscounted cash flows.

(e) **Financial instruments**

Measurement of financial assets and liabilities

The Association initially measures its financial assets and financial liabilities, with the exception of financial instruments originated in a related party transaction, at fair value adjusted by the amount of transaction costs directly attributable to the instrument.

The Association subsequently measures all of its financial assets and financial liabilities, with the exception of related party financial instruments, at amortized cost.

Related party financial instruments are subsequently measured at cost less impairment.

Amortized cost is the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

Financial assets measured at amortized cost include cash and investments.

Financial assets measured at at cost less impairment include due from ARIL Society Inc.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

1. **Significant accounting policies (continued)**

(e) **Financial instruments (continued)**

Impairment

At the end of each year, the Association assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Association, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, such as a default or delinquency in interest or principal payments; and bankruptcy or other financial reorganization proceedings.

When there is an indication of impairment, the Association determines whether a significant adverse change has occurred during the year in the expected timing or amount of future cash flows from the financial asset.

When the Association identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the financial asset to the greater of the following:

- the present value of the cash flows expected to be generated by holding the financial asset discounted using a current market rate of interest appropriate to the financial asset; and

- the amount that could be realized by selling the financial asset at the statement of financial position date.

Any impairment of the financial asset is recognized in income in the year in which the impairment occurs.

When the extent of impairment of a previously written-down financial asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, but not in excess of the impairment loss. The amount of the reversal is recognized in income in the year the reversal occurs.

(f) **Investments**

Investments consist of Canadian fixed income investments whose term to maturity is greater than three months from date of acquisition. Fixed income investments maturing within twelve months from the year-end date are classified as current.

1. **Significant accounting policies (continued)**

(g) **Capital assets**

The costs of capital assets are capitalized upon meeting the criteria for recognition as a capital asset, otherwise, costs are expensed as incurred. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Capital assets are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization is provided for, upon commencement of the utilization of the assets, on a straight-line basis at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Computer equipment	5 years
Furniture and fixtures	10 years

Amortization of leasehold improvements is provided for on a straight-line basis over the remaining term of the lease.

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If any potential impairment is identified, the amount of the impairment is quantified by comparing the carrying value of the capital asset to its fair value. Any impairment of the capital asset is recognized in income in the year in which the impairment occurs.

An impairment loss is not reversed if the fair value of the capital asset subsequently increases.

(h) **Contributed services**

The work of the Association is dependant on the voluntary service of many individuals. Since these services are not normally purchased by the Association and because of the difficulty of determining their fair value, contributed services are not recorded in these financial statements.

1. **Significant accounting policies (continued)**

(i) **Management estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current year. Actual results may differ from these estimates, the impact of which would be recognized in future years.

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

2. **Financial instrument risk management**

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Associations' risk exposure and concentrations.

The financial instruments of the Association and the nature of the risks to which those instruments may be subject, are as follows:

	Risks				
			Market risk		
Financial instrument	Credit	Liquidity	Currency	Interest rate	Other price
Cash	X			X	
Investments	X			X	
Due from ARIL Society Inc.	X				
Accounts payable and accrued liabilities		X			

2. Financial instrument risk management (continued)

Credit risk

The Association is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Association could incur a financial loss.

The maximum exposure of the Association to credit risk is as follows:

	2023 $	2022 $
Cash	150,913	87,719
Due from ARIL Society Inc.	100,183	16,461
Investments	2,582,855	2,788,160
	2,833,951	2,892,340

The Association reduces its exposure to the credit risk of cash by maintaining balances with a Canadian financial institution.

The Association manages its exposure to the credit risk of investments through its investment policy which restricts the types of eligible investments.

Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet a demand for cash or fund its obligations as they come due.

The liquidity of the Association is monitored by management to ensure sufficient cash is available to meet liabilities as they become due.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

Currency risk

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in foreign exchange rates.

The Association is not exposed to currency risk.

2. **Financial instrument risk management (continued)**

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Association manages the interest rate exposure of its investments by using a laddered portfolio with varying terms to maturity. The laddered structure of maturities helps to enhance the average portfolio yield while reducing the sensitivity of the portfolio to the impact of interest rate fluctuations.

Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The Association is not exposed to other price risk.

Changes in risk

There have been no significant changes in the risk profile of the financial instruments of the Association from that of the prior year.

3. **Investments**

	2023 **$**	**2022** **$**
Canadian fixed income	2,582,855	2,788,160
Less: current portion	(801,714)	(519,202)
	1,781,141	2,268,958

Interest rates on fixed income investments range from 1.13% to 3.35% (2022 - 1.13% to 4.38%) and maturities range from November 2023 to November 2027 (2022 - May 2022 to November 2027).

4. **Capital assets**

	Cost $	Accumulated Amortization $	2023 Net $
Computer equipment	202,593	185,555	17,038
Furniture and fixtures	91,437	78,900	12,537
Leasehold improvements	416,393	358,090	58,303
	710,423	622,545	87,878

	Cost $	Accumulated Amortization $	2022 Net $
Computer equipment	202,558	176,806	25,752
Furniture and fixtures	91,437	76,621	14,816
Leasehold improvements	416,393	344,889	71,504
	710,388	598,316	112,072

During the year, computer equipment with a cost of $2,930 and accumulated amortization of $2,344 was disposed of for proceeds of $586, resulting in neither a gain nor loss being realized on the disposition.

5. **Accounts payable and accrued liabilities**

	2023 $	2022 $
Trade payables and accrued liabilities	271,953	184,656
Government remittances	10,423	1,480
	282,376	186,136

6. **Special Reserve for Lloyd Houlden Memorial Research Fellowship**

	2023 $	2022 $
Balance, beginning of year	55,279	38,818
Contributions (note 12)	20,714	16,461
Balance, end of year	75,993	55,279

Pursuant to a General Conveyance agreement between the Canadian Insolvency Foundation ("CIF") and the Association effective November 12, 2014, the Association received funds on the dissolution of CIF for the exclusive purpose of supporting the Lloyd Houlden Memorial Research Fellowship and related activities of the beneficiary.

No grants were awarded in fiscal 2023 or fiscal 2022.

7. **Deferred lease incentives**

	Cost $	Accumulated Amortization $	2023 Net $
Tenant inducements	103,348	51,674	51,674

	Cost $	Accumulated Amortization $	2022 Net $
Tenant inducements	103,348	39,974	63,374

Amortization of lease incentives in the amount of $11,700 (2022 - $11,700) was credited to rent expense in the current year.

8. **Net assets internally restricted for strategic education program investments**

The Board of Directors of the Association has internally restricted net assets to provide for strategic education program investments in the form of education program enhancements and content development.

During the current year, the Board of Directors approved the utilization of $234,596 (2022 - $69,619) from net assets internally restricted for strategic education program investments for the purposes of CQP development. These strategic education program investments, which may otherwise qualify as internally generated intangible assets, are expensed as incurred.

The internal restriction is subject to the direction of the Board of Directors upon the recommendation of the Finance Committee.

9. Net assets internally restricted for strategic review

The Board of Directors of the Association has internally restricted net assets to provide for strategic review.

During the current year, the Board of Directors approved the transfer of $50,000 from unrestricted net assets to net assets internally restricted for strategic review and the utilization of $39,624 from net assets internally restricted for strategic review for the purposes of strategic planning.

The internal restriction is subject to the direction of the Board of Directors upon the recommendation of the Finance Committee.

10. Investment income

	2023 $	2022 $
Interest from cash	2,892	1,900
Interest from investments	64,311	56,270
	67,203	58,170

11. Director honoraria

Members of the Executive Committee, including the Chair, Vice-Chair, Treasurer, Secretary and Executive-At-Large, as well as the Association’s outside Directors, each receive an annual honorarium in recognition of their service to the Association.

12. Related party transactions

The Association is related to ARIL Society Inc. (the "Society"), by virtue of significant inter-organization transactions and an interchange of managerial personnel with the Society, which enables the Association to exercise significant influence over the financial and operating decisions of the Society. The Association has no economic interest in the Society.

The Society was incorporated under the Canada Not-for-profit Corporations Act on January 30, 2019. The Society's administers the Annual Review of Insolvency Law conference.

The Society is a not-for-profit organization, as described in Section 149(1)(l) of the Income Tax Act, and therefore is not subject to income taxes.

12. Related party transactions (continued)

The Association entered into an agreement with the Society to provide management, administrative and support services to the Society. The agreement expires March 31, 2024, and includes the following commitments payable by the Society to the Association:

- A management fee of $165,000, $170,000 and $175,000 in each of fiscal 2022, 2023 and 2024, respectively
- An annual financial services fee of 3% of the Society's revenue, collected by the Association
- An annual research contribution of 15% of the Society's operating surplus which exceeds $50,000 to the Lloyd Houlden Memorial Research Fellowship

Revenues (expenses) and balances with the Society are as follows:

	2023	**2022**
	$	**$**
Management fees	170,000	165,000
Financial services fees (credited to office, printing, postage, courier and sundry expense)	10,127	5,505
Sponsorship (included in communication expense)	(25,000)	(25,000)
Conference registration (included in office, printing, postage, courier and sundry expense)	-	(1,500)

Contributions receivable from the Society to the Lloyd Houlden Memorial Research Fellowship in the amount of $20,714 (2022 - $16,461), are recognized as deferred contributions (note 6).

As at March 31, 2023, there is a balance due from the Society in the amount of $100,183 (2022 - $16,461). The balance is unsecured, non-interest bearing and due on demand.

The balance due from the Society was received subsequent to year end, with the exception of the Lloyd Houlden Memorial Research Fellowship contribution in the amount of $20,714, which will be settled upon finalization of the audited financial statements of the Society for the year ended March 31, 2023.

13. Commitment

The Association is committed to lease its office premises until August 2027. The future annual lease payments, including an estimate of premises common area expenses, are as follows:

	$
2024	168,365
2025	168,365
2026	168,365
2027	168,365
2028	70,152
	743,612

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