

# BUILDING ON SUCCESS

**CAIRP**  
ANNUAL REPORT  
2015/2016





The Canadian Association of Insolvency and Restructuring Professionals (CAIRP) is a national professional organization representing nearly 1500 practitioners in the Bankruptcy and Insolvency system. CAIRP was created in 1979 to advocate a fair, transparent, and effective system of insolvency and restructuring administration throughout Canada.

## MISSION

- Educate and support its members in providing insolvency, restructuring and related advisory services in a manner that instils the highest degree of public trust;
- Advocate for a fair, transparent and effective system of insolvency and restructuring administration throughout Canada; and
- Promote CAIRP members as the go-to professionals in insolvency and restructuring matters along with CAIRP as their voice.

## VISION

CAIRP and its members are recognized as the go-to professionals in providing expertise in insolvency and restructuring and in finding solutions for individuals and companies in financial difficulty.

## VALUES

CAIRP and its members are committed to professionalism, trustworthiness and objectivity.

# OPENING REMARKS



## CAIRP UPDATE

Educate, Advocate, Promote. These are the three pillars of our Association and are set out in our mission statement. CAIRP's mission is to educate and support its members in providing insolvency, restructuring and related advisory services in a manner that instills the highest degree of public trust, advocate for a fair, transparent and effective system of insolvency and restructuring administration throughout Canada, and promote CAIRP members as the go-to professionals in insolvency and restructuring matters along with CAIRP as their voice. The Chair, or in my case the Acting Chair's, role is to take direction from the Board in order to ensure that CAIRP's vision and mission is executed and maintained.

### CQP Review Task Force

Education and the development of future CIRPs through our CIRP Qualification Program ("CQP") is, in my mind, one of CAIRP'S most important roles. Since the CQP was established, we have been continually searching for ways to improve the program. In the fall of 2015 the CQP Committee retained the consulting services of Dr. A. Sidiq Ali, a psychometrician, to observe and report back on the Competency-based National Insolvency Exam ("CNIE") process. In his report, Dr. Ali identified areas of both strength and weakness. We will be working with Dr. Ali in the year ahead to fine-tune the assessment processes, both for the CNIE and the Core Knowledge Exam ("CKE").

CAIRP recently committed to supporting the CQP through the establishment of a Task Force to review the Program in light of the poor results achieved on the CNIE. The focus of the CQP Review Task Force is to identify actions necessary to ensure the credibility of the 2016 CNIE, as well as those needed to maintain the effectiveness of the Program going forward so that we can continue to graduate the high-quality practitioners necessary for the future of

the profession. I encourage you to read the report from the CQP Review Task Force on page 27, which provides an excellent summary of the work done to date.

### Review of the Memorandum of Understanding

In 2015 we sent the Office of the Superintendent of Bankruptcy ("OSB") our recommendations for changes to the Memorandum of Understanding ("MOU") of October 2009. Under the 2009 MOU, CAIRP assumed exclusive development and administration of the insolvency qualification program, which was renamed the CQP.

### CAIRP Exchange

On the continuing education front, in order to limit the number of competing events in the Greater Toronto Area, the Continuing Education Committee recommended that we merge the Toronto Insolvency and Restructuring Forum and the Commercial Program into one event, the CAIRP Exchange. The new format has proven to be well-received by our members and a sound financial decision.

### Draw Submission to the OSB

In July 2015, CAIRP formally submitted a request for changes to address three compensation deficiencies relating to the timing of when Trustees can take their fees associated with summary administration proceedings commenced under Part V – s. 155 and Section 49(6) of the *Bankruptcy and Insolvency Act* ("BIA"). CAIRP proposed that supplemental draws be allowed, that interim distributions be permitted and that the 30-day rule be abolished.

We have since then had discussions with the OSB and, at their request, offered comments relating to the minimum bank balance that should be in place to ensure that there are enough funds in the estate and to provide an incentive for Trustees to close their files.

### New Trustee Designation

CAIRP worked closely with the OSB for many months to change the Trustee in Bankruptcy designation. As part of this process, CAIRP engaged in extensive member consultation via an initial survey, followed by an unprecedented vote to confirm support for a name change proposed to the OSB by CAIRP. On December 2, 2015, we were pleased that the OSB unