

CAIRP

Rebuilding Success • Rétablir le succès

Canadian Association of Insolvency and Restructuring Professionals

MOVING FORWARD



CAIRP
Annual Report
2019-2020

About CAIRP

The Canadian Association of Insolvency and Restructuring Professionals (CAIRP) is a national professional organization representing nearly 1500 practitioners in Canada's insolvency and restructuring system. CAIRP was formed in 1979 to promote the professionalism and education of its members across the country.

Our Vision

CAIRP is Canada's pre-eminent association for the education, standards and advocacy of insolvency and restructuring professionals.

Our Mission

CAIRP advances the interests of members and the public by:

- Promoting excellence amongst members,
- Providing relevant professional development,
- Establishing and enforcing CAIRP's Rules of Professional Conduct and Standards of Professional Practice,
- Maintaining rigorous certification standards and providing innovative education to aspiring insolvency and restructuring professionals, and
- Advocating for a fair, transparent and effective insolvency and restructuring system throughout Canada.

Our Core Values

- **Visionary Leadership** – committed to ongoing advancement, by inspiring collaboration, imagination, open-mindedness, and forward thinking.
- **Positive Outlook** – optimistically, create pride in the CIRP designation.
- **Integrity** – embrace ethical and credible behaviour that is transparent and accountable to members and the public.
- **Respect** – openly encourage, value, and consider without bias.
- **Service Excellence** – deliver valued services in a supportive environment, where communication, innovation, and creativity are hallmarks.
- **Committed to greater good of CAIRP, the insolvency profession, and the public** - effectively governed and managed, adequately resourced and socially responsible.
- **Fun** – an enjoyable experience to work and serve.

Our 2019-2020 Goals

- Highly **engaged membership**
- Relevant, effective, and engaging CQP, PCIC and IA **learning experience**
- Collaborative & strategic **relations with the OSB**
- Membership **retention and growth** that **sustains** a healthy, going concern CAIRP
- Consistently operate in a **cost-efficient** and **effective** manner
- **Members value** the CAIRP membership

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Executive Committee



Chair

Mark Rosen LL.B, FCIRP, LIT
Halifax, NS



Vice-Chair

Jean-Daniel Breton, CPA, CA, FCIRP, LIT
Montreal, QC



Treasurer

Marla Adams, CPA, CA, CIRP
Saskatoon, SK



Secretary/Ontario Representative

André Bolduc, CPA, CA, CIRP, LIT
Toronto, ON



Executive-At-Large/British Columbia Representative

Bridget Van Wyck, CPA, CA, CIRP, LIT
Vancouver, BC



President & CEO

Grant Christensen, FCPA, FCGA
Toronto, ON



Incoming President & CEO (March 2020)

Anne Wettlaufer, FICB
Toronto, ON

Other Provincial Representatives



Alberta

David Lewis, CPA, CA, CIRP, LIT
Edmonton, AB



Manitoba

Laura Ryback, CPA, CA, CIRP, LIT
Winnipeg, MB



New Brunswick

Robert Powell, CPA, CA, CIRP, LIT
Saint John, NB

Provincial Representatives (cont.)



Newfoundland and Labrador

Derrick Hutchens, CIRP, LIT
St. John's, NL



Nova Scotia

George Kinsman, CIRP, LIT
Halifax, NS



Ontario

Simone-Ann Carvalho, CPA, CA, CIRP, LIT
Toronto, ON



Quebec

Emmanuel Phaneuf, CIRP, LIT
Montreal, QC



Quebec

Tania Daher, CIRP, LIT
St Jerome, QC



Saskatchewan

Victoria Doell, CIRP, LIT
Saskatoon, SK

Other Board Members



CPA Canada Representative

Frank Fabiano, CPA, CA, CIRP, LIT
Calgary, AB



New Member Representative

Alana Orrell, CPA, CA, CIRP, LIT
Surrey, BC



Outside Director

Richard Schwartz, LL.B
Winnipeg, MB



Outside Director

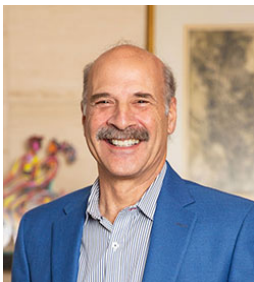
Robert Klotz, LL.B



Special Advisor

Hon. Yoine Goldstein*
B.A, B.C.L.(Hons.)D.E.C.D.(Hons.), LL.D.,
Ad.E., (Hons.).CIRP
Montreal, QC

*Deceased March 2020



Mark Rosen, LL.B, FCIRP, LIT
CAIRP Chair

On behalf of the CAIRP Board of Directors, I am honoured to present the CAIRP 2019/20 Annual Report in this CAIRP's 40th anniversary year. While the final month of CAIRP's fiscal year was clouded by the COVID-19 crisis, I am pleased to report that CAIRP delivered on each of its strategic goals during the year, advanced the interests of Canada's insolvency system and provided value to members.

I will take this opportunity to provide a brief overview of CAIRP's quantitative performance measures, qualitative achievements and the challenges faced over the past year. For more details, please review the committee reports, year at a glance, and audited financial report that follow the Chair's Message in this Annual Report.

Finance & Operations

CAIRP had another strong year financially. Each of CAIRP's business units excelled in achieving significant positive financial variances, delivering a cumulative total surplus of \$167,856 and net asset balance of \$2.9 million.

In last year's report we noted that CAIRP's membership numbers had experienced a fourth consecutive year of decline but I am pleased to report that the past year reversed that trend to realize modest growth to 955 regular members. Boding well for the future membership growth, new candidate admissions rebounded favourably by 25% from the previous year to 74.

From an operations perspective, CAIRP successfully launched a new and technologically advanced association management system, online student enrolment application and website. As these systems are continuously refined, they are significantly improving the member user experience and administrative efficiencies. CAIRP's media/public education campaign exceeded expectations with over 240 media outlets across Canada publishing 438 media stories based

on CAIRP releases, up from 60 media outlets the previous year. The significant rise in press coverage clearly indicates the progress CAIRP has made in advancing its profile as a leader of Canada's insolvency system and helping to educate the public about CAIRP and CIRP/LITs. As a result of this success, the Board budgeted for CAIRP to continue its media campaign for the coming year.

Member Professional Development

CAIRP's professional development year enjoyed good success across all its events, the provincial Forums, Toronto Exchange, the Annual Conference and the Annual Review of Insolvency Law (ARIL).

The year was highlighted by CAIRP's 40th anniversary celebration held at the historic Fairmont Le Château Frontenac in Quebec City. The Conference featured highly relevant professional development content and social and networking opportunities, including a reception that recognized the substantive contributions of CAIRP's past chairs.

In partnership with the new ARIL Society Inc. Board, CAIRP managed its Annual Review of Insolvency Law conference. By all measures the event was an unmitigated success. Held in Vancouver, the event was sold-out and the conference content and speakers were well-received. CAIRP and ARIL look forward to continuing to build upon this important professional development and thought leadership experience.

From a performance measures perspective, CAIRP's Forums, Exchange, Annual Conference and ARIL clearly demonstrated their value to the CAIRP membership and insolvency community. During the year, nearly 65% of CAIRP's membership attended a CAIRP event, 85% of people who answered a survey rated the sessions as having met or exceeded their expectations, and 92% advised they would recommend a CAIRP professional development event to a colleague. Further, over 1600 insolvency professionals attended a CAIRP managed event during the year.

Candidate/Student Education

The new PCIC was developed and delivered in July. The first PCIC exam was held in October, achieving a 100% pass rate. On the CNIE front a significantly

more efficient, technology assisted, CNIE assessment process was developed and introduced, and an updated multiple-choice exam design (CKE/PCIC) was implemented to better align with best practices.

One disappointment during the year was the performance of candidates writing the CNIE. Only 42% of the candidates passed, highlighting the importance of CAIRP's priority to advance the quality of the CQP learning experience. More positively, 84% of candidates passed the Core Knowledge Examination, exceeding the historical average.

Advocacy

Significant focus was given to proactive advocacy efforts through the year. The Consumer Practice Committee and staff were actively engaged in the development of the *Discussion to Enhance Canada's Consumer Insolvency System* report which was submitted to the government.

CAIRP intervened in three court cases. CAIRP was granted leave to appeal both Supreme Court of Canada interventions (Chandos & Bluberi) it applied for. The decisions were supportive of CAIRP's and IIC's joint submission in the Bluberi Gaming Technologies Inc. matter and CAIRP's submission in the Canada North appeal decision.

