

# Auditor's Report

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

FINANCIAL STATEMENTS

MARCH 31, 2024

**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, 2024, 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, 2024, 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.

## 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.



Toronto, Ontario  
June 13, 2024

Chartered Professional Accountants  
Licensed Public Accountants

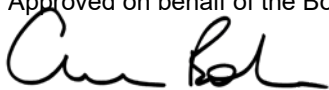
**CANADIAN ASSOCIATION OF INSOLVENCY AND RESTRUCTURING  
PROFESSIONALS /  
ASSOCIATION CANADIENNE DES PROFESSIONNELS DE  
L'INSOLVABILITÉ ET DE LA RÉORGANISATION**

**Statement of Financial Position**

March 31	2024 \$	2023 \$
<b>ASSETS</b>		
Current assets		
Cash	153,273	150,913
Investments (note 3)	980,468	801,714
Due from ARIL Society Inc. (note 12)	107,067	100,183
Prepaid expenses	122,177	169,022
	<u>1,362,985</u>	<u>1,221,832</u>
Investments (note 3)	1,228,537	1,781,141
Capital assets (note 4)	58,654	87,878
	<u>1,287,191</u>	<u>1,869,019</u>
	<u>2,650,176</u>	<u>3,090,851</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	257,938	282,376
Deferred revenue	138,122	152,642
	<u>396,060</u>	<u>435,018</u>
Special Reserve for Lloyd Houlden Memorial Research Fellowship (note 6)	86,175	75,993
Deferred lease incentives (note 7)	32,732	51,674
	<u>118,907</u>	<u>127,667</u>
	<u>514,967</u>	<u>562,685</u>
<b>NET ASSETS</b>		
Invested in capital assets	25,922	36,204
Internally restricted for strategic education program investments (note 8)	253,337	695,785
Internally restricted for strategic review (note 9)	-	10,376
Unrestricted	1,855,950	1,785,801
	<u>2,135,209</u>	<u>2,528,166</u>
	<u>2,650,176</u>	<u>3,090,851</u>

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:



*André Bolduc, CPA, CA, FCIRP, LIT  
Chartered Insolvency and Restructuring Professional  
Chair*



*Bridget van Wyk, 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	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Revenues		
Membership fees	<b>1,112,025</b>	1,113,875
CQP course and examination fees	<b>459,150</b>	379,825
Continuing education seminar and webinar fees and sponsorship	<b>268,589</b>	150,650
Management fees (note 12)	<b>184,100</b>	170,000
Exchange Conference fees and sponsorship	<b>184,047</b>	-
Investment income (note 10)	<b>75,826</b>	67,203
Advertising	<b>11,349</b>	15,365
	<b><u>2,295,086</u></b>	<u>1,896,918</u>
Expenses		
Administration (see schedule)	<b>1,826,808</b>	1,788,271
CQP courses and examinations	<b>167,101</b>	108,712
Continuing education	<b>161,999</b>	7,031
Exchange Conference	<b>79,311</b>	-
	<b><u>2,235,219</u></b>	<u>1,904,014</u>
Excess of revenues over expenses (expenses over revenues) before the following	<b><u>59,867</u></b>	<u>(7,096)</u>
CQP development (note 8)	<b>(442,448)</b>	(234,596)
Strategic review (note 9)	<b>(10,376)</b>	(39,624)
	<b><u>(452,824)</u></b>	<u>(274,220)</u>
Excess of expenses over revenues for year	<b><u>(392,957)</u></b>	<u>(281,316)</u>

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 \$	2024 Total \$
Balance, beginning of year	36,204	695,785	10,376	1,785,801	<b>2,528,166</b>
Excess of revenues over expenses (expenses over revenues) for year	-	(442,448)	(10,376)	59,867	<b>(392,957)</b>
Amortization of capital assets	(31,596)	-	-	31,596	-
Purchase of capital assets	2,769	-	-	(2,769)	-
Disposal of capital assets	(397)	-	-	397	-
Amortization of deferred lease incentives	18,942	-	-	(18,942)	-
Balance, end of year	<b>25,922</b>	<b>253,337</b>	<b>-</b>	<b>1,855,950</b>	<b>2,135,209</b>

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**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 restriction (note 9)	-	-	50,000	(50,000)	-
Balance, end of year	<u>36,204</u>	<u>695,785</u>	<u>10,376</u>	<u>1,785,801</u>	<u>2,528,166</u>

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PROFESSIONALS /  
ASSOCIATION CANADIENNE DES PROFESSIONNELS DE  
L'INSOLVABILITÉ ET DE LA RÉORGANISATION**

**Statement of Cash Flows**

Year ended March 31	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Cash flows from operating activities		
Excess of expenses over revenues for year	<b>(392,957)</b>	(281,316)
Adjustments to determine net cash provided by (used in) operating activities		
Amortization of capital assets	<b>31,596</b>	26,573
Interest capitalized on investments	<b>(41,392)</b>	(32,976)
Receipt of prior year interest capitalized on investments	<b>21,736</b>	94,587
Amortization of deferred lease incentives	<b>(18,942)</b>	(11,700)
	<b>(399,959)</b>	(204,832)
Change in non-cash working capital items		
Decrease (increase) in prepaid expenses	<b>46,845</b>	(38,464)
Increase (decrease) in accounts payable and accrued liabilities	<b>(24,438)</b>	96,240
Increase (decrease) in deferred revenue	<b>(14,520)</b>	131,943
	<b>(392,072)</b>	(15,113)
Cash flows from investing activities		
Purchase of investments	<b>(1,000,000)</b>	(3,300,000)
Proceeds from disposal of investments	<b>1,393,506</b>	3,443,694
Purchase of capital assets	<b>(2,769)</b>	(2,965)
Proceeds on disposal of capital assets	<b>397</b>	586
	<b>391,134</b>	141,315
Cash flows from financing activities		
Repayment from (advances to) ARIL Society Inc.	<b>3,298</b>	(63,008)
Net change in cash	<b>2,360</b>	63,194
Cash, beginning of year	<b>150,913</b>	87,719
Cash, end of year	<b>153,273</b>	150,913

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PROFESSIONALS /  
ASSOCIATION CANADIENNE DES PROFESSIONNELS DE  
L'INSOLVABILITÉ ET DE LA RÉORGANISATION**

**Schedule of Administration Expense**

Year ended March 31	2024 \$	2023 \$
Amortization of capital assets	31,596	26,573
Audit, legal and consulting	153,061	79,428
Director honoraria (note 11)	49,000	49,000
Committee expenses	14,665	7,361
Insol International	45,444	41,854
Communication (note 12)	187,088	157,057
Office, printing, postage, courier and sundry (note 12)	184,373	167,911
Rent (note 7)	98,669	127,408
Salaries and benefits	1,062,912	1,131,679
	<b>1,826,808</b>	<b>1,788,271</b>

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

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**Notes to Financial Statements**

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March 31, 2024

**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.

**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.

**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.

**Exchange Conference**

Revenue from the Exchange Conference is recognized in the fiscal year in which the conference is held.

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

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**Notes to Financial Statements (continued)**

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March 31, 2024

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.

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

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**Notes to Financial Statements (continued)**

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March 31, 2024

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 or exchanged 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 assets, at amortized cost.

Related party financial assets 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.

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

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**Notes to Financial Statements (continued)**

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March 31, 2024

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.

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

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**Notes to Financial Statements (continued)**

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March 31, 2024

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.

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

**Notes to Financial Statements (continued)**

March 31, 2024

**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:

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

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

**Notes to Financial Statements (continued)**

March 31, 2024

**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:

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Cash	153,273	150,913
Due from ARIL Society Inc.	107,067	100,183
Investments	2,209,005	2,582,855
	<u>2,469,345</u>	<u>2,833,951</u>

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.



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

**Notes to Financial Statements (continued)**

March 31, 2024

**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**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Canadian fixed income	2,209,005	2,582,855
Less: current portion	(980,468)	(801,714)
	<u>1,228,537</u>	<u>1,781,141</u>

Interest rates on fixed income investments range from 1.13% to 4.95% (2023 - 1.13% to 3.35%) and maturities range from June 2024 to November 2027 (2023 - November 2023 to November 2027).

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

**Notes to Financial Statements (continued)**

March 31, 2024

**4. Capital assets**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2024 Net</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Computer equipment	204,795	193,328	11,467
Furniture and fixtures	91,437	81,180	10,257
Leasehold improvements	416,393	379,463	36,930
	<u>712,625</u>	<u>653,971</u>	<u>58,654</u>
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2023 Net</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
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
	<u>710,423</u>	<u>622,545</u>	<u>87,878</u>

During the year, computer equipment with a cost of \$567 (2023 - \$2,930) and accumulated amortization of \$170 (2023 - \$2,344) was disposed of for proceeds of \$397 (2023 - \$586), resulting in neither a gain nor loss being realized on the disposition.

**5. Accounts payable and accrued liabilities**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Trade payables and accrued liabilities	252,667	271,953
Government remittances	5,271	10,423
	<u>257,938</u>	<u>282,376</u>

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

**Notes to Financial Statements (continued)**

March 31, 2024

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

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Balance, beginning of year	75,993	55,279
Contributions (note 12)	10,182	20,714
Balance, end of year	<u>86,175</u>	<u>75,993</u>

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 2024 or fiscal 2023.

**7. Deferred lease incentives**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2024 Net</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Tenant inducements	103,348	70,616	32,732

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2023 Net</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Tenant inducements	103,348	51,674	51,674

During the year, the Association amended the terms of its premises lease as described in note 13. The useful life of tenant inducements was adjusted to reflect the amended lease term.

Amortization of lease incentives in the amount of \$18,942 (2023 - \$11,700) was credited to rent expense in the current year.

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

**Notes to Financial Statements (continued)**

March 31, 2024

**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 \$442,448 (2023 - \$234,596) 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 utilization of \$10,376 (2022 - \$39,624) from net assets internally restricted for strategic review for the purposes of strategic planning, effectively reducing the net assets internally restricted for strategic review to nil.

During the prior year, the Board of Directors approved the transfer of \$50,000 from unrestricted net assets to net assets internally restricted for strategic review

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

**10. Investment income**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Interest from cash	6,891	2,892
Interest from investments	68,935	64,311
	<u>75,826</u>	<u>67,203</u>

**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.

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

**Notes to Financial Statements (continued)**

March 31, 2024

**12. Related party transactions**

The Association is related to ARIL Society Inc. (the "Society"), by virtue of significant inter-organizational 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 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.

The Association entered into an agreement with the Society to provide management, administrative and support services to the Society (the "Agreement"). The Agreement expired March 31, 2024, and included 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:

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Management fees (including \$9,100 for additional services)	184,100	170,000
Financial services fees (credited to office, printing, postage, courier and sundry expense)	10,114	10,127
Sponsorship (included in communication expense)	(25,000)	(25,000)

Contributions receivable from the Society to the Lloyd Houlden Memorial Research Fellowship in the amount of \$10,182 (2023 - \$20,714), are recognized as deferred contributions (note 6).

As at March 31, 2024, there is a balance due from the Society in the amount of \$107,067 (2023 - \$100,183). The balance is unsecured, non-interest bearing and due on demand.

Subsequent to year end, the balance due from the Society was received, with the exception of the Lloyd Houlden Memorial Research Fellowship contribution, in the amount of \$10,182, which will be settled upon finalization of the audited financial statements of the Society for the year ended March 31, 2024.

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

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**Notes to Financial Statements (continued)**

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March 31, 2024

**12. Related party transactions (continued)**

Subsequent to year end, the Association and the Society extended the Agreement to March 31, 2027. The management fee will be \$182,000 for fiscal 2025, and will increase in fiscal 2026 and fiscal 2027 to account for inflation, as per the Average Annual Consumer Price Index reported by Statistics Canada.

**13. Commitment**

During the year, the Association amended its premises lease to accelerate the expiration date from August 2027 to June 30, 2025, in exchange for reduced lease payments until expiration.

The future annual lease payments, including an estimate of premises common area expenses, are as follows:

	<u>\$</u>
2025	88,258
2026	<u>22,065</u>
	<u>110,323</u>