

# DOING MORE TOGETHER, BETTER

**CAIRP**  
ANNUAL REPORT  
2018/2019



**CAIRP**  
Rebuilding Success • Rétablir le succès

Canadian Association of Insolvency and Restructuring Professionals

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.

## VISION

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

## 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.

## 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 alternative perspectives.
- **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.

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REPORT**  
2018/2019

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## CHAIR'S MESSAGE



**Chantal Gingras**  
CIRP, LIT  
Chair

I am honoured to present the Annual Report for CAIRP's 2018/19 fiscal year on behalf of the Board of Directors. As you review this report, I trust you will agree CAIRP has continued to make significant advancements towards achieving the Board's strategic goals and the interests of Canada's insolvency and restructuring system.

This Chair's Message provides a broad overview of your Association's performance, achievements and challenges over the past year. For more detailed information, I encourage you to review the committee reports, membership data, and audited financial report also contained within this Annual Report.

### **Finance & Operations**

Financially, CAIRP has achieved a strong financial position as evidenced by the audited surplus of \$146,000 and a healthy net equity balance of just over \$2.77 million. CAIRP has fully implemented best practice financial controls and budgeting procedures that ensure its financial stability and a high level of going forward certainty. This year's surplus delivers a favourable variance compared to budget, primarily due to better than expected professional development revenues and lower than budgeted administrative costs.

Notably, CAIRP's financial stability was achieved without increases to member dues, professional development prices or CQP fees. Considering CAIRP's healthy financial position, the Board approved a 0% change to member dues and professional development fees for a fourth and third consecutive year respectively. As well, the Board committed to a balanced budget approach for CAIRP operations. The strength of CAIRP's net equity balance position provided the Board an opportunity

to approve a significant investment to redevelop the CIRP Qualification Program over the next two years.

With regard to member dues revenue, it is important to note that the number of CAIRP's regular members dipped for a fourth consecutive year to 951. The decline appears to be a reflection of the insolvency market, in particular the ongoing drop in business filings. While the resulting reduction in member dues revenue has been manageable from a financial perspective, a long-term decline in membership is obviously not sustainable without changes to services or dues. To minimize this risk, the Board and staff are proactively implementing strategic efforts to improve membership retention, increase the flow-through of candidates to certification and raise staff productivity through the use technology innovations.

During the year, CAIRP staff continued to research solutions for upgrading its aging database and website system technologies. A new system was selected late in the fiscal year and is being launched through the early summer and into the fall of 2019. Once the new system is fully operational, members, candidates, staff and the public alike will realize a significantly improved user experience.

A priority for the past year was to implement a communications strategy that begins to improve the quality and effectiveness of the information CAIRP communicates to members and as well, helps build and reinforce CAIRP's reputation and brand as a leader of Canada's insolvency and restructuring profession. One component of the strategy was to strengthen the value of CAIRP's newsletter content. With the support of members and other insolvency professionals who took the time to author timely and meaningful articles, newsletter improvements led to a significant increase in membership readership over the year, with an average of 66% of members opening the January, February and March newsletters! Another key component of CAIRP's communication strategy was to launch a media relations campaign intended to help raise the public profile of CAIRP and LITs. The campaign resulted in six media releases being circulated between November and March. Over 60 different media outlets from across Canada published the CAIRP releases, resulting in over 170 print, online, television and radio media mentions. With these successes, the Board approved a budget to conduct a second media campaign over the fall and winter of 2019/20.

## Governance

The Governance Committee, Board and staff invested considerable time the past year to establish and entrench best practices in governance. The CAIRP Bylaws were thoroughly reviewed and amended to improve their clarity and consistency with the Canada Not-For-Profit Corporations Act and best practices. The Governance Committee also reviewed and updated the Rules of Professional Conduct to ensure consistency with current standards. The CAIRP membership unanimously endorsed the Bylaw and Rules changes at the Annual General Meeting.

As a part of the annual planning process, the Board affirmed CAIRP's six high level goals and then supported them with strategies, action plans and the budget:

- Highly **engaged membership**.
- Relevant, effective, and engaging CQP, PCI 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.

To help the Board monitor and objectively evaluate CAIRP's success towards achieving these goals, key performance indicators (KPI) were established as quantitative and qualitative measures.

## Student Education

The performance of candidates in the CIRP Qualification Program (CQP) continued to show steady, though modest, improvement. The 2018 CNIE pass rate of 51% was the highest in the past 4 years. The pass rate was 58% for candidates who attended the Tutorial session. Candidates holding a CPA designation achieved a pass rate of 70%. Over 78% of candidates who were eligible to re-enrol in the CQP program did so, exceeding the KPI target of 75%.

CAIRP believes candidate performance can be further improved with the integration and implementation of innovative changes to the CQP learning approach. In consideration, the CQP Committee and Board

agreed to undertake an ambitious initiative to redevelop the CIRP Qualification Program, with the goal of significantly improving candidates' learning experience and performance, while maintaining CAIRP's rigorous certification standards.

Program improvements that included upgrading the learning management system platform to D2L, developing and delivering a series of online webinars, and launching the first computer written CNIE were all completed during the past year. Going forward, the Board approved a \$700,000 investment that over the next two years will see CAIRP:

- Review and upgrade the competency profile and directly map it to the course content;
- Redesign the program structure into more learnable modules; and
- Integrate best practice online learning resources.

## Professional Development

CAIRP's Forums, Exchange, and Annual Conference continue to be a key value of CAIRP membership. During the year, over 62% of CAIRP's membership attended a CAIRP event and 84% rated the sessions as having met or exceeded their expectations. Further, over 1000 insolvency professionals attended a CAIRP event during the past year!

All who attended the Annual Conference held in beautiful Charlottetown, PEI were treated to an exceptional experience of professional development and networking. The mouth-watering clam chowder and lobster dinner, held on a private beach of warm soft sand, along with the ambiance of live music around an open fire, was an unforgettable social evening highlight for all in attendance. For CAIRP's 40th anniversary conference in 2019, the Board selected the historic Fairmont Le Château Frontenac hotel in Quebec City. I encourage all members to attend what will be an outstanding event, venue and celebration!

CAIRP played an integral role in helping to ensure an orderly and successful succession of the *Annual Review of Insolvency Law* conference by agreeing to provide management services for the newly incorporated ARIL Society Inc. The ARIL Board includes 6 CAIRP members, including Michelle Grant who will co-chair the 2020 ARIL Conference being held February 7th in Vancouver's JW Parq Marriott.



## Advocacy

CAIRP responded to several requests from various authorities for advice and support during the year. Corporate Practice Committee members supported the development of a CAIRP submission in response to a Retirement Security Consultation by Innovation, Sciences, and Economic Development Canada. As well, the CPC commented on a CBCA/OBCA Interim and Final Order drafted by the Commercial List Users' Committee. CAIRP also acted as an intermediary between the CIBC, CRA and members to provide guidance on handling refund cheques and T5 slips that had been sent in error by the CIBC.

CAIRP intervened in four court case appeals of national interest to members: Callidus, Canada North Group Inc., Redwater Energy, and Lapointe. The outcomes for Callidus and Lapointe were generally favourable to the insolvency community. For more information on each case, I encourage you to read the commentary provided in the CAIRP newsletters. I expect a decision on Canada North Group Inc. will be released by the time you read this annual report.

## OSB Relations

New OSB Superintendent, Elisabeth Lang, was welcomed into the insolvency community last fall. Since her placement, CAIRP and the OSB have maintained highly collaborative relations with regularly scheduled communications and consultations. Under the Superintendent's leadership, two important committees have been reintroduced, a CAIRP/OSB/CRA Liaison Committee and a Consumer Practice Liaison Committee (with representation from OSB, CAIRP, Debtors, and Creditors). Throughout the year, the OSB and CAIRP consulted on a number of initiatives including possible amendments to the Counselling Directive and Record Search System and as well, development of the new PCIC course for BIA Insolvency Counsellors. During the final quarter of the year, CAIRP reworked a Supplemental Draws Proposal to help improve cash flows for consumer practitioners, which was submitted to the OSB the first week of May.

## Final Thoughts

By any measure, I believe CAIRP's performance over the past year is one that all members can be proud of. As demonstrated by the audited financial results, CAIRP is operating efficiently and as confirmed by such examples at the collaborative relations CAIRP has nurtured with the OSB, CAIRP's key role in the transition of ARIL and a highly successful media campaign, CAIRP's profile has made significant advancements across the insolvency profession. While the challenges that continue to face our profession seem limitless, I am confident CAIRP has created a solid governance and staff/volunteer foundation that will serve members well going forward.

In closing, I must take a moment to recognize the unselfish contributions of our many members who enrich CAIRP with their time and expertise, providing CAIRP the opportunity to exceed what is normally expected of a small member association. CAIRP is very fortunate to be in the position of engaging so many talented and committed members who faithfully step up to serve on committees and provide services as sponsors, mentors and educators. Heartfelt thanks to all our members and other insolvency professionals who have helped advance the interests of CAIRP and its membership through their volunteerism. As Chair of the Board, I am grateful for the opportunity to have experienced first-hand how well our members work together to drive CAIRP forward and as well, to work closely with a dedicated Board of Directors and Executive Committee members. So, while the challenges of our profession may be limitless, so too are the opportunities for CAIRP and its membership - I feel very confident we are moving in the right direction to realize CAIRP's full potential.

**Chantal Gingras**, CIRP, LIT  
*Chair*

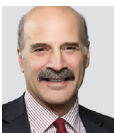
# BOARD OF DIRECTORS

## EXECUTIVE



### CHAIR

Chantal Gingras, CIRP, LIT  
Gatineau QC



### VICE-CHAIR

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



### TREASURER

Marla Adams, CPA, CA, CIRP  
Saskatoon SK



### SECRETARY

George Kinsman, CIRP, LIT  
Halifax NS



### EXECUTIVE-AT-LARGE

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



### PRESIDENT AND CHIEF OPERATING OFFICER

Grant Christensen, FCPA, FCGA  
Toronto ON

## PROVINCIAL REPRESENTATIVES



### ALBERTA

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



### BRITISH COLUMBIA

Jennifer McCracken, CIRP, LIT  
Surrey BC



### MANITOBA

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



### NEW BRUNSWICK

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



### NEWFOUNDLAND and LABRADOR

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

## PROVINCIAL REPRESENTATIVES cont.



### NOVA SCOTIA

George Kinsman, CPA, CA, CIRP, LIT  
Halifax NS



### ONTARIO

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



### ONTARIO

Kathy Lenart, CIRP, LIT  
Hamilton ON



### QUEBEC

Emmanuel Phaneuf, CIRP, LIT  
Montréal QC



### QUEBEC

Nathalie Brault, CPA, CMA, CIRP, LIT  
Laval QC



### SASKATCHEWAN

Victoria Doell, CIRP, LIT  
Saskatoon SK

## CPA CANADA REPRESENTATIVE



Jorden Sleeth, CPA, CA, CIRP, LIT  
Toronto ON

## NEW MEMBER REPRESENTATIVE



Patricia Marshall, CIRP, LIT  
Vancouver BC

## OUTSIDE DIRECTORS



Robert Klotz, LL.B.  
Toronto ON



Richard Schwartz, LL.B.  
Winnipeg MB

## SPECIAL ADVISOR



Hon. Yoine Goldstein, B.A., B.C.L.  
(Hons.), D.E.C.D., D. de l'U. de Lyon  
(Hons.), L.L.D., Ad.E., Hons. CIRP  
Montréal QC

## 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, CIRP, LIT

## CAIRP STAFF

### **PRESIDENT AND CEO**

Grant Christensen, FCPA, FCGA

### **ADMINISTRATION AND MEMBERSHIP**

Steve D'Alessandro, CPA, CGA  
Chief Operating Officer

Mirela Bolentiru, CAE  
Coordinator, Member Services and Corporate Governance

### **EDUCATION**

Gina Létourneau  
Director, Education Programs

Benjamin Lecointre  
Educational and Technical Assistant

Isabelle Gauthier  
Registrar and Manager CQP

### **COMMUNICATIONS**

Coralie Millet  
Communications Manager

Beatrice Chan  
Manager, Communications and Membership

### **EVENTS**

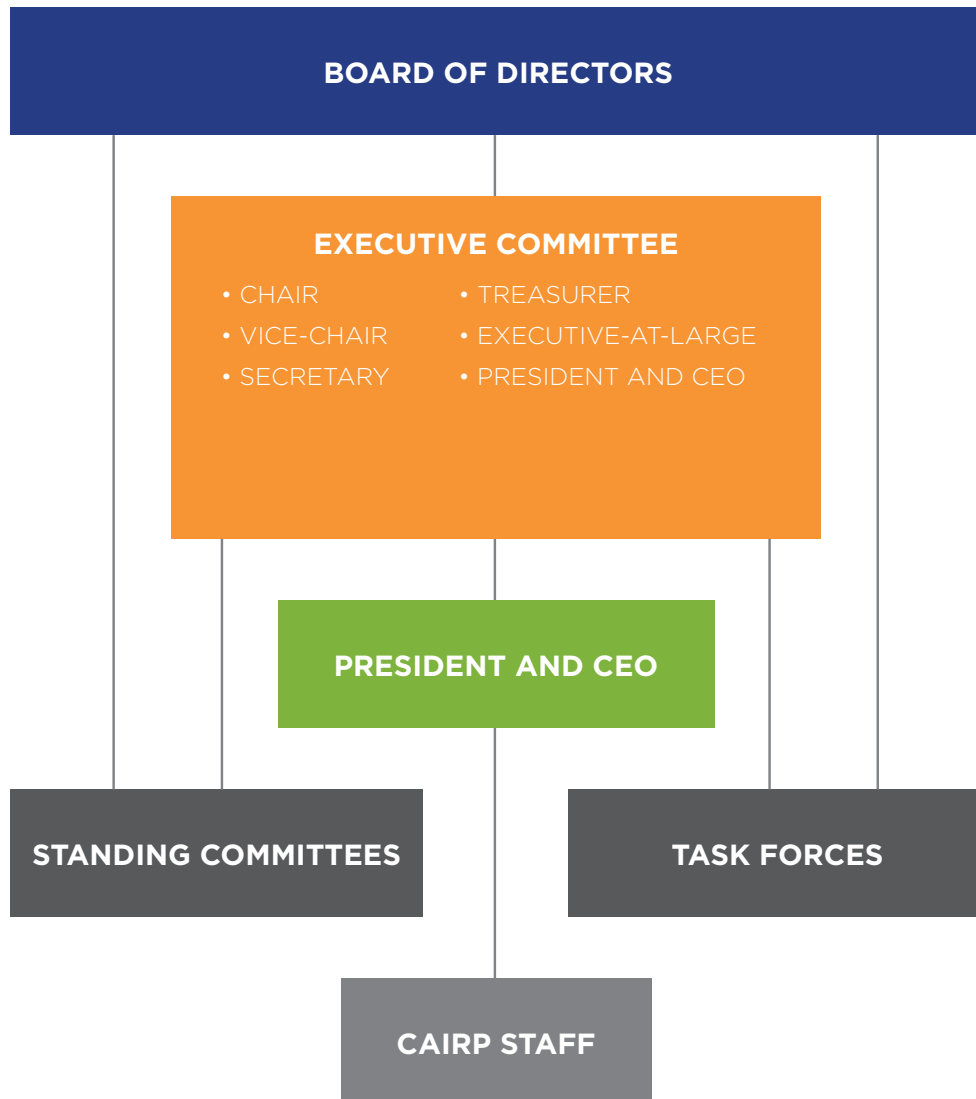
Natalie Alfano  
Director, Professional Development



# CAIRP ORGANIZATION STRUCTURE

2018-2019

CAIRP relies on the generous contributions of the volunteers who give their expertise and time to our many committees and task forces. The following reports describe some of the important activities that took place in 2018-2019.



## 2018-2019 CAIRP COMMITTEES

### ANNUAL CONFERENCE COMMITTEE

*Rob Hunt, FCIRP, LIT	NS
Kimberley Burke, CIRP, LIT	NS
Matthew Golding, CIRP, LIT	NS
Ben Durnford	NS
Derrick Hutchens, CIRP, LIT	NL
Walter MacKinnon, CIRP, LIT	PEI

### CIRP QUALIFICATION PROGRAM COMMITTEE

*Timothy Carson, CIRP (ret.)	ON
Andrew Dalgleish, CIRP, LIT	QC
Christopher Mediratta, CIRP, LIT	ON
Gillian Goldblatt, CIRP, LIT	ON
Jean-Daniel Breton, FCIRP, LIT	QC
Leanna Knox-Kinsman	ON
Professor Gail Fayerman	QC
Simone Carvalho, CIRP, LIT	ON
Vanessa Allen, CIRP, LIT	AB

### CNIE BOARD

*Lee Close, CIRP, LIT	ON
*Naida Kornuta, CIRP, LIT	SK
Dan Woo, CIRP, LIT	AB
John Delo, CIRP, LIT	ON
Kyle Harris, CIRP, LIT	ON
Melanie Fuller, CIRP, LIT	ON
Michael Krieger, CIRP, LIT	ON
Stephan Moyneur, CIRP, LIT	QC

### CONSUMER PRACTICE COMMITTEE

*André Bolduc, CIRP, LIT	ON
Brenda Wood, CIRP, LIT	NS
Chantal Gingras, CIRP, LIT	QC
David Smith, CIRP, LIT	AB
Douglas Collins, CIRP, LIT	MB
Guylaine Houle, CIRP, LIT	QC
Jennifer McCracken, CIRP, LIT	BC
Lana Gilbertson, CIRP, LIT	BC
Larry Crandall, CIRP, LIT	NB
Noel Andrews, CIRP, LIT	NL
Vicki Doell, CIRP, LIT	SK

### CORE KNOWLEDGE EXAM BOARD

*Michael Braga, CIRP, LIT	ON
Adam Laiken, CIRP, LIT	ON
Bonnie Bryan, CIRP, LIT	ON
Jonathan McNair, CIRP, LIT	BC
Lynn DeLaBarre, CIRP, LIT	BC
Mina Rastan, CIRP, LIT	ON
Noel Andrews, CIRP, LIT	NL
Solange de Billy-Tremblay, CIRP, LIT	QC
Tania Daher, CIRP, LIT	QC

### CORPORATE PRACTICE COMMITTEE

*Jonathan Krieger, CIRP, LIT	ON
Emmanuel Phaneuf, CIRP, LIT	QC
Eugene Migus, CIRP, LIT	ON
Joseph Healey, CIRP, LIT	MB
Stephen Ferguson, CIRP, LIT	ON

\*Chair

## 2018-2019 CAIRP COMMITTEES

### (CONTINUED)

#### COURSE MATERIAL REVIEW COMMITTEE

*Matthew Lem, CIRP, LIT	ON
Andrew Dalgleish, CIRP, LIT	QC
Daniel Budd, CIRP, LIT	QC
Gloria Breen, CIRP, LIT	ON
Jean-Daniel Breton, FCIRP, LIT	QC
Lisa Breault, CIRP, LIT	BC
Anna Koroneos, CIRP, LIT	ON
Tom McElroy, CIRP, LIT	ON

#### DISCIPLINE COMMITTEE

*Peter Wedlake, FCIRP, LIT	NS
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#### EDITORIAL ADVISORY BOARD

*Bill Courage, FCIRP, LIT	ON
Jeffrey Lee, Q.C.	SK
John Haralovich, CIRP, LIT	ON
Lana Gilbertson, CIRP, LIT	BC
Mark Rosen, FCIRP, LIT	NS
Martin Rosenthal, CIRP, LIT	QC
Mary BATTERY	BC
Paul Casey, FCIRP, LIT	ON
Sanjeev Mitra	ON

#### EXAM OVERSIGHT COMMITTEE

*Mark Wentzell, CIRP, LIT	BC
Bridget van Wyk, CIRP, LIT	BC
Deane Gurney, CIRP, LIT	BC
Jean-Daniel Breton, FCIRP, LIT	QC
Julie Wildman, CIRP, LIT	ON
Kristin Gray, CIRP, LIT	AB
Sheri Aberback, CIRP, LIT	QC
Simone Carvalho, CIRP, LIT	ON

#### FINANCE COMMITTEE

*Marla Adams, CIRP, LIT	SK
Craig Munro, CIRP, LIT	BC
John Page, CIRP, LIT	ON
Jorden Sleeth, CIRP, LIT	ON

#### GOVERNANCE COMMITTEE

*George Kinsman, CIRP, LIT	NS
Chantal Gingras, CIRP, LIT	QC
Mark Rosen, FCIRP, LIT	NS
Marla Adams, CIRP, LIT	SK

#### HONOURS AND AWARDS NOMINATING COMMITTEE

*Donna Collins, FCIRP, LIT	MB
Bill Courage, FCIRP, LIT	ON
Chantal Gingras, CIRP, LIT	QC
David Johnson, FCIRP	MB
Guyline Houle, FCIRP, LIT	QC
Larry Prentice, FCIRP	BC
Peter Wedlake, FCIRP, LIT	NS

#### INSOLVENCY & RESTRUCTURING EXCHANGE COMMITTEE

*Brad Newton, CIRP, LIT	ON
Adam Erlich, CIRP, LIT	ON
Alex MacFarlane	ON
Allen Yao, CIRP, LIT	ON
Caryl Newbery-Mitchell, CIRP, LIT	ON
John Athanasiou, CIRP, LIT	ON
Jorden Sleeth, CIRP, LIT	ON
Paul Ihnatiuk, CIRP, LIT	ON
Stefano Damiani, CIRP, LIT	ON
Supriya Sarin, CIRP, LIT	ON

\*Chair

## 2018-2019 CAIRP COMMITTEES (CONTINUED)

### INSOLVENCY & RESTRUCTURING FORUMS COMMITTEE

\*Michelle Grant, CIRP, LIT  
Matthew Golding, CIRP, LIT  
Kimberley Burke, CIRP, LIT  
George Kinsman, CIRP, LIT  
John Fritz, CIRP, LIT  
Guylaine Houle, FCIRP, LIT  
Angela Lock, CIRP, LIT

### INTERVENTION COMMITTEE

\*Sharon Hamilton, CIRP, LIT  
Alain Tardif  
Christopher Galea, CIRP, LIT  
Hon. Yoine Goldstein, Hons. CIRP  
Jean-Daniel Breton, FCIRP, LIT  
Mark Rosen, FCIRP, LIT  
Peter Wedlake, FCIRP, LIT  
Phil Reynolds, CIRP, LIT

### MEDIA COMMUNICATIONS COMMITTEE

\*Mary Ann Marriott, CIRP, LIT  
Chelsea Taylor, CIRP, LIT  
Crystal Buhler, CIRP, LIT  
Debora Kwasnicky, CIRP, LIT  
Nathalie Brault, CIRP, LIT  
Shelley Koehli, CIRP, LIT

### OSB/CRA/CAIRP LIAISON COMMITTEE

	André Bolduc, CIRP, LIT	ON
BC	Chantal Gingras, CIRP, LIT	QC
NS	Jonathan Krieger, CIRP, LIT	ON
NS	Mark Rosen, FCIRP, LIT	NS
NS	Michael Wright, CIRP, LIT	BC

### PROFESSIONAL CONDUCT COMMITTEE:

	*Colleen Craig, CIRP, LIT	BC
	John Haralovich, CIRP, LIT	ON
ON	Joseph Healey, CIRP, LIT	MB
QC	Mario Mainella, CIRP, LIT	BC
ON	Marla Adams, CIRP, LIT	SK
QC	Noel Andrews, CIRP, LIT	NL
QC	Robert Johnson, CIRP, LIT	NB
NS	Sandy Lyons, CIRP, LIT	AB
NS	Sheri Aberback, CIRP, LIT	QC
ON	Stanley Hopkins, CIRP, LIT	NS

\*Chair

# ANNUAL CONFERENCE COMMITTEE

*"Your License to Explore."* This was the theme of CAIRP's 39th Annual Conference that took place from August 16 to 18, 2018 in Charlottetown, Prince Edward Island. By many accounts, delegates and their guests used the conference as an opportunity to explore the Island made famous by one of its most admired characters, Anne of Green Gables.

Our opening reception at the Charlottetown Convention Centre on the Charlottetown waterfront provided our members and guests with a beautiful venue to socialize, while enjoying live entertainment from PEI's own Richard Wood Trio.

The conference opened with local comedian, Patrick Ledwell, who provided hilarious insights on what it's like to be an "Islander". It is fair to say that the audience was wide awake as the technical sessions started immediately thereafter, although BMO Economist Douglas Porter commented that he had the unenviable position of following up humour with economics. In spite of this, the audience was fully engaged listening to Mr. Porter's insights on local, national and international factors affecting these economies.

Our attendees were treated to an esteemed panel of judges. Honourable Justice Geoffrey Morawetz, Honourable Justice Barbara Romaine and Honourable Justice Darrell Stephenson engaged in a discussion of recent developments, trends and practices before the courts. As well, Honourable David MacAdam, QC, lead a panel speaking on bankruptcy trends in student loan debt.

All totalled, the conference offered 5 plenary and 12 breakout sessions provided by 41 speakers from the trustee, legal, banking, counselling, education and transportation sectors as well as from Canada Revenue Agency and the Office of the Superintendent of Bankruptcy. The attendees expressed their gratitude to the speakers and panelists for sharing their expertise, knowledge and time with them.

Due to a rainstorm predicted for Saturday, the signature event of the conference, Dining in the Dunes dinner, was moved to Friday evening. The hotel, working with its contractors, was able to shift the date with one day's notice. The dinner of fresh



PEI lobster cooked and eaten on the beach, along with delicious seafood chowder and PEI mussels as well as steak, was held on a spectacular private beach on the north shore of Prince Edward Island. Rolling waves, a beautiful sunset and a bonfire with a couple of local musicians made the venue perhaps one of the most memorable in CAIRP's history.

The very deserving 2018 Honours and Awards recipients were recognized by a large crowd at a reception held on Saturday evening.

The conference would not be as successful as it was without the generous support of 22 sponsors who provided financial contributions to the conference. On behalf of CAIRP and its members, we express thanks to all of the sponsors.

CAIRP thanks the committee members for their success in delivering an exceptional opportunity for its members and guests to obtain excellent professional development and carryout networking.

**Robert C. Hunt**, CPA, CA, FCIRP, LIT



# CIRP QUALIFICATION PROGRAM COMMITTEE

The CIRP Qualification Program Committee (CQPC), along with its various subcommittees, experienced another active and productive year.

This year saw the official launch of D2L, the online platform to deliver all CAIRP courses. All courses in the education programs offered by CAIRP were delivered through D2L as were the exams, including the CNIE. The launch was not flawless but did demonstrate that moving forward with available technologies is the right direction for CAIRP's education programs. The CNIE candidates appreciated the ability to type their answers and easily edit them, while the Assessors benefitted from being able to easily read and assess candidates' responses. D2L afforded some overall efficiencies in the assessment process in that multiple copies of candidates' answers were available to be marked simultaneously.

The CNIE overall pass rate for the 2018 year was 51% - the same as in 2017. Candidates with accounting designations and commerce-related post-secondary degrees again performed better than candidates with limited or unrelated post-secondary education. As part of the review and redesign of the CQP, the CQP Committee will be considering and establishing educational prerequisites for accounting and business-related courses designed to level those discrepancies.

Other revisions under discussion in the redesign of the CQP include the further development of webcasts, podcasts and various topic links from D2L to various online resources including articles and reports on various cases, links to discussion boards and the like. The goal is to be able to develop the course material to deliver core knowledge, with the "up to date" pieces being added through internet connections. As part of that process, CQP is revisiting the "Competency Map" with a view to making it more meaningfully related to the day-to-day topics, issues and matters that practitioners encounter.

2018 saw the first delivery of webinars designed for CNIE preparation. Four webinars were developed and delivered on the topics of Cash Flow Statements, Surplus Income and Exam Writing. These webinars will be made available to the 2019 candidates along with other webinars, webcasts and podcasts currently in the developmental stages. These audiovisual components (webinars or podcasts) are planned as an ongoing part of the revised CQP course design. As the redesign progresses and the committee becomes more focussed on specific topics for webinars and podcasts, we will be reaching out to members to engage their skills and interests in these presentations.



The Practical Course in Insolvency Counselling (PCIC), designed as an update to the ICQC course to comply with the OSB counselling directive, was developed in 2018 and is scheduled for launch in July of 2019.

During 2018, there were 45 candidates who enrolled in the IA (Insolvency Administration Course). Of those, 36 of them wrote the IA exam and 32 were successful, earning the certification of having successfully completed the program.

There are many, many volunteers engaged in the development and delivery of all of CAIRP's education programs. Without them, CAIRP would not be able to deliver the CQP, IA, ICQC Programs that it does. On behalf of the CQP Committee, I acknowledge and thank all those who have contributed their time and expertise so generously to the development, management and advancement of our educational programs. Special thanks to the members of the CQPC, Course Material Review Committee (CMRC), Exam Oversight Committee (EOC), Core Knowledge Exam Board (CKEB) and the CNIE Board. As well, thanks to the many volunteers who help on an ad hoc basis, write (and suffer the endless editing) of exam questions, performing assessments at the exam assessment centres, giving presentations at the annual CNIE preparation tutorial, work on special interest task forces, sponsors and mentors who support their candidates, employees of the OSB, academics, legal counsel (*I don't think we have 'attorneys' in Ontario*), and the CAIRP members who support the efforts of all of us.

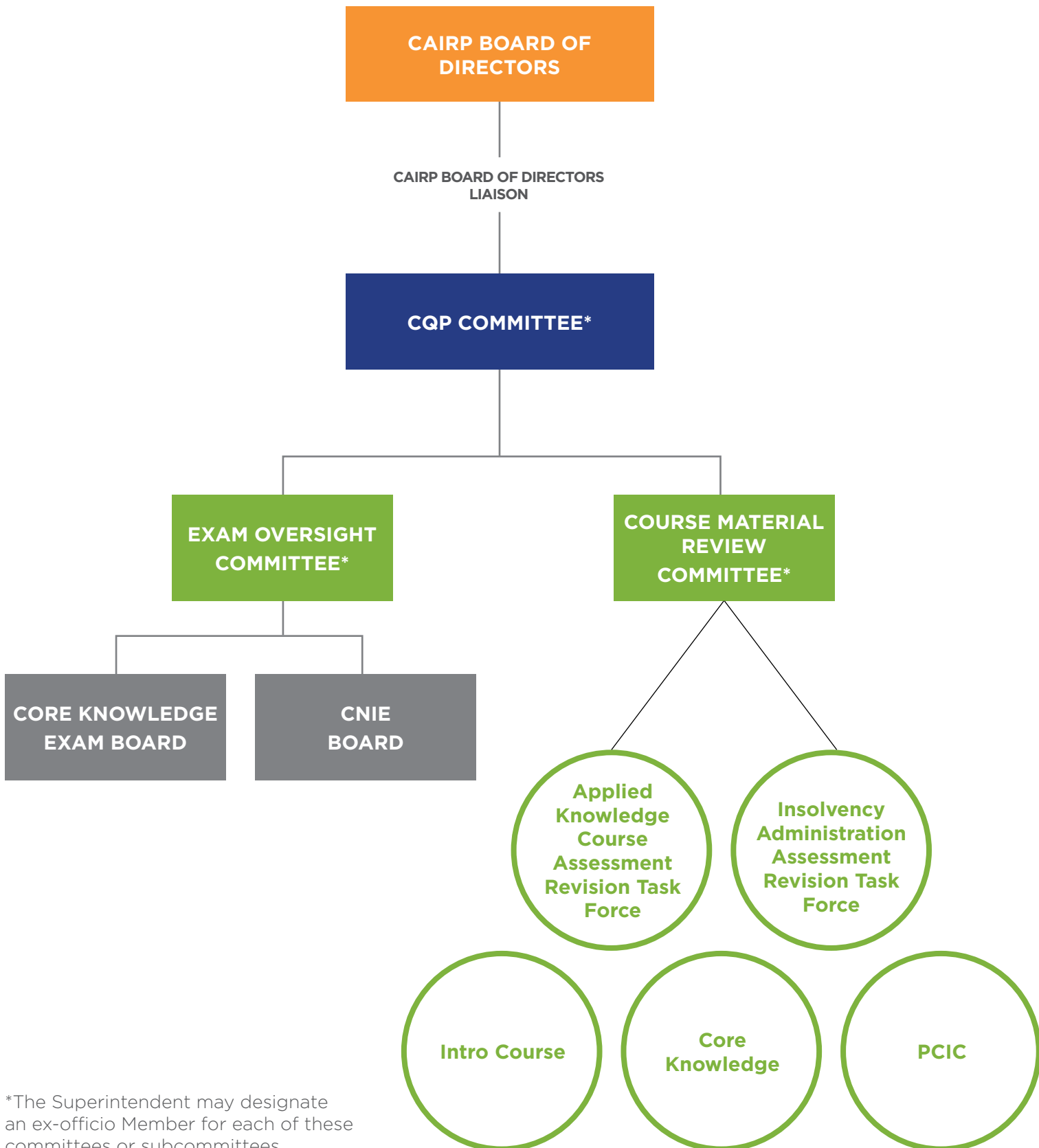
And finally, a very special 'thank' you to the very competent and professional staff at CAIRP who manage the processes so well and who, in the development and delivery of our programs, inspire, encourage and sometimes badger us all to achieve the ends we've set out for ourselves.

You are all making a significant and positive contribution to improving the quality of Canada's insolvency services and profession!

**Tim Carson**, CIRP (ret.), LIT  
Chair

# CQP STRUCTURE

2018-2019



\*The Superintendent may designate an ex-officio Member for each of these committees or subcommittees

# CONSUMER PRACTICE COMMITTEE

Members of the Consumer Practice Committee (CPC) experienced another productive year.

The Committee reviewed and provided advice on a proposal for Trustees to take supplemental draws over the duration of a bankruptcy and as well, to eliminate the 30-day rule for payment of a Trustee's fees. The proposal was finalized and submitted to the OSB for their consideration on May 1, 2019. If implemented, the proposed recommendations will significantly improve cash flows for consumer insolvency practitioners.

At the request of the OSB, the Consumer Practice Committee members considered an OSB proposal concerning the most appropriate timing of a debtor's counselling sessions. Following the Committee's deliberations, CAIRP advised the OSB on the timing that would be of most value to debtors.

During the year, the CPC Chair was consulted on a number of other occasions, including assistance with developing a solution that would minimize the issues caused by the CIBC's error in mailing debtors refund cheques and T5s to member firms.

As Chair of the CPC, I am very proud of the Committee's accomplishments and wish to thank each of the members for the time and expertise they committed to advancing the interests of CAIRP and our profession of consumer insolvency.

**André Bolduc**, CPA, CA, CIRP, LIT  
*Chair, Consumer Practice Committee*

## CORPORATE PRACTICE COMMITTEE

During the past year, CAIRP's Corporate Practice Committee (CPC) was asked to contribute their expertise to several initiatives. Committee members provided their time and expert knowledge to comment on a paper CAIRP developed in response to Industry Canada's consultation on proposals for Enhancing Retirement Security for Canadians. The consultation subsequently contributed to federal government budget provisions and legislative changes. We were also provided the opportunity to assist CAIRP with authoring a comment on a CBCA/OBCA Interim and Final Order drafted by

the Commercial List Users' Committee and to participate on the newly established OSB/CRA/CAIRP Liaison Committee. 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.

***Jonathan Krieger***, CPA, CA, CIRP, LIT  
*Chair, Corporate Practice Committee*

## EDITORIAL ADVISORY BOARD

The Editorial Advisory Board is responsible for generating the technical and editorial content of CAIRP's official magazine, *Rebuilding Success*. Since its beginnings in 2002, *Rebuilding Success* has continuously evolved into what is now a substantial publication addressing a broad spectrum of topics that impact stakeholders in the insolvency and restructuring community across Canada.

The magazine now has a circulation approaching 3,000 readers. In addition to the general members of CAIRP and students enrolled in CAIRP's education program, *Rebuilding Success* is distributed to lawyers, lenders, regulators, academics and others whose professional activities focus on Canada's insolvency and restructuring system.

The magazine is published twice a year and is intended to be a practical and informative publication for practitioners to enhance their awareness and appreciation of emerging issues and judicial developments across the country. This year's publications furthered this agenda and included a number of discussions of important legal decisions in prominent insolvencies, differing views of Registrars in dealing with GST refunds, a review of litigation funding in Canada, changes to the Wage Earner Protection Program Act (WEPPA) and counselling and comments from a judge on the role of insolvency professionals.

The magazine regularly features prominent members of the Canadian restructuring scene. During this year we profiled Janis Sarra as she transitioned away from her leadership role in the Annual Review of Insolvency Law, and Elisabeth Lang, the new Superintendent of Bankruptcy.

*Rebuilding Success* is made possible by the support of its advertisers. We greatly appreciate the increasing number of insolvency and restructuring practices, law firms and other service providers who use the magazine to reach the Canadian marketplace and publicize their services.

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. I would like to extend my sincere appreciation to all of these individuals for their contributions to this year's editions of *Rebuilding Success*.

**Bill Courage**, CPA, CA, FCIRP  
*Chair*

### Editorial Advisory Board

**\*William A. (Bill) Courage**, CPA, CA, FCIRP - ON  
**Mary Buttery**, LL.B. - BC  
**Paul Casey**, CPA, CA, FCIRP - ON  
**Jeff Lee**, Q.C. - SK  
**Sanjeev Mitra**, LL.B. - ON  
**Mark Rosen**, LL.B., FCIRP - NS  
**Martin Rosenthal**, CPA, CA, CIRP - QC  
**John Haralovich**, CPA, CA, CIRP - ON  
**Lana Gilbertson**, CIRP - BC

### CAIRP Staff

**Beatrice Chan**  
**Coralie Millet**



## FINANCE COMMITTEE

Over the past year, the Finance Committee, Board and staff have continued to focus significant attention on improving the efficiency of CAIRP operations, and further enhancing its planning processes and internal control framework.

A comprehensive review of the investment policy was completed, as planned, including meetings with the investment advisor and consideration of broadening the scope of the investment policy statement to include equity instruments. The committee ultimately concluded that continuing with an investment policy which limits investments to fixed-income instruments issued by Schedule I, financial institutions and federal and provincial governments was most prudent for a member-based professional association. Capital preservation, while simultaneously maximizing risk-free yield, continues to inform the Association's investment approach.

The committee introduced a protocol to report the discharge of statutory liabilities and regulatory obligations to the Board, to assure that these critical obligations are consistently fulfilled on time. At each Board meeting, the Treasurer reports on the payment of required statutory remittances.

The ongoing refinement to the financial planning process continues to provide benefit. A robust dialogue surrounding detailed quarterly reporting of variances of actual results to planned results has enabled the organization to successfully correct its course, when necessary, and achieve expected results.

The result of the committee's work is greater transparency, good governance, and greater confidence in the Association's current and continuing financial performance.

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. Your time, effort and counsel are appreciated. I want to express particular thanks to John Page for his many years of volunteer service to the Association, as a long-time member of the Finance Committee, as he retires from this role. It has been an honour and a pleasure to serve as your Treasurer.

**Marla Adams**, CPA, CA, CIRP  
*Treasurer*

## FORUMS COMMITTEE

The CAIRP Forums Committee is mandated to put on a series of educational sessions each year. The Forums provide an excellent opportunity to learn about topics of interest to the insolvency community, obtain professional development hours and provide an excellent opportunity to network with colleagues in your region.

This year, the Forums were held in Vancouver, Calgary, Winnipeg, Montréal and Halifax.

Incorporating feedback from the membership, we continued to provide a customized agenda for each city. In 2018 that meant corporate and consumer breakout sessions in Halifax and Calgary and regional hot topic sessions in the other cities.

We also continued to innovate our programming by offering more interaction through the polling sessions and incorporating different formats, including a formal debate of several topics which was well received in each city.

Since we had a new President of CAIRP, in lieu of a keynote speaker, we held a “Meet the Prez” Q&A session where the membership was able to ask Grant Christensen some questions and in turn he got to pose questions to the audience pertaining to different initiatives at CAIRP. The questions posed to the audience will be incorporated into future Forums as part of the CAIRP Update to gather valuable feedback from the membership.

I would like to take this opportunity to thank my fellow committee members for their hard work over the last several months in putting these events together. Without their hard work and dedication, the forums would not be successful.

**Michelle Grant**, LIT, CIRP

*Chair*

# HONOURS AND AWARDS NOMINATING COMMITTEE

This year the Honours and Awards Nominating Committee (HANC) received nominations for the Outstanding Volunteer Award (OVA), New Member Award of Merit, Keith G. Collins Memorial Award and Fellow Chartered Insolvency and Restructuring Professional (FCIRP).

The Board of Directors approved all of HANC's 2019 nomination recommendations in June. Recipients attending the CAIRP's 40th anniversary Annual Conference in Quebec City will be formally recognized at that time. The honours and awards for 2018 were announced and presented at CAIRP's Annual Conference held in Charlottetown, PEI.

Each year, CAIRP invites submissions for the following awards:

- **Fellow Chartered Insolvency and Restructuring Professional (FCIRP)** - 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.
- **Keith G. Collins Memorial Award** - Keith G. Collins, FCIRP served as the President of CAIRP (then known as the Canadian Insolvency Association), from 1980 - 1981. He died in 2006 at the age of 71. Keith was a gentleman and a professional. He was respected within the profession and the community for his integrity, courtesy and commitment. Both CAIRP and the Institute of Chartered Accountants recognized his contributions by awarding him fellowships, their highest honour. In 2007, CAIRP created the Keith G. Collins Memorial Award, in order to recognize Keith as a role model whom others in the profession should follow.
- **New Member's Award of Merit** - This award acknowledges and distinguishes new members who obtained their CIRP within the past 5 years and have brought excellence to their profession through leadership and achievements in both their personal and professional lives. The New Member's Award of Merit promotes CAIRP's future leaders by encouraging newer members of the profession to demonstrate standards of best practice, excellence, integrity, innovation, dedication and balance.

## CAIRP HONOURS AND AWARDS 2018-19

**Fellow Chartered Insolvency and Restructuring Professional (FCIRP)** - Chantal Gingras, FCIRP, LIT

**Keith G. Collins Memorial Award** - Joe Healey, CPA, CA, CIRP, LIT

**New Member Award of Merit** - Daniel Budd, CIRP, LIT

**Outstanding Volunteer Award (OVA)** - Lee Close, CPA, CA, CMC, CIRP, LIT; Naida Kornuta, CIRP LIT; and, Stephan Moyneur, CIRP, LIT

- **Outstanding Volunteer Award (OVA)** - The OVA acknowledges the work of individuals who have provided exemplary service to the Association.

For more information on all of the honours awarded by CAIRP, please visit the CAIRP website.

As Chair I would to thank each member of the Committee, all of whom dedicated considerable time to objectively and expertly assess each of the nominations received. Congratulations to the recipients of the awards and thank you to all who took the time to nominate a member for an award!

**The HANC strongly encourages all members to review the criteria for each award and to nominate a deserving peer.**

**Donna L. Collins**, B.A., B.Comm. (Hons.), FCIRP, LIT  
Chair, Honours & Awards Nominating Committee

# INSOLVENCY AND RESTRUCTURING EXCHANGE COMMITTEE

The third annual CAIRP Exchange (formerly the Commercial Program Committee) in October 2018 was a great success. This was the first time we held the Exchange in the fall to try to separate it from other significant insolvency conferences. The purpose of the Exchange is to provide a fully loaded one-day learning and networking event addressing the needs of corporate and consumer practitioners. Once again the committee delivered.

This year's keynote speakers were:

- The duelling economists – Jeff Fuhrer, Executive Vice President and Senior Policy Advisor of the Federal Reserve Bank of Boston, took on Andrew Grantham, Executive Director and Senior Economist of CIBC; and,
- Fab Dolan, Head of Marketing for Google Canada, brought his insights into the impacts of technology on business strategy, economics, education and career development.

Consumer practitioners were offered:

- The Great Debate between two legal counsels on topics including ethical situations, the vulnerability of the consumer and trustee shopping;
- The intersection between family law and bankruptcy law including the impact on the non-insolvent spouse, claims for support in an insolvency and much more;
- A review of the changes in consumer behaviour and how this impacts insolvency practitioners; and
- A review of recent case law and an update on current practices and procedures from legal professionals.

There were also four sessions for corporate practitioners, including:

- A debate on changes that should be made to the CCAA and the BIA;
- A discussion on the emerging Canadian cannabis industry and what insolvency practitioners should know if a cannabis company goes up in smoke;
- Insight into recent case law and legal decisions that affect corporate insolvency and restructuring practitioners and realization strategies;
- Insight into significant corporate cases across Canada by three senior judges and their thoughts on why those decisions were made by the Courts.

All participants came together to hear about the rise and fall of cryptocurrencies from a panel of cryptocurrency and blockchain experts. They enlightened the crowd on topics including the impact of cryptocurrencies on different industries, new businesses and regulatory challenges resulting from these new technologies.

I wish to thank all the members of this committee for their hard work and dedication in putting together the Exchange.

I would also like to thank our wonderful speakers and many sponsors, without whose contributions we could not offer such successful programs. Our Cross-Country Sponsors were Momentum, Promeric | FCT and Refresh Financial. Our Gold Sponsors were Deloitte, Gardiner Roberts and KSV Advisory. Our Silver Sponsors included Aird & Berlis, Alvarez & Marsal, BDO, BLG, BMO Bank of Montreal, Cassels Brock, Danbury Global, Ernst & Young, Gowling WLG, Lerner, Minden Gross, PwC, Thornton Grout Finnigan L.L.P. and Vision Blue Solutions. Lastly, the onsite Charging Station was sponsored by MNP Ltd.

**Brad Newton**, CPA, CBV, CIRP, LIT  
*Chair, Exchange Committee*

# INTERVENTION COMMITTEE

The Intervention Committee reviews and acts upon opportunities for court case interventions of national interest to the insolvency and restructuring community.

During the past year, the Committee intervened in four court case appeals and considered several other requests. The four interventions and their respective status at year end were:

- **Redwater Energy** – In this case, the Alberta Energy Regulator has sought to compel a receiver to take possession of and remediate the debtor's oil wells. CAIRP previously successfully intervened in the case when heard by the Court of Appeal of Alberta. The Alberta Energy Regulator sought and was granted leave to appeal to the Supreme Court of Canada. CAIRP sought and was granted intervenor status in the Supreme Court. The Supreme Court of Canada heard the appeal on February 15, 2018, and a decision was rendered January 31st in favour of the Regulator.
- **Callidus Capital Corporation** – Callidus sought and was granted leave to appeal by the Supreme Court of Canada from a decision of the Federal Court of Appeal which creates a statutory deemed trust on all property of a debtor in priority to security interests for collected but unremitted HST. Leave to appeal was granted by the Supreme Court of Canada on March 22, 2018. The hearing was held on November 8, 2019 with a unanimous decision made on the same date in favour of the appeal.
- **Lapointe** – This case deals with the legal ability of a bankrupt debtor to continue the appeal of a notice of tax assessment against the bankrupt and the obligations of a licensed insolvency trustee in connection with the same. CAIRP sought leave to intervene in the appeal to the Quebec Court of Appeal, but the hearing was dismissed February 7, 2019.
- **Canada North Group Inc.** – This case is before the Court of Appeal of Alberta and deals with whether a deemed trust claim by Canada Revenue Agency should take priority over court-ordered priority charges. CAIRP sought and was granted intervenor status in March 2018. The hearing was held October 4, 2018. A decision had not been made at the time of preparing this report.

As Chair of the Intervention Committee, 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, accurately assessing the value of a CAIRP intervention and determining a position that best meets members' and the public's best interests.

**Sharon Hamilton**, CPA, CA, CIRP, LIT  
Chair, Intervention Committee



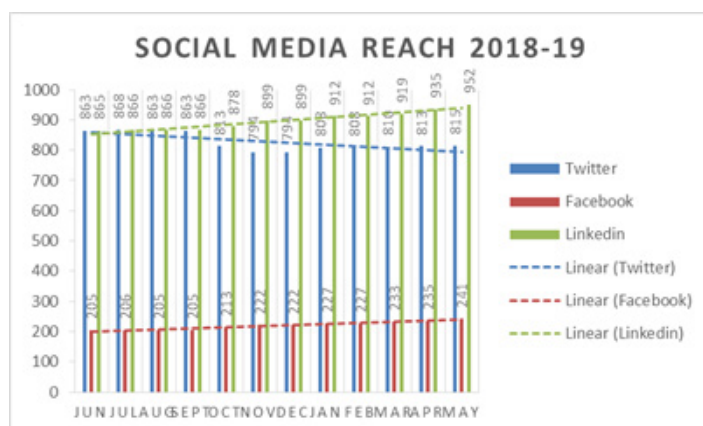
# MEDIA COMMUNICATIONS COMMITTEE

The Media Communications Committee (MCC) enjoyed continued success in fiscal 2018-19 in establishing and enhancing CAIRP's social media presence.

The MCC's role is to review and approve materials used in CAIRP's digital properties, such as social media and other online forms of communication. Throughout 2018-19 we succeeded in posting 18 blog posts on various topics of interest to members and the general public; 13 were submitted by the members on the committee, one from an active member and four were guest posts.

Our social media presence has increased overall with a slight decrease in Twitter followers. We did experience a slight delay in growth given the absence of a chair for several months and the reduction of committee members, however, this has been turning around with the introduction of the new chair in February 2018 and the addition of new members.

- Followers of the CAIRP Twitter account (@cairp\_acpir) have decreased from 865 last year to 815.
- Facebook has approximately 240 followers up from 205.
- The CAIRP LinkedIn account has connected with more than 950 professionals, an increase over the previous year.



# PROFESSIONAL CONDUCT COMMITTEE

The Professional Conduct Committee (PCC) performs a critical function in advancing the interests of members and the public. Enforcement of CAIRP's Bylaws, Rules of Professional Conduct and Standards of Professional Practice begins with the investigation of complaints. The PCC investigates all complaints received by the Association regarding the conduct of CAIRP members and associates.

The PCC is comprised of members representing each of the Provincial Associations, in order to ensure a fair and transparent process. A screening process to identify potential conflicts of interest is independently executed before a complaint file is disseminated to the committee members. PCC members are required to recuse themselves from any cases involving a non-arm's length party.

Complaints addressed by the committee can span a wide range of professional conduct matters. Examples include ethics, honesty, failure to reply to communications or to report on a transaction, unreasonable delays, misleading, rude or discriminatory behaviour, or failure to account for, or the improper handling of, money or property. The PCC may also investigate advertising complaints against members to determine whether the advertising activity is in compliance with CAIRP's Bylaws, Rules of Professional Conduct and Standards of Professional Practice.

The PCC does not have jurisdiction to investigate complaints related to any of the Directives issued by the Office of the Superintendent of Bankruptcy (OSB). Any complaints relating specifically to the OSB's Directives should be submitted directly to the OSB.

During the period from April 1, 2018 to March 31, 2019, the PCC closed seven cases. As of March 31, 2019, there were six active PCC cases and no advertising cases open. The Committee continues to meet monthly to ensure that all complaints are dealt with fairly and efficiently.

Due to the nature of complaints and the extent of review and depth of analysis required, the time and effort required of committee members, as well as our volunteer investigators, represents a significant commitment for which I am truly grateful. I wish to thank all PCC members, investigators and staff for their ongoing commitment to enforcing and maintaining CAIRP's commitment to professionalism, trustworthiness and objectivity.

Time provided in service as a PCC investigator qualifies for the Active Participation requirement for Mandatory Professional Development hours. Members who are interested in serving as a volunteer investigator are invited to contact CAIRP at [info@cairp.ca](mailto:info@cairp.ca).

I have had the pleasure of working with many dedicated members of the committee and the staff at CAIRP over my 5-year term as Chair of the PCC, which will end this year. I continue to be amazed at the commitment and professionalism of our many volunteer members and staff to the association. Without such dedication, a volunteer association such as CAIRP would not exist.

**Colleen Craig**, CPA, CA, CIRP  
*Chair*

## CAIRP MEMBERSHIP

MEMBERSHIP YEAR					
	2018/19	2017/18	2016/17	2015/16	2014/15
GENERAL <sup>1</sup>	<b>951</b>	984	991	995	978
ARTICLING	<b>298</b>	347	368	354	342
CORPORATE	<b>21</b>	20	20	24	24
LIFE	<b>204</b>	190	199	181	167
INACTIVE <sup>2</sup>	<b>6</b>	12	11	11	13

1. Includes new members and members for whom the Board of Directors has approved a fee waiver.

2. General members who have left insolvency practice may be deemed to be inactive. If they have not reinstated themselves within 5 years, their membership will be terminated.

# TREASURER'S REPORT

On behalf of the Board of Directors, I am pleased to present CAIRP's audited financial statements for the year ended March 31, 2019 (FY19). The following is a summary of the key highlights of CAIRP'S financial results.

## STATEMENT OF FINANCIAL POSITION

The Association maintained its strong liquidity position, with cash equivalents of \$722,646 and a portfolio of fixed income investments totalling \$2,224,972 as of March 31, 2019. While total cash equivalents and investments of \$2,947,618 remained relatively unchanged from last year's total of \$2,951,102, the composition of these assets changed within the year as changes in the portfolio were made following the Finance Committee's review of the investment policy. The instruments within the investment portfolio are diversified among issuing institutions and also over time, with maturities laddered between one and five years to accommodate CAIRP's long-term cash flow planning requirements and to mitigate the risk of any unfavourable market development on maturity.

With collections remaining current, there were no receivables to report. Prepaid expenses increased from \$116,307 to \$155,428 as deposits to support an enhanced Annual Conference to celebrate CAIRP's 40th Anniversary in August 2019 were made, in addition to securing paid speakers for the 2019 Spring Forums. Capital assets increased from \$38,686 to \$176,201 primarily due to investment in office leasehold improvements, which were substantially funded by leasehold inducements received from our landlord. This investment will deliver future returns as meeting room rental costs will be reduced with the introduction of a newly-added meeting facility within CAIRP's offices.

Accounts payable and accrued liabilities remained relatively unchanged from the prior year. Deferred revenue decreased from \$243,704 to \$173,934 as a result of the timing of the transition from the Insolvency Counsellor Qualification Course (ICQC) to the Practical Course on Insolvency Counselling (PCIC), for which there were no deferred revenues at year end in 2019.

## STATEMENT OF OPERATIONS

Revenue decreased slightly from \$2,690,833 to \$2,631,245 primarily due to lower attendance at the Annual Conference in PEI, relative to participation in Kelowna in 2018, as well as reduced course and examination fees as enrolment in the counselling course decreased in anticipation of the new Practical Course on Insolvency Counselling (PCIC) being introduced. Member dues declined slightly as a result of fewer dues-paying members. These developments were partially offset by increased attendance at the Spring Forums (continuing education seminar fees and sponsorship), and growth in investment income as returns on idle cash was maximized and the unrealized losses in the prior year subsided with interest rate developments over the past year.

Total expenses increased from \$2,118,497 to \$2,485,006 primarily due to higher administrative expenses as the Association returned to a full staff complement for the entire year following vacancies in the prior year. Increased CQP courses and examinations expenses as implementation costs were incurred to launch the new online learning environment with D2L. Development costs were undertaken to commence the development of the new PCIC offering, and a higher volume of education meetings was held to steer these and other education program enhancements.

Despite slightly lower revenue and increased expenses over the prior year, the Association delivered an operating surplus of \$146,239, slightly surpassing budget expectations.

## STATEMENT OF CHANGES IN NET ASSETS

The operating surplus of \$146,239 generated a corresponding increase in net assets. During the year, the Board of Directors approved a restatement of internally restricted net assets, from \$1,200,000 for a general contingency to \$1,000,000 for strategic education program investments. A new long-term initiative to renew and enhance the CIRP Qualification Program (CQP) was approved within the year, to be funded from net assets, for which this internal restriction was adopted.

# TREASURER'S REPORT

## (CONTINUED)

### STATEMENT OF CASH FLOWS

The net decrease in cash and cash equivalents within the year of \$865,786 was primarily the result of the \$800,000 additional investment in the investment portfolio, as well as increased investment in capital assets net of the leasehold inducement received (\$55,711). The balance of \$10,075 reflects the net change from cash used in operations.

### STATEMENT OF ADMINISTRATION

Total administration expenses increased from \$1,546,803 to \$1,748,639, primarily due to increased personnel and communications costs. Personnel costs increased as the Association returned to a full staff complement for the whole year following vacancies in the prior year. Communication costs increased as a result of the launch of CAIRP's media relations campaign, which has resulted in resounding success as measured by the number of media outlets carrying our content, and therefore, the number of media impressions achieved. Partially offsetting this increase in administration expenses, are lower consulting fees and legal fees relating to case interventions.

### SUMMARY

The Association has a robust financial position, with approximately \$2.8 million in net assets, of which \$1 million has been internally restricted for strategic education program investments. The Board is confident that the level of net assets is sufficient to achieve its long-term initiatives and to mitigate the risk of any unforeseen business challenges and is pleased to report its intention to adopt balanced operating budgets going forward.

The Board and CAIRP Executive wish to thank its many members and CAIRP staff for all their efforts over the past year to bring greater stability to the financial position of the Association and a solid outlook for the future.

**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, 2019

**HILBORN**<sub>LLP</sub>

## **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

### **Report on the Audit of the Financial Statements**

#### **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, 2019, 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, 2019, 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 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.

## 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 20, 2019

Chartered Professional Accountants  
Licensed Public Accountants

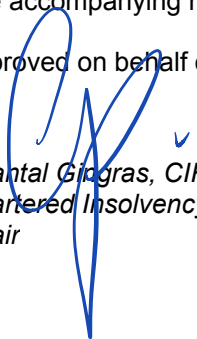
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**Statement of Financial Position**

March 31	2019 \$	2018 \$
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents (note 3)	722,646	1,588,432
Prepaid expenses	155,428	116,872
	<b>878,074</b>	<b>1,705,304</b>
Investments (note 4)	2,224,972	1,362,670
Capital assets (note 5)	176,201	38,686
	<b>2,401,173</b>	<b>1,401,356</b>
	<b>3,279,247</b>	<b>3,106,660</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	193,728	196,083
Deferred revenue	173,934	243,704
	<b>367,662</b>	<b>439,787</b>
Special Reserve for Lloyd Houlden Memorial Research Fellowship (note 7)	38,818	38,818
Deferred lease incentives (note 8)	98,473	-
	<b>137,291</b>	<b>38,818</b>
	<b>504,953</b>	<b>478,605</b>
<b>NET ASSETS</b>		
Invested in capital assets	77,728	38,686
Internally restricted for general contingency (note 9)	-	1,200,000
Internally restricted for strategic education program investments (note 9)	1,000,000	-
Unrestricted	1,696,566	1,389,369
	<b>2,774,294</b>	<b>2,628,055</b>
	<b>3,279,247</b>	<b>3,106,660</b>

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:

  
Chantal Gingras, CIRP  
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	2019 \$	2018 \$
Revenues		
Membership fees	1,164,213	1,186,825
Annual conference fees and sponsorship	217,925	280,141
CQP course and examination fees	620,991	672,018
Continuing education seminar fees and sponsorship	528,225	502,793
Investment income (note 10)	85,672	27,453
Lloyd Houlden Memorial Research Fellowship (note 7)	-	10,000
Other	14,219	11,603
	<b>2,631,245</b>	<b>2,690,833</b>
Expenses		
Administration (see schedule)	1,748,639	1,546,803
Annual conference	173,895	166,361
CQP courses and examinations	380,490	217,685
Continuing education	181,982	177,648
Lloyd Houlden Memorial Research Fellowship (note 7)	-	10,000
	<b>2,485,006</b>	<b>2,118,497</b>
Excess of revenues over expenses for year	<b>146,239</b>	<b>572,336</b>

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 \$
Balance, beginning of year	38,686	1,200,000	-	1,389,369	<b>2,628,055</b>
Excess of revenues over expenses (expenses over revenues) for year	(16,669)	-	-	162,908	<b>146,239</b>
Purchase of capital assets, net of tenant inducements	55,711	-	-	(55,711)	-
Inter-fund transfers (note 9)	-	(1,200,000)	1,000,000	200,000	-
Balance, end of year	<b>77,728</b>	<b>-</b>	<b>1,000,000</b>	<b>1,696,566</b>	<b>2,774,294</b>

	Invested in capital assets \$	Internally restricted for general contingency \$	Internally restricted for strategic education program investments \$	Unrestricted \$	2018 Total \$
Balance, beginning of year	46,008	1,200,000	-	809,711	2,055,719
Excess of revenues over expenses (expenses over revenues) for year	(23,766)	-	-	596,102	572,336
Purchase of capital assets	16,444	-	-	(16,444)	-
Balance, end of year	<b>38,686</b>	<b>1,200,000</b>	<b>-</b>	<b>1,389,369</b>	<b>2,628,055</b>

The accompanying notes are an integral part of these financial statements

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**Statement of Cash Flows**

Year ended March 31	2019 \$	2018 \$
Cash flows from operating activities		
Excess of revenues over expenses for year	146,239	572,336
Adjustments to determine net cash provided by (used in) operating activities		
Amortization of capital assets	21,544	26,716
Interest capitalized on investments	(59,271)	(56,962)
Unrealized loss (gain) in the fair value of investments	(3,031)	40,466
Amortization of deferred lease incentives	(4,875)	(4,070)
	100,606	578,486
Change in non-cash working capital items		
Decrease in accounts receivable	-	31,440
Increase in prepaid expenses	(38,556)	(51,525)
Decrease in accounts payable and accrued liabilities	(2,355)	(122,199)
Decrease in deferred revenue	(69,770)	(117,719)
Payment of grant monies	-	(10,000)
	(10,075)	308,483
Cash flows from investing activities		
Purchase of capital assets	(159,059)	(16,444)
Receipt of lease incentives - tenant inducements	103,348	-
Purchase of investments	(800,000)	-
Proceeds from disposal of investments	-	533,366
	(855,711)	516,922
Net change in cash and cash equivalents	(865,786)	825,405
Cash and cash equivalents, beginning of year	1,588,432	763,027
Cash and cash equivalents, end of year	722,646	1,588,432

The accompanying notes are an integral part of these financial statements



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**Schedule of Administration Expense**

Year ended March 31	2019 \$	2018 \$
Amortization of capital assets	21,544	26,716
Audit, legal and consulting	84,923	140,752
Committees	132,635	136,245
Insol International	52,484	51,754
Communication	137,766	73,046
Office, printing, postage, courier and sundry	222,959	208,922
Rent	147,591	145,181
Salaries and benefits	948,737	764,187
	<b>1,748,639</b>	<b>1,546,803</b>

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**

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## **Notes to Financial Statements**

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March 31, 2019

### **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 membership 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)**

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March 31, 2019

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

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

**Investment income**

Investment income comprises interest from cash and cash equivalents and investments, realized gains and losses from the disposal of investments and unrealized gains and losses in the fair value of 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.

**(b) Cash and cash equivalents**

Cash and cash equivalents includes cash on deposit with banks and short-term investments with an original maturity of three months or less from the date of acquisition which are not subject to significant risk of changes in value or that may be withdrawn without penalty.

**(c) Deferred lease incentives**

Lease incentives consist of reduced rent benefits and 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 leases. 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.

**(d) 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)**

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March 31, 2019

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

**(e) Financial instruments**

**Measurement of financial assets and liabilities**

The Association initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, 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, with the exception of investments, which are measured at fair value. Changes in fair value are recognized in income in the year the changes occur.

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 cash equivalents.

Financial assets measured at fair value include investments. Fair value is determined by reference to a quoted market price in an active market.

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

**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.

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**Notes to Financial Statements (continued)**

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March 31, 2019

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

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

**Impairment (continued)**

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.

**(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.

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**Notes to Financial Statements (continued)**

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March 31, 2019

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

**(g) Capital assets (continued)**

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.

**(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.

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**Notes to Financial Statements (continued)**

March 31, 2019

**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 and cash equivalents	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:

	2019 \$	2018 \$
Cash and cash equivalents	722,646	1,588,432
Investments	2,224,972	1,362,670
	<u>2,947,618</u>	<u>2,951,102</u>

The Association reduces its exposure to the credit risk of cash and cash equivalents 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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March 31, 2019

**2. 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 meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations and anticipated investing and financing activities and holding assets that can be readily converted into cash.

**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 ladder portfolio with varying terms to maturity. The ladder structure of maturities helps to enhance the average portfolio yield while reducing the sensitivity of the portfolio to the impact of interest rate fluctuations.

The Association does not use derivative financial instruments to manage its exposure to interest rate risk.

**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.

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**Notes to Financial Statements (continued)**

March 31, 2019

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

**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. Cash and cash equivalents**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Cash	79,638	105,679
Investment savings account - 1.10%	-	533,365
Premium investment account - 1.20%	643,008	949,388
	<u>722,646</u>	<u>1,588,432</u>

**4. Investments**

	<b>Quantity</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Province of Ontario - 4.42% - due 11/03/19	387,319	382,722	374,545
Royal Bank of Canada - 2.90% - due 11/16/20	250,000	252,682	-
Bank of Montreal - 2.90% - due 11/16/20	250,000	252,682	-
Province of Quebec - 4.38% - due 06/01/21	418,089	401,750	387,953
Province of Saskatchewan - 2.86% - due 05/30/22	325,393	305,847	292,736
Bank of Nova Scotia - 3.35% - due 11/04/23	300,000	303,717	-
Province of British Columbia - 3.33% - due 08/23/24	365,390	325,572	307,436
		<u>2,224,972</u>	<u>1,362,670</u>

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**Notes to Financial Statements (continued)**

March 31, 2019

**5. Capital assets**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2019 Net</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
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
	<b>682,822</b>	<b>506,621</b>	<b>176,201</b>

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2018 Net</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Computer equipment	155,333	116,706	38,627
Furniture and fixtures	68,643	68,584	59
Leasehold improvements	299,787	299,787	-
	<b>523,763</b>	<b>485,077</b>	<b>38,686</b>

**6. Accounts payable and accrued liabilities**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Trade payables and accrued liabilities	180,410	158,358
Security deposit	-	35,000
Government remittances	13,318	2,725
	<b>193,728</b>	<b>196,083</b>

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

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Balance, beginning of year	38,818	48,818
Grants awarded	-	(10,000)
	<b>38,818</b>	<b>38,818</b>

Pursuant to a General Conveyance agreement between the Canadian Insolvency Foundation ("CIF") and the Association effective November 12, 2014, the Association received a contribution in the amount of \$88,818 on the dissolution of CIF for the exclusive purpose of supporting the Lloyd Houlden Memorial Research Fellowship and related activities of the beneficiary.

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**Notes to Financial Statements (continued)**

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**8. Deferred lease incentives**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2019 Net</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
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, received in cash to purchase capital assets, were received in the current year.

**9. 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 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.

**10. Investment income**

	<b>2019 \$</b>	<b>2018 \$</b>
Interest from cash and cash equivalents	23,371	10,957
Interest from investments	59,270	56,962
Unrealized gain (loss) in the fair value of investments	3,031	(40,466)
	<b>85,672</b>	<b>27,453</b>

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L'INSOLVABILITÉ ET DE LA RÉORGANISATION**

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**Notes to Financial Statements (continued)**

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March 31, 2019

**11. 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>
2020	159,008
2021	159,008
2022	159,008
2023	161,161
2024	162,699
Subsequent years	<u>555,888</u>
	<u><u>1,356,772</u></u>





**CANADIAN ASSOCIATION OF INSOLVENCY  
AND RESTRUCTURING PROFESSIONALS**

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