OSB Relations

Since the arrival of OSB Superintendent Elisabeth Lang, CAIRP and the OSB have enjoyed enhanced collaborative relations. Through the year, bi-monthly meetings are held between the OSB Superintendent and the CAIRP Chair & CEO along with an annual OSB/CAIRP Executive Meeting.

In addition, CAIRP is represented on several committees and panels including the OSB Operations & Policy Advisory Panel, CAIRP/OSB/CRA Liaison Committee, Consumer Practice Liaison Committee and Counselling Directive Panel. CAIRP collaborated with the OSB to resolve the CIBC refund cheque issue and provided support of the OSB "Day in the life of a LIT" staff training initiative.

When the COVID-19 pandemic hit in early March, CAIRP was in almost daily contact with the Superintendent and her staff to help the insolvency industry navigate this unprecedented event.

Final Thoughts

As Chair of the Board, I want to recognize the tremendous contributions of our members who commit their time and expertise to help the insolvency practice flourish and CAIRP to evolve and reach its full potential.

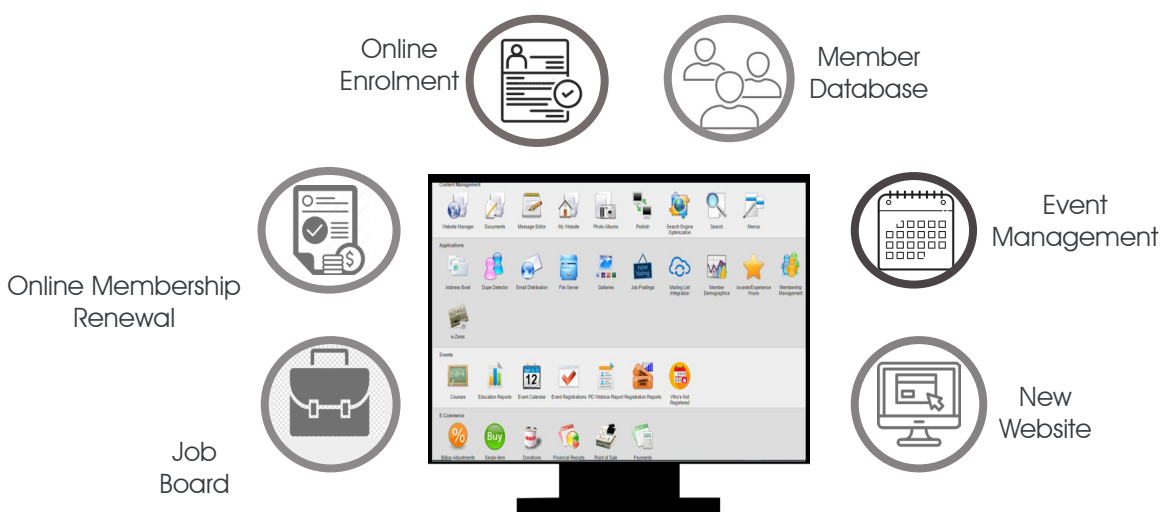
This year's Annual Report highlights our newly graduated CIRPS and a hallmark of CAIRP, its volunteers. I also want to acknowledge the excellent work of our committees, the CAIRP Board of Directors and the CAIRP staff for a job well done.

Finally, I would like to thank Grant Christensen who retired in March for his tireless work and I would like to welcome our new President & CEO Anne Wettlaufer. As the insolvency industry moves forward in our new COVID reality, CAIRP is committed to serving its members and overcoming any challenges as we navigate what lies ahead.

"I want to recognize the tremendous contributions of our members who commit their time and expertise to help the insolvency practice flourish and CAIRP to evolve and reach its full potential."

-Mark Rosen

OPERATIONS



CAIRP successfully launched a new association management system that includes and integrates the member database, event registration service and website, a new online education enrolment service and membership renewal application.

MEMBERSHIP

	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
General	955	951	984	991	995
Articling	348	298	347	368	354
Corporate	21	21	20	20	24
Life	137	204	190	199	181
Inactive	5	6	12	11	11

CAIRP's general membership numbers have increased for the first time in four years.

MEMBER SATISFACTION

89%

Members said they are **satisfied** or **very satisfied** with their membership.

94%

Members reported that staff **met** or **exceeded** their service expectations.

PROFESSIONAL DEVELOPMENT

8

In-person Professional Development events



- CAIRP Insolvency and Restructuring Forums
- CAIRP Annual Conference
- CAIRP Insolvency and Restructuring Exchange
- Annual Review of Insolvency Law (ARIL)



Over 1600 Attendees

65%

Members attended one of CAIRP PD events

85%

Educational sessions were rated highly by attendees as **having met** or **exceeded** expectations

92%

Attendees who completed a survey **would recommend** a CAIRP Professional Development event to a colleague

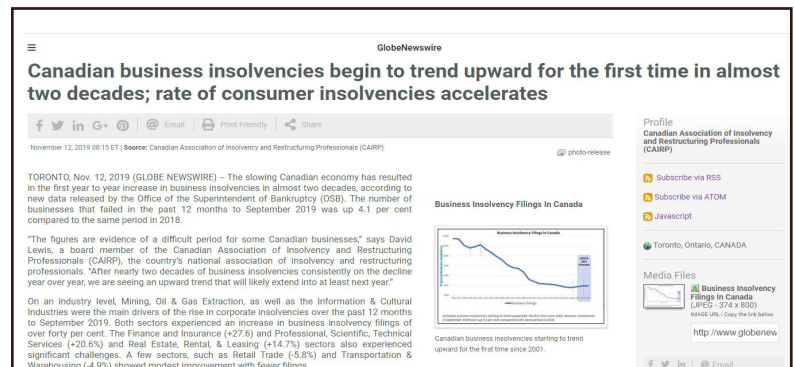
MEDIA CAMPAIGN

438

Media Mentions/Stories

240 +

Media outlets carrying a CAIRP story



Over 240 media outlets carried a CAIRP story, up from 60 outlets the previous year. Media outlets include **the Globe & Mail, Toronto Star, BNN Bloomberg, National Post, Global News, Huffington Post, CBC Radio and News, La Presse, Les Affaires, Radio Canada** along with local media outlets across Canada.

EDUCATION

Exam Pass Rates

84 %

Core Knowledge Exam

CKE pass rate exceeded expectations and the performance target, likely as a result of an exam format change and improvements to the quality of questions

97%

Practical Course on Insolvency Counselling

The new PCIC was developed and delivered in July.

42%

Competency-based National Insolvency Exam

CNIE pass results were lower than hoped for.

Chartered Insolvency and Restructuring Professionals (CIRP) Recipients 2019-20

The CIRP certification mark is the recognizable symbol of integrity, education and professionalism of the insolvency and restructuring profession in Canada. In 2019-20, twenty-three professionals from across the country completed the CIRP Qualification Program and achieved their CIRP designation. This achievement is a result of hundreds of hours of dedicated effort and determination. On behalf of all CAIRP members, we congratulate them on their achievement and welcome them as new members of CAIRP. We also want to thank the families, friends, colleagues, mentors and sponsors who supported our 2019-20 recipients on their journey.



Michael Wentland, CIRP
Faber Inc., AB



Fanny G  linas-Paquin, CIRP
Ginsberg, Gingras & Associ  s
Inc., QC



Jean-Fran  ois Grenier, CIRP
V  rificateur g  n  ral du Qu  bec.,
QC



Lisa Luong, CIRP
BDO Canada Ltd., AB



Ryan Epp, CIRP
MNP Ltd., AB



Shannon Jackson, CIRP
BDO Canada Ltd., ON



Leonard Hiquebran, CIRP
Chase | Sekulich Chartered
Professional Accountants, BC



Chelene Riendeau, CIRP
MNP Ltd., SK



Paul Franchi, CIRP
Kunjar Sharma & Associates Inc., ON



David Mazerolle, CIRP
Goth & Company Ltd., AB



Braden Burritt, CIRP
Bromwich & Smith Inc., AB



Mark Wong, CIRP
PWC Canada, AB



Breanne Barker, CIRP
Grant Thornton Ltd., AB



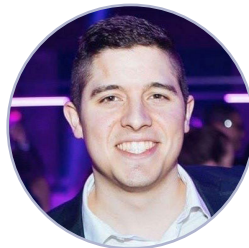
Lindsay Burchill, CIRP
MNP Ltd., AB



Matthew Brouwer, CIRP
Alvarez & Marsal Canada ULC.,
ON



Kathleen Jacobs, CIRP
Moses Advisory Group Inc., AB



Charles-Antoine Gobeil, CIRP
MNP Ltd., QC



Kurt Macleod, CIRP
Deloitte Restructuring Inc., NS



Jill Strueby, CIRP
Alvarez & Marsal Canada ULC., AB



Michael Litwack, CIRP
MNP Ltd., ON



Angela Rodgers, CIRP
Powell Associates Ltd., NB



Harman Buttar, CIRP
BDO Canada Ltd., AB



Jeffrey Berger, CIRP
RSM Canada Ltd., ON

Meet some of our new Chartered Insolvency and Restructuring Professionals. (CIRPS)

Four of our recent CIRPs share why they chose to become part of the insolvency profession and provide some insights into their approaches to successfully achieving their CIRP designation.



Kurt MacLeod, CIRP
Deloitte Restructuring Inc., NS

When it comes to his interest in insolvency, Kurt said that he always wanted to “work for a big firm in an advisory role”, so it’s no surprise that he now works as a Manager in Deloitte’s Financial Advisory practice based in Halifax, Nova Scotia. Prior to joining Deloitte, Kurt worked at Roynat Inc. which is where his interest in insolvency started to spark. “I was specifically interested in how businesses were handling their debt and that there are people everyday struggling to repay their debt. I was very interested in being able to partner with them and find creative solutions to solve their problems.”

Kurt completed the CQP Program in under two years. He said that connecting with his peers and other trustees was instrumental in helping him pass the Competency Based National Insolvency Examination (CNIE). “After the tutorial, I joined a study group and that was extremely helpful. Being a sole corporate practitioner and having the majority of the study group being sole consumer practitioners, we learned from each other,” Kurt advised. Kurt also noted the importance of conferring with other insolvency trustees who had real world experience and provided him with a solid understanding of the business.



Kathleen Jacobs, CIRP
Moses Advisory Group Inc., AB

With more than ten years of experience in the insolvency industry, Kathleen says the reason she found the profession appealing was the satisfaction she gets after helping out those who are struggling. “You know when you help people get their lives back on track and you feel like you’ve achieved a job well done. You feel like you’ve made a real difference,” says Kathleen.

Kathleen found working with a study group so beneficial she created her own in preparation for the CNIE. “I founded the study group. There was a mix of consumer and corporate practitioners and eight of the twelve members passed the exam” Kathleen advised. She noted one of the reasons for the study group’s success was her recruitment of Brian Veres, CIRP, LIT who mentored, coached and encouraged the Alberta based study group members through their journey.



Breanne Barker, CIRP
Grant Thornton Ltd., AB

Breanne, who recently graduated from university and achieved her CPA designation advised that her interest in insolvency wasn't planned. "I really just fell into it. There was a posting for an advisory role at Grant Thornton. It was not long after I took the role that I realized how interesting the job is and how interesting an insolvency career would be. It can be challenging absolutely, but it's a career that requires continuous problem solving and critical thinking." Breanne also noted that "every day is different. It's always changing and you're working across different industries."

In gearing up for the CNIE examination, Breanne found that the prior experience of the CPA multiple-day exam was helpful, particularly in learning how to manage the stress of a difficult examination. She also found mock exams helpful for her preparation. "I pretended it was the real thing day 1 and day 2. You do the mock exams in the time allotted and then have someone else mark your exam" she advised. Leveraging your network and connecting with other professionals was also important to her success. "Overall you have to gain as much practical experience as you can. That's really key and also leverage your network inside and outside your firm."



Fanny G  linas-Paquin, CIRP
Ginsberg-Gingras & Associ  s Inc., QC

Fanny started working at Ginsberg-Gingras in 2012 as a receptionist. She heard first hand the many stories debtors shared and she soon realized insolvency was a career that spoke more to her than her originally planned career in marketing. "What's the most rewarding for me is being able to help the ones who are really struggling, and help them get back on track. That feeling is just a great feeling."

Working with other CIRPS who had just passed the CNIE was very helpful to Fanny as she herself prepared for the examination along with gaining the advice and guidance of LITs. She also found it helpful to gain practical knowledge by getting involved with a broad range of different consumer and corporate files. Now that Fanny has achieved her CIRP, she is looking forward to sponsor future CIRPS. "I would love to help others going through the CQP program".

Honours and Awards Recipients

Every year, CAIRP takes time to recognize our volunteers for their outstanding contributions and significant impact to the profession. We congratulate our eight Honours and Award Recipients for 2019-2020. Their hard work, passion and dedication are inspirational.

OUTSTANDING VOLUNTEER AWARDS (OVA)

Established by the Executive Committee in 2008, the OVA is intended to acknowledge the fine work of individuals who have provided exemplary service to the Association, and to thank them for their contribution as a volunteer. The recipient may be recognized for a collected list of activities over a period of several years or alternatively, for their service related to one particular activity. This year, the committee picked three recipients, who were more than deserving of this award; **Michelle Grant, Noel Andrews and Virginie Comtois.**

“

This award means a lot to me. I've really enjoyed volunteering for CAIRP throughout the years in many different capacities. It's been a great experience working with the CAIRP team to deliver such important programming. It is a very rewarding experience to volunteer with CAIRP. If you haven't put your hand up, I would recommend you give it a try.



Michelle Grant, CIRP, LIT

“

I am thrilled to have been chosen to receive this award. After being involved in CAIRP for over 35 years I can honestly say that I learn new things every day. Being involved in CAIRP's various committees has kept me abreast of current issues, has given me an insight into practices and procedures across the country and has given me an opportunity to learn from younger members. I urge all members to get involved in their Association. I did, and I think I am a better practitioner for it.



Noel Andrews, CFE, CIRP, LIT

“

It's always nice to see your work recognized by your peers. Volunteering with CAIRP is rewarding and has allowed me to meet great people who share my passion for the insolvency profession. It has also allowed me to continue to consolidate my insolvency knowledge in addition to building strong friendships across the country. I am honoured to have been chosen this year but I would not have been as involved if it had not been for the other volunteers with whom I had a lot of fun working. I would therefore like to share this honour with all the other volunteers.



Virginie Comtois, CIRP, LIT

KEITH G. COLLINS MEMORIAL AWARD

This award is presented to members of the Association who have demonstrated that they are following in the footsteps of Keith G. Collins. Keith Collins was respected within the profession and the community for his integrity, courtesy and commitment. The award recognizes the qualities associated with the Chartered Insolvency and Restructuring Professional (CIRP) mark. This year, CAIRP is recognizing two worthy recipients: **Marla Adams and Craig Munro**.

“

It is an honour to receive the Keith G. Collins Memorial Award. I am aware of the spirit in which this award is given and the esteemed members that have been recognized in previous years. To be part of this group is truly special. One does not strive for awards or recognition but to know that others see the contribution that one has made is very satisfying. I have been fortunate to be part of a profession filled with committed and talented professionals. I am grateful for the many opportunities I have had and to the many individuals that brought me along. This award is a culmination of all of those years and all of those experiences and I am truly humbled.



Marla Adams, CPA, CA, CIRP

“

After being informed that I would be receiving the Keith G. Collins Memorial Award, I reviewed the criteria to be demonstrated by the nominee being considered. Among all of the criteria, the characteristic that I have heard most commonly used to describe Keith, is integrity. I am honoured to be recognized by my peers as displaying this quality exemplified by Keith and flattered to be sharing this award with its previous recipients. Through my volunteerism with CAIRP, I have had the opportunity to meet and work with many members across the country who I would now consider friends.



Craig Munro, CPA, CA, CIRP, LIT

NEW MEMBER'S AWARD OF MERIT

The New Member's Award of Merit is intended to acknowledge and distinguish those New Members who have obtained their CIRP within the past seven years and who have brought excellence to their profession through their leadership and achievements in various aspects of their personal and professional life. This year's recipient is **Gillian Goldblatt**.

“

I am honoured and grateful to be the recipient of this year's New Member's Award. Since obtaining my licence in 2016, I have served on various provincial and national committees and boards. These committees have given me a forum to share and collaborate with other trustees on ways to continue to adapt and keep the profession relevant as our world continues to change. It is an honour and privilege to be part of a profession that actively makes individuals lives in Canada better on a daily basis, as well as helping companies restructure to continue to employ Canadians and drive the economy.



Gillian Goldblatt, CPA, CA, CIRP, LIT

FELLOW CHARTERED INSOLVENCY AND RESTRUCTURING PROFESSIONAL

A Fellowship is the highest honour CAIRP can bestow on a member and is intended to recognize those members who have given distinguished and continuous service to the Association and who have made a significant contribution to the field of Canadian Insolvency Practice. Two members are being recognized this year for their contributions: **Colleen Craig and Joe Healey**.

“

When I received the call from Donna Collins, I was both moved and surprised. Looking at the list of other recipients from previous years, I am humbled to be counted among a group of people that I hold in the highest esteem, many of whom I am also proud to call close friends. CAIRP is an association of volunteers, so it is only as strong as the members that step forward to lend a hand. Personally, volunteering has allowed me to “find a tribe” of likeminded professionals whom I admire greatly. I can honestly say that whatever time I have put into volunteering over the years has come back ten fold in the satisfaction and pride in working in a dynamic profession that provides value to our society, and in the personal connections and friendships that I have been lucky enough to foster.

Colleen Craig, CPA, CA, FCIRP, LIT



“

It's incredibly humbling to have received this honour, when I consider the distinguished professionals that have already been named as a Fellow. It's surprising in many respects, as my support for CAIRP and my level of commitment to volunteer has never been contingent on any reward or honour. It's just the right thing to do. We are a national association, but we do not have a large membership base. It's important for everyone who is a CAIRP member to volunteer in some capacity for OUR association. There's lots to do, depending on your interest, and new volunteers are the lifeblood of our association. I have always found that I have gotten much more out of volunteering than I have put in.

Joe Healey, CPA, CA, FCIRP, LIT



Honours and Awards Nominating Committee

Chair: Donna Collins, FCIRP, LIT - MB

Board Liaison: Mark Rosen, LL.B, FCIRP, LIT -NS

Members:

Bill Courage, CPA, CA, FCIRP (ret.) - ON

Gylaine Houle, BCL, FCIRP, LIT - QC

Dave Johnson, CIRP (ret.)- MB

Chantal Gingras, FCIRP, LIT - ON

Craig Munro, CPA, CA, CIRP, LIT - BC

Rob Hunt, FCIRP, LIT - NS

“

“Each year the Honours and Awards Committee is impressed with the calibre of the resumes of the individuals for whom nominations are received. This year was no exception. After reviewing the nominations, I and the committee were very pleased to see ongoing exceptional volunteerism by CAIRP members. Congratulations to all the 2020 award recipients”.

- Donna L. Collins, FCIRP, LIT
Chair, Honours and Awards Nominating Committee

The education committees had another busy year in 2019. Among its many accomplishments was the revision of the CQP competency map, which was completed and will serve as the road map for the CQP renewal project. There was also a new computer based delivery system for the exams that was successfully implemented in 2019. The software allows for “off-line” completion as well as computer lock-down. This eliminates connectivity issues during the exams as well as preventing access to unauthorized material. The Core Knowledge exam was revised to better align with best practices in multiple choice assessments. The first offering of the updated counselling course occurred in October 2019 with thirty-three candidates. The assessment process for the CNIE was done using computers for the first time. Successful automation of the parts of the CNIE assessment process increased the efficiency of the marking. More improvements are planned as a result of feedback from 2019.

CQP Committee

Chair : Tim Carson, FCIRP - ON

Vice Chair: Vanessa Allen, CIRP, LIT - AB

Board Liaison: Simone Carvalho, CIRP, LIT - ON

Members

Jean-Daniel Breton, FCIRP, LIT - QC

Andrew Dalgeish, CIRP, LIT - QC

Gail Fayerman, CPA, CA, MBA - QC

Gillian Goldblatt, CIRP, LIT - ON

Chris Mediratta, CIRP, LIT - ON

OSB Representatives

Nicholas Millen - ON

Leanna Knox-Kinsman - ON

Core Knowledge Exam Board

Chair: Michael Braga, CIRP, LIT - ON

Members

Adam Laiken, CPA, CA, CIRP, LIT - ON

Bonnie Bryan, CIRP, LIT - ON

Jonathan McNair, CPA, CA, CIRP, LIT - BC

Lynn DeLaBarre, CIRP, LIT - BC

Mina Rastan, CPA, CA, CIRP, LIT - ON

Noel Andrews, CFE, CIRP, LIT - NL

Solange de Billy-Tremblay, CIRP, LIT - QC

Tania Daher, CIRP, LIT - QC

Exam Oversight Committee

Chair : Mark Wentzell, CPA, CA, LL.B., CIRP, LIT - BC

Members

Sheri Aberback, CFE, CIRP, LIT - QC

Jean-Daniel Breton, CPA, CA, FCIRP, LIT - QC

Simone Carvalho, CPA, CIRP, LIT - ON

Deane Gurney, CIRP, LIT - BC

Kristen Gray, CPA, CA, CIRP, LIT - AB

Bridget Van Wyk, CPA, CA, CIRP, LIT - BC

Julie Wildman, CPA, CA, CIRP, LIT - ON

CNIE Board

Co-Chair : Lee Close, CIRP, LIT - ON

Co-Chair: Naita Kormuta, CIRP, LIT - SK

Members:

Dan Woo, CIRP, LIT - AB

John Delo, CIRP, LIT - ON

Kyle Harris, CIRP, LIT - ON

Michael Krieger, CIRP, LIT - ON

Stephan Moyneur, CIRP, LIT - QC

Peter Naumis, CIRP, LIT - ON

James Foran, CIRP, LIT - NS

“

Volunteering offers networking opportunities, allows members to meet new people and develop lifelong personal and professional relationships. Volunteers are instrumental in creating purposeful outcomes and their participation does make a difference. I encourage members to consider volunteering for the CQP Committee, or one of its subcommittees, so they can participate in the development and delivery of the education programs by which the knowledge of insolvency and the wisdom of experience are transferred from our members to the candidates to the profession. These efforts will ensure that the next generation of CIRPs are properly prepared and adequately skilled to represent the insolvency profession.

Tim Carson, FCIRP



CAIRP's professional development committees were busier than usual in 2019-2020. The popular provincial Forums were held during the months of April/May in Montreal, Halifax, Winnipeg, Edmonton, and Vancouver and provided local attendees an opportunity to receive highly relevant professional development content specific to their regions. The highlight of the summer was CAIRP's 40th anniversary celebration in Quebec City at the historic Fairmont Château Frontenac. The Toronto Exchange was held during the fall and was once again, one of CAIRP's largest events of the year, providing great networking opportunities for attendees. The addition of the Annual Review of Insolvency Law (ARIL) conference that took place on February 7th at the JW Marriott Parq Hotel in Vancouver in early 2020, capped off CAIRP's jam-packed year. All of CAIRP's events were widely judged to be successful. Nearly 65% of CAIRP's membership attended a CAIRP event, 85% of survey respondents rated the sessions as having met or exceeded their expectations, and 92% advised they would recommend a CAIRP professional development event to a colleague. We thank all the volunteers who dedicate their time throughout the year, without whom, the events would not be as successful.

Insolvency & Restructuring Forums Committee

Chair: Matthew Golding, CPA, CMA, CIRP, LIT - NS

Board Liaison: George Kinsman, CPA, CA, CIRP, LIT - NS

Members

Michelle Grant, CPA, CA, CIRP, LIT - BC

John Fritz, CPA, CA, CIRP, LIT - MB

Julie Kennedy, CIRP, LIT - BC

Guylaine Houle, BCL, FCIRP, LIT - QC

“

The Insolvency and Restructuring Forums Committee is a wonderful committee of CAIRP. We are always looking for new ways to provide meaningful education and knowledge to our members and stakeholders. Being a smaller committee which has a large impact to all of our members, this is a committee that provides great satisfaction and experience for those who have participated in the past. If you have a creative mind, this is a wonderful committee to sit on.

Matt Golding, CPA, CMA, CIRP, LIT



Insolvency and Restructuring Exchange Committee

Chair: Brad Newton, CBV, CPA, CA, CIRP, LIT - ON

Members

John Athanasiou, CPA, CMA, CIRP, LIT - ON

Stefano Damiani, CPA, CA, CIRP, LIT - ON

Adam Erlich, CPA, CA, CIRP, LIT - ON

Paul Ihnatiuk, CIRP, LIT - ON

Alex MacFarlane - ON

Caryl Newbery-Mitchell, CIRP, LIT - ON

Allen Yao, CFA, CPA, CA, CIRP, LIT - ON

Supriya Sarin, M.A. (ECO), PGDBF, CIRP - ON

Annual Conference Committee

Chair: Virginie Comtois, CIRP, LIT - ON

Members:

Yves Patrice Beaudin, CIRP, LIT - QC

Nancy Beaumier, CIRP, LIT - QC

Rachel Bouchard, CIRP, LIT - QC

Etienne Fiset, CPA, CA, LIT - QC

Samuel Gignac, CPA, CA, CIRP - QC

Daniel Budd, CIRP, LIT - QC

Martin Poirier, CIRP, LIT - QC

“

The Exchange is the premier CAIRP conference and being part of this Committee provides you with the opportunity to shape that conference and delve into topics that you and your peers will be interested in. You also gain new contacts and deepen relationships as you help develop the various panels for the conference.

Brad Newton, CBV, CPA, CIRP, LIT



Media Communications Committee

The Media Communications Committee (MCC) enjoyed continued success in fiscal 2019-20 in maintaining and enhancing CAIRP's social media presence. Throughout 2019-20, the committee succeeded in posting 19 blog posts on various topics of interest to members and the general public. 15 were submitted by the members on the committee and 3 were guest posts. As a result, our social media reach on all three platforms increased by 12% (average) with the largest increase occurring on LinkedIn.

Chair: Mary Ann Marriott, CIRP, LIT - NS

Members

Brandon Smith, CIRP, LIT - ON
Shelley Koehli, CIRP, LIT - BC
Chelsea Taylor, CIRP, LIT - BC
Debora Kwasnicky, CPA, CA, CIRP, LIT - BC

“

There are three main benefits that I have experienced as a result of being involved in a committee with CAIRP – the first is the connection to other insolvency professionals across Canada – it's a wonderful way to share ideas and experiences with others in the industry. The second, is becoming more aware of CAIRP's efforts in representing us and assisting us in having a voice. And, the third, specific to the Media Communication Committee, is the opportunity for increased profile as a member through blog submissions and publication of content and giving other members that opportunity.

Mary Ann Marriott, CIRP, LIT



Editorial Advisory Board

Rebuilding Success is CAIRP's official magazine, and is published twice a year. The Fall-Winter Issue was published in August and featured the 40-year history of CAIRP through the eyes of the past chair, as well as other judicial developments within the country such as the Redwater decision. The Winter-Spring issue, published in February focused on the new CAIRP chair, Mark Rosen and his vision for the Association. The magazine is distributed to 3500 professionals including members, lawyers, lenders, regulators, academics and others whose professional activities focus on Canada's insolvency and restructuring system. The Editorial Advisory Board represents a variety of perspectives on insolvency and restructuring matters from across the country. The Board this year was comprised of CAIRP members and insolvency lawyers; each Board member contributed substantially to the development of topics and authors for the magazine's editorial content.

Chair: Bill Courage, CPA, CA, FCIRP (ret.) - ON

Board Liaison: Mark Rosen, LL.B, FCIRP, LIT

Members

Jeffrey Lee, Q.C - SK
Yves Patrice Beaudin, CIRP, LIT - QC
John Haralovich, CIRP, LIT - ON
Lana Gilbertson, CIRP, LIT - BC
Martin Rosenthal, CIRP, LIT - QC
Mary Buttery, Q.C - BC
Paul Casey, FCIRP, LIT - ON
Sanjeev Mitra, LL.B - ON

“

The magazine of the Association is the only “analogue” output of our Association and it finds its way into the hands of every significant player in the insolvency industry in Canada. The editorial board is responsible for soliciting and vetting articles to be included in the magazine. It's not about writing, it's about reaching out to colleagues and acquaintances for interesting content. I was a sole practitioner and wanted a network of professional contacts to talk to about practice-related issues. A small organization runs on its volunteers, or pays a lot more in dues, and it was important that this association worked; I had a variety of positions and personally benefitted from each of them. Along the way I made a lot of friends and was provided with some interesting opportunities.

Bill Courage, CPA, CA, FCIRP (ret.)



Finance & Professional Conduct

Finance Committee

2019-2020 proved to be another successful year for CAIRP financially, thanks in part to the great work of the finance committee who continues to find ways for CAIRP to operate cost-efficiently and effectively. Within the year, the committee proposed a change in accounting policy to report investments at amortized cost rather than at market value, which the board approved. This change eliminated the requirement to recognize unrealized gains or losses in the financial statements, given that the intention of the investment policy is to hold investments to maturity. As a result, the audited financial statements for the year ending March 31, 2020 were appropriately restated to include prior period comparatives on the same basis. The committee reinvested over \$387,000 in proceeds of disposition of long-term investments which matured in November 2019, in accordance with the guidance and requirements of the investment policy. The committee agreed to maintain the current investment policy with no changes, which served the association well as the investment portfolio was insulated from the unfavorable impact of the COVID-19 pandemic on equity markets. The committee also expanded its quarterly summary of interim financial results to include a detailed analysis of membership and education volumes by category relative to budget and the prior year, increasing the relevance of interim performance indicators to help optimize the association's financial results. We would like to thank Steve D'Alessandro and the committee for all of their hard work throughout the year.

Chair: Marla Adams, CPA, CA, CIRP - SK

Observer: Mark Rosen, LL.B, FCIRP, LIT - NS

Members:

Craig Munro, CIRP, LIT - BC

Michelle Grant, CPA, CA, CIRP, LIT - BC

Jorden Sleeth, CIRP, LIT - ON

Genevieve Riverin, CPA, CMA, CIRP, LIT - QC

“

CAIRP is a hard-working association working tirelessly on behalf of members. Volunteers give thousands of hours each year. The Association is successful because of this. Whether you are a new member that is keen to shape the profession and network with fellow members or you are approaching retirement and looking to remain connected to the profession and maintain relationships with fellow members, volunteering with CAIRP is an opportunity to grab on to.



Marla Adams, CPA, CA, CIRP

Professional Conduct Committee

The Professional Conduct Committee (PCC) investigates all complaints received by the Association regarding the conduct of CAIRP members and associates. The committee has once again had a busy and successful year. During the period from April 1, 2019 to March 31, 2020, the committee received three new complaints and closed seven cases. As of March 31, 2020, there were two active cases open. Of the seven cases which were closed, six cases were dismissed, and one case concluded that the member failed to conduct a proper assessment of the debtor, resulting in a fine imposed upon the member, recovery of legal fees incurred in the investigation from the member, and a letter of reprimand being filed permanently in this member's file. I would like to thank all members for all of their hard work and commitment.

Chair: John Haralovich, CFE, CPA, CA, CMA, CIRP, LIT - ON

Board Liaison: David Lewis, CPA, CA, CIRP, LIT - AB

Members

Rita Anderson, CIRP, LIT - NS

Jasmin Brown, CPA, CA, CIRP, LIT - SK

Martine Lessard, CIRP, LIT - QC

Noel Andrews, CFE, CIRP, LIT - NL

Joe Healey, CPA, CA, CIRP, LIT - MB

Kathy Lenart, CPA, CA, CIRP, LIT - ON

Steven McLaughlin, CBV, CPA, CA, CIRP, LIT - NB

Sandy Lyons, CFE, CPA, CA, CIRP, LIT - AB

Mario Mainella, CPA, CA, CIRP, LIT - BC

“

If you are interested in applying the rules we are governed by, then this committee is for you. It is interesting to review the materials and apply our standards to how files are managed. I look at each case to see how our professional standards are applied. This committee is also there to support our members in cases where the complaints are not warranted.



John Haralovich, CFE, CPA, CA, CMA, CIRP, LIT

Corporate Practice Committee

During the past year, the Governance Committee of CAIRP recommended the creation of a sub-committee to the Corporate Practice Committee (CPC), entitled the WEPPA Committee. The WEPPA Committee acts as a liaison with the OSB and Service Canada. The meetings are held twice per year, the most recent of which was in March 2020. This sub-committee allows CAIRP to obtain updates of developments at Service Canada and resolve any questions around the regulations. There were no other material developments involving the CPC this year, however, we are a standing committee that is available, if appropriate, to intervene in any matters affecting members practicing in corporate insolvency and restructuring. As Chair of the CPC I would like to extend my sincere thanks to the Committee members for their important efforts and the opportunity to contribute to improving Canada's corporate insolvency and restructuring system.

Chair: Jonathan Krieger, CPA, CA, CIRP, LIT - ON

Board Liaison: Emmanuel Phaneuf, CIRP, LIT - QC

Members:

Stephen Ferguson, CIRP, LIT - ON

Patricia Marshall, CIRP, LIT - BC

Matthew Marchand, CPA, CMA, LIT - ON

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The Corporate Practice Committee (“CPC”) continues to move forward on three principal initiatives, being, advancing educational excellence and professional consistency, promoting recognition of the value of the CIRP certification, and reinforcing the Values of CAIRP.

Jonathan Krieger, CPA, CA, CIRP, LIT



Consumer Practice Committee

The Consumer Practice Committee had another productive year. Over the summer and fall, significant effort was spent on the development and drafting of the paper *Discussion to Enhance Canada's Consumer Insolvency System*. The paper, which CAIRP developed to encourage improvements to Canada's consumer insolvency system, was submitted to the OSB in early 2020. During the year the CPC Chair was consulted on several occasions and was actively engaged as part of the COVID-19 Task Force created in early March to address member issues with the OSB and CRA on a rapid response basis. I want to thank the members of the Committee for their time, expertise and commitment to advance the interests of CAIRP and the consumer insolvency profession.

Chair: Chantal Gingras, FCIRP, LIT - QC

Board Liaison: Andre Bolduc, CPA, CA, CIRP, LIT - ON

Members:

Noel Andrews, CFE, CIRP, LIT - NL

Jasmin Brown, CPA, CA, CIRP, LIT - SK

Doug Collins, FCPA, FCGA, FCIRP, LIT - MB

Larry Crandall, LL.B., CIRP, LIT - NB

Vicki Doell, CFE, CIRP, LIT - MB

Lana Gilbertson, CIRP, LIT - BC

Guyline Houle, BCL, FCIRP, LIT - QC

Jennifer McCracken, CIRP, LIT - BC

David Smith, CIRP, LIT - AB

Brenda Wood, CIRP, LIT - NS

Gillian Goldblatt, CPA, CA, CIRP, LIT - ON

“

I want to thank the members of the Committee for their time, expertise and commitment to advance the interests of CAIRP and the consumer insolvency profession.

Chantal Gingras, FCIRP, LIT



Intervention Committee

During the past year, the Intervention Committee, which reviews and acts upon opportunities for court case interventions of national interest to the insolvency and restructuring community, intervened in three court cases and considered several other requests.

CAIRP sought and was granted leave to intervene in respect of two cases heard before the Supreme Court of Canada, both of which have implications for trustees and deal with issues of national importance to the insolvency profession generally. The matter of 9354-9186 Quebec Inc. (formerly Bluberi Gaming Technologies Inc.) v. Callidus Capital Corporation deals with a number of issues including whether a creditor can sponsor and vote on its CCAA plan and if so, whether the creditor should vote in the same class as other creditors. It also deals with the issue of whether a litigation funding agreement constitutes a plan of arrangement that should be submitted to a vote of creditors. Both CAIRP and the Insolvency Institute of Canada (IIC) made a joint submission in this matter and a positive decision was realized.

CAIRP was also granted leave to intervene in the matter of Chandos Construction Ltd. v. Deloitte Restructuring Inc., in its Capacity as Trustee In Bankruptcy OF Capital Steel Inc., a Bankrupt deals with the anti-deprivation rule and the enforceability of certain ipso facto clauses in bankruptcy.

The Canada North Group Inc. case is also moving forward to the Supreme Court following a positive decision in the Alberta Court of Appeal. The case deals with whether a deemed trust claim by Canada Revenue Agency should take priority over court-ordered priority over court-ordered charges. CAIRP will again be applying for Intervenor status.

Chair: Sharon Hamilton, CPA, CA, CIRP, LIT - ON

Board Liaison: Jean-Daniel Breton, CPA, CA, FCIRP, LIT - QC

Members

Christopher Galea, CPA, CA, CIRP, LIT - ON

Hon. Yoine Goldstein - QC

Phil Reynolds, CPA, CA, CIRP - ON

Alain Tardif - QC

Robert Klotz - ON

“

I would like to acknowledge and thank each of the Committee members. Their dedication and expertise serve the interests of the insolvency community very well.



Sharon Hamilton, CPA, CA, CIRP, LIT

Board Chairs

1979-80 L. Claude Mercure, CPA, CA, FCIRP (ret.)
1980-81 Keith G. Collins, FCA, CA, FCIRP
1981-82 Ian K. Strang, FCA, FCIRP
1982-83 C. Garth MacGirr, FCPA, FCA, FCIRP (ret.)
1983-84 Donald J. Henfrey, FCPA, FCA, FCIRP (ret.)
1984-85 Gary F. Colter, FCPA, FCA, FCIRP (ret.)
1985-86 John J. Swidler, FCPA, FCA
1986-87 Beverly W. Fowler, CPA, CA, FCIRP (ret.)
1987-88 Alan G. Driver, CPA, CA, FCIRP (ret.)
1988-89 George B. Lomas, FCPA, FCA, FCIRP
1989-90 Terence M. McMullen, FCPA, FCA, FCIRP (ret.)
1990-91 Jean-Guy Daoust, CPA, CA, CIRP
1991-92 J. Alan MacKinnon, FCPA, FCA, FCIRP (ret.)
1992-93 Uwe Manski, FCPA, FCA, FCIRP (ret.)
1993-94 William J. Drake, FCPA, FCA, CIRP
1994-95 Gilles Campeau, CPA, CA, FCIRP (ret.)
1995-96 Stephen H. Barnes, FCIRP (ret.)
1996-97 Ralph W. Peterson, CPA, CA, FCIRP (ret.)
1997-99 Robert O. Sanderson, FCPA, FCA, FCIRP (ret.)
1999-01 Peter D. Wedlake, LL.B., FCIRP
2001-03 Larry W. Prentice, FCPA, FCA, FCIRP
2003-05 William Alan Courage, CPA, CA, FCIRP
2005-07 Claude Gilbert, FCPA, FCA, FCIRP
2007-09 Alan H. Spergel, CPA, CA, CFE, FCIRP
2009-11 Kevin Brennan, CPA, CA, FCIRP
2011-13 Guylaine Houle, BCL, FCIRP
2013-15 Paul Casey, CPA, CA, FCIRP
2015-16 David Wood, CIRP
2016-17 Larry Prentice, FCPA, FCA, FCIRP, FIIC
2017-19 Chantal Gingras, FCIRP
2019-2021 Mark Rosen, LL.B, FCIRP

CAIRP Staff

PRESIDENT AND CEO

Grant Christensen, FCPA, FCGA

Anne Wettlaufer, FICB (Incoming March 2020)

ADMINISTRATION AND MEMBERSHIP

Steve D'Alessandro, CPA, CGA
Chief Operating Officer

Mirela Bolentiru, CAE*
Coordinator, Member Services and Corporate Governance

Anh Nguyen
Administrative Assistant

EDUCATION

Gina Létourneau
Director, Education Programs

Isabelle Gauthier
Registrar and Manager, CQP

Benjamin Lecointre
Educational and Technical Assistant

COMMUNICATIONS

Beatrice Chan
Manager, Communications

PROFESSIONAL DEVELOPMENT

Natalie Alfano
Director, Professional Development

Josephine Song
Events Assistant

*Deceased June 2020



Marla Adams, CPA, CA, CIRP

On behalf of the Board of Directors, I am again pleased to present CAIRP's audited financial statements for the year ended March 31, 2020 (FY20). The following is a summary of the key highlights of CAIRP'S financial results.

Statement Of Financial Position

The Association's liquidity position remains strong, with cash equivalents of \$857,508 and a portfolio of fixed income investments totalling \$2,222,246, as at March 31, 2020. During the year, the Board of Directors approved the Finance Committee's recommendation that investments be reported at amortized cost rather than at fair value. This change in accounting policy more appropriately reflects the Association's policy of holding investments to maturity. As noted in the accompanying notes to the financial statements, this change in accounting policy was applied retroactively, with mandatory restatement of the prior period for consistency in the comparative information. The former policy required the periodic recognition of unrealized gains and losses, which, over the course of holding investments from acquisition to maturity, accumulated to nil, resulting in temporary changes in the value of investments which were never intended to be realized.

Total cash equivalents and investments increased from \$2,896,383 last year (restated to exclude unrealized gains previously reported under the former policy) to \$3,079,754 primarily due to cash generated from operations.

The association's investment policy of investing exclusively in fixed-income instruments issued by Schedule 1 Canadian financial institutions and Canadian provincial governments continues to serve the Association well, particularly as the unfavourable impact of the COVID-19 pandemic impacted global equity markets.

With collections remaining current, there were no receivables to report. Prepaid expenses decreased from \$155,428 to \$142,438 as the prior year included early

deposits related to securing venues for events scheduled in autumn 2020. Capital assets decreased from \$176,201 to \$156,750 as amortization outpaced the level of additional capital investments required. Investment in the new association management software (AMS) and website which were launched in June 2019 were not capitalized, but rather, fully expensed, consistent with accounting guidance for cloud-based solutions.

Accounts payable and accrued liabilities increased from \$193,728 to \$269,361 primarily due to delays in effecting payment to one vendor experiencing challenges with their billing system. Deferred revenue decreased from \$173,934 to \$93,075 as a result of the cancellation of the Spring 2020 in-person regional forums due to the COVID-19 pandemic.

Statement Of Operations

Revenue increased from \$2,628,214 last year to \$2,880,278 primarily due to the introduction of management fees received from ARIL Society Inc., coupled with growth in course and examination fees from increased course enrolment volumes, most notably, the new Practical Course on Insolvency Counselling (PCIC) which was launched in July 2019. Attendance at the Annual Conference held in Quebec City, celebrating CAIRP's 40th Anniversary, were slightly higher than at the event held in PEI in the prior year, driving growth in registration revenue. Member dues increased slightly as a result of slight growth in the volume of dues-paying members, and investment income increased over the prior year as more cash was generated within the year from operations. These developments were partially offset by a slight decrease in attendance at the Spring Forums (continuing education seminar fees and sponsorship).

Total expenses increased from \$2,485,006 last year to \$2,712,422 primarily due to higher administration expenses as additional staff were recruited to support the provision of services rendered to ARIL Society Inc. and as the association returned to a full staff complement for the full year following vacancies for part of the prior year. The growth in administration expenses was also the result of a one-time charge for the investment in CAIRP's new website and association management system (AMS), which, as noted above, was fully expensed rather than capitalized, growth in board and com-

mittee meeting expenses resulting from inflationary increases in travel costs, as well as increased credit card processing fees incurred as a result of growth in revenues, and more significantly, to support registration and payment activity on behalf of ARIL Society Inc.

Annual conference and continuing education expenses both increased due to higher speaker costs, with more paid speakers engaged at the annual conference for the 40th anniversary celebration and the introduction of paid speakers at all forum locations. Expenses associated with CQP courses and examinations decreased significantly as one-time costs incurred in the prior year to develop the new PCIC offering were not incurred this year.

Despite the increase in total expenses over the prior year, the Association delivered an operating surplus of \$167,856, significantly surpassing budget expectations.

Statement Of Changes In Net Assets

The operating surplus of \$167,856 generated a corresponding increase in net assets. Net assets internally restricted for the long-term initiative to renew and enhance the CIRP Qualification Program (CQP) did not change within the year as program development costs have yet to be incurred.

Statement Of Cash Flows

The net increase in cash and cash equivalents within the year of \$134,862 was primarily the result of cash generated from operations. The proceeds of disposition and receipt of interest on the investment which matured within the year was reinvested in the long-term investment portfolio.

Statement Of Administration

Total administration expenses increased from \$1,748,639 to \$1,999,099 primarily due to increased personnel to support ARIL, the one-time investment in the website and AMS, increased board and committee travel costs and growth in credit card fees in having assumed responsibility for collection of ARIL Society Inc.'s registration activity, as noted above. Communications expense increased as the Association engaged a new firm to publish its biannual publication, "Rebuilding Success". Amortization expense was higher than the prior year as this year included full year amortization of leasehold improvements which were only amortized

for part of the prior year. Partially offsetting this increase in administration expenses, are lower legal fees relating to slightly lower costs of legal interventions.

Summary

The Association's financial position remains strong, with approximately \$2.9 million in net assets, of which \$1 million has been internally restricted for strategic education program investments.

While COVID-19 has the ability to significantly disrupt business, the Board is confident with current financial forecasts. The Board continues to monitor the impact of the pandemic to ensure that the impact on the Association is minimized. Overall, the Board continues to express confidence that the level of net assets is sufficient to achieve the Association's long-term initiatives and to mitigate the risk of any further unforeseen business challenges.

I would like to thank the members of the Finance Committee as well as Steve D'Alessandro, Chief Operating Officer, for their collective commitment over the course of the year, particularly in light of COVID-19 and the significant challenges it has presented. Your time, effort and counsel is appreciated more than ever in these unprecedented times. It has been honour and a pleasure to serve as your Treasurer this year.

Marla Adams, CPA, CA, CIRP
Treasurer

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

FINANCIAL STATEMENTS

MARCH 31, 2020

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 (the "Association"), which comprise the statement of financial position as at March 31, 2020, 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, 2020, 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 included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the 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.

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.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 10, 2020

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	2020	2019 (note 2)
	\$	\$
ASSETS		
Current assets		
Cash (note 4)	857,508	722,646
Prepaid expenses	142,438	155,428
	999,946	878,074
Investments (note 5)	2,222,246	2,173,737
Capital assets (note 6)	156,750	176,201
	2,378,996	2,349,938
	3,378,942	3,228,012
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	269,361	193,728
Deferred revenue	93,075	173,934
	362,436	367,662
Special Reserve for Lloyd Houlden Memorial Research Fellowship (note 8)	38,818	38,818
Deferred lease incentives (note 9)	86,773	98,473
	125,591	137,291
	488,027	504,953
NET ASSETS		
Invested in capital assets	69,977	77,728
Internally restricted for strategic education program investments (note 10)	1,000,000	1,000,000
Unrestricted	1,820,938	1,645,331
	2,890,915	2,723,059
	3,378,942	3,228,012

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:


Mark Rosen, LL.B., FCIRP
Chartered Insolvency and Restructuring Professional
Chair


Marla Adams, CPA, CA, CIRP
Chartered Insolvency and Restructuring Professional
Treasurer

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Statement of Operations

Year ended March 31	2020 \$	2019 (note 2) \$
Revenues		
Membership fees	1,173,213	1,164,213
Annual conference fees and sponsorship	233,530	217,925
CQP course and examination fees	688,588	620,991
Continuing education seminar fees and sponsorship	509,620	528,225
Investment income (note 11)	95,673	82,641
Management fees (note 12)	165,000	-
Other	14,654	14,219
	2,880,278	2,628,214
Expenses		
Administration (see schedule)	1,999,099	1,748,639
Annual conference	191,156	173,895
CQP courses and examinations	302,165	380,490
Continuing education	220,002	181,982
	2,712,422	2,485,006
Excess of revenues over expenses for year	167,856	143,208

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Statement of Changes in Net Assets

Year ended March 31

	Invested in capital assets \$	Internally restricted for general contingency \$	Internally restricted for strategic education program investments \$	Unrestricted \$	2020 Total \$
Balance, beginning of year	77,728	-	1,000,000	1,645,331	2,723,059
Excess of revenues over expenses for year	-	-	-	167,856	167,856
Amortization of capital assets	(32,385)	-	-	32,385	-
Purchase of capital assets	12,934	-	-	(12,934)	-
Amortization of deferred lease incentives	11,700	-	-	(11,700)	-
Balance, end of year	69,977	-	1,000,000	1,820,938	2,890,915

The accompanying notes are an integral part of these financial statements

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Statement of Changes in Net Assets

Year ended March 31

	Invested in capital assets \$	Internally restricted for general contingency \$	Internally restricted for strategic education program investments \$	Unrestricted \$	2019 Total (note 2) \$
Balance, beginning of year	38,686	1,200,000	-	1,341,165	2,579,851
Excess of revenues over expenses for year	-	-	-	143,208	143,208
Amortization of capital assets	(21,544)	-	-	21,544	-
Purchase of capital assets	159,059	-	-	(159,059)	-
Receipt of lease incentives	(103,348)	-	-	103,348	-
Amortization of deferred lease incentives	4,875	-	-	(4,875)	-
Inter-fund transfers (note 10)	-	(1,200,000)	1,000,000	200,000	-
Balance, end of year	77,728	-	1,000,000	1,645,331	2,723,059

The accompanying notes are an integral part of these financial statements

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Statement of Cash Flows

Year ended March 31	2020 \$	2019 (note 2) \$
Cash flows from operating activities		
Excess of revenues over expenses for year	167,856	143,208
Adjustments to determine net cash provided by (used in) operating activities		
Amortization of capital assets	32,385	21,544
Interest capitalized on investments	(47,988)	(59,271)
Receipt of prior year interest capitalized on investments	164,275	-
Amortization of deferred lease incentives	(11,700)	(4,875)
	304,828	100,606
Change in non-cash working capital items		
Decrease (increase) in prepaid expenses	12,990	(38,556)
Increase (decrease) in accounts payable and accrued liabilities	75,633	(2,355)
Decrease in deferred revenue	(80,859)	(69,770)
	312,592	(10,075)
Cash flows from investing activities		
Purchase of capital assets	(12,934)	(159,059)
Receipt of lease incentives - tenant inducements	-	103,348
Purchase of investments	(387,350)	(800,000)
Proceeds from disposal of investments	222,554	-
	(177,730)	(855,711)
Net change in cash	134,862	(865,786)
Cash, beginning of year	722,646	1,588,432
Cash, end of year	857,508	722,646

The accompanying notes are an integral part of these financial statements

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Schedule of Administration Expense

Year ended March 31	2020 \$	2019 \$
Amortization of capital assets	32,385	21,544
Audit, legal and consulting	76,438	84,923
Committees	173,177	132,635
Insol International	51,157	52,484
Communication (note 12)	157,759	137,766
Office, printing, postage, courier and sundry	256,169	222,959
Rent	150,382	147,591
Salaries and benefits	1,101,632	948,737
	1,999,099	1,748,639

The accompanying notes are an integral part of these financial statements

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Notes to Financial Statements

March 31, 2020

Nature and description of the organization

The Canadian Association of Insolvency and Restructuring Professionals / l'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.

Annual conference

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

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.

Course, examination and continuing education seminar 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.

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Notes to Financial Statements (continued)

March 31, 2020

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.

(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 deferred tenant inducements used to purchase capital assets.

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Notes to Financial Statements (continued)

March 31, 2020

1. Significant accounting policies (continued)

(d) Related party transactions

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 in the normal course of business are initially recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

(e) Financial instruments

Measurement of financial assets and liabilities

The Association initially measures its financial assets and financial liabilities, with the exception of related party transactions, 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 at amortized cost.

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

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Notes to Financial Statements (continued)

March 31, 2020

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. Investments that mature within twelve months from the year-end date are not classified as current as there is an intention to re-invest the proceeds of all investments at maturity in new investments.

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Notes to Financial Statements (continued)

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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 recognized in these financial statements.

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Notes to Financial Statements (continued)

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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. Change in accounting policy

The Association changed its accounting policy for investments from the fair value method to the amortized cost method to better reflect the Association's investment policy of holding fixed income instruments until maturity. This change in accounting policy was applied retrospectively with restatement of the prior year as follows:

	Previously reported \$	Adjustments \$	Restated \$
Statement of Financial Position			
Investments	2,224,972	(51,235)	2,173,737
Net assets unrestricted	1,696,566	(51,235)	1,645,331
Statement of Operations			
Investment income	85,672	(3,031)	82,641
Statement of Changes in Net Assets			
Unrestricted, beginning of year	1,389,369	(48,204)	1,341,165
Unrestricted, excess of revenues over expenses for year	146,239	(3,031)	143,208
Unrestricted, end of year	1,696,566	(51,235)	1,645,331

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Notes to Financial Statements (continued)

March 31, 2020

3. 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	
Accounts payable and accrued liabilities		X			

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 Association does not hold directly any collateral as security for financial obligations of counterparties.

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

	2020 \$	2019 \$
Cash	857,508	722,646
Investments	2,222,246	2,173,737
	<u>3,079,754</u>	<u>2,896,383</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.

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Notes to Financial Statements (continued)

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3. Financial instrument risk management (continued)

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 Association's liquidity 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.

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.

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4. Cash

	2020	2019
	\$	\$
Cash	117,303	79,638
Investment savings account - 0.40%	24,664	-
Premium investment account - 0.30% (2019 - 1.20%)	715,541	643,008
	857,508	722,646

5. Investments

	Maturity Value	2020	2019
	\$	\$	\$
Province of Ontario - 4.42% - due 11/03/19	387,319	-	377,547
Royal Bank of Canada - 2.90% - due 11/16/20	250,000	252,741	252,741
Bank of Montreal - 2.90% - due 11/16/20	250,000	252,741	252,741
Province of Quebec - 4.38% - due 06/01/21	418,089	399,716	383,057
Province of Saskatchewan - 2.86% - due 05/30/22	325,393	306,136	297,631
Bank of Montreal - 2.11% - due 11/04/22	193,675	195,332	-
Bank of Nova Scotia - 3.35% - due 11/04/23	300,000	303,800	303,800
Bank of Montreal - 2.16% - due 11/16/23	193,675	195,371	-
Province of British Columbia - 3.33% - due 08/23/24	365,390	316,409	306,220
		2,222,246	2,173,737

6. Capital assets

	Cost	Accumulated Amortization	2020 Net
	\$	\$	\$
Computer equipment	187,926	148,456	39,470
Furniture and fixtures	91,437	72,062	19,375
Leasehold improvements	416,393	318,488	97,905
	695,756	539,006	156,750

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Notes to Financial Statements (continued)

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6. Capital assets (continued)

	Cost	Accumulated Amortization	2019 Net
	\$	\$	\$
Computer equipment	174,992	131,551	43,441
Furniture and fixtures	91,437	69,783	21,654
Leasehold improvements	416,393	305,287	111,106
	<u>682,822</u>	<u>506,621</u>	<u>176,201</u>

7. Accounts payable and accrued liabilities

	2020	2019
	\$	\$
Trade payables and accrued liabilities	241,693	180,410
Government remittances	27,668	13,318
	<u>269,361</u>	<u>193,728</u>

8. Special Reserve for Lloyd Houlden Memorial Research Fellowship

	2020	2019
	\$	\$
Lloyd Houlden Memorial Research Fellowship	<u>38,818</u>	<u>38,818</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 2020 or fiscal 2019.

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Notes to Financial Statements (continued)

March 31, 2020

9. Deferred lease incentives

	Cost	Accumulated Amortization	2020 Net
	\$	\$	\$
Tenant inducements	103,348	16,575	86,773

	Cost	Accumulated Amortization	2019 Net
	\$	\$	\$
Tenant inducements	103,348	4,875	98,473

Pursuant to the lease agreement for the Association's office premises, lease incentives totaling \$103,348, comprised of tenant inducements, to purchase capital assets, were received in the prior year.

10. Net assets internally restricted

The Board of Directors of the Association previously determined that the Association would maintain internally restricted net assets to enable the Association to have time to react to financial or other trends that might impact the long-term ability of the Association to carry out its strategic objectives.

During the prior year, the Board of Directors reviewed and restated the purpose of the internally restricted net assets of the Association. As a result, the Board of Directors approved that the previous \$1,200,000 of net assets internally restricted for general contingency be replaced with a \$1,000,000 internal restriction of net assets for strategic education program investments and the residual \$200,000 be transferred to unrestricted net assets.

11. Investment income

	2020	2019
	\$	\$
Interest from cash	22,645	23,371
Interest from investments	73,028	59,270
	<u>95,673</u>	<u>82,641</u>

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Notes to Financial Statements (continued)

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12. Related party transactions

The Association has as a related party, ARIL Society Inc. (the "Society"), by virtue of the Association having representation on the Board of Directors of the Society, significant inter-organization transactions and an interchange of managerial personnel with the Society, all of which enable 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.

Effective February 1, 2019, the Association entered into an agreement with the Society to provide management, administrative and support services to the Society, including the collection of revenues and payment of expenses on behalf of the Society. The agreement expires March 31, 2021.

Transactions and balances with the Society are as follows:

Revenues (expenses) of the Association

	2020	2019
	\$	\$
Management fees	165,000	-
Sponsorship (included in communication expenses)	(15,000)	-

Collected (paid) by the Association on behalf of the Society

	2020	2019
	\$	\$
Revenues	630,210	15,000
Expenses	(219,432)	(15,000)

There is no balance due to or from the Society at March 31, 2020 or March 31, 2019.

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Notes to Financial Statements (continued)

March 31, 2020

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:

	<u>\$</u>
2021	159,008
2022	159,008
2023	161,161
2024	162,699
2025	162,699
Subsequent years	<u>393,189</u>
	<u><u>1,197,764</u></u>

14. Impact of COVID-19

During March 2020, the global pandemic of the virus known as COVID-19 led the Canadian Federal government, as well as provincial and local governments, to impose measures, such as restricting foreign travel, mandating self-isolations and physical distancing and closing non-essential businesses. Because of the high level of uncertainty related to the outcome of this pandemic, it is difficult to estimate the financial effect, if any, on the Association. No adjustments have been made in the financial statements as a result of these events.

The fiscal 2021 in-person annual conference and in-person continuing education seminars have been cancelled as a result of the pandemic. The Association is preparing to offer continuing education and annual conference opportunities and content in an online, rather than in-person, format.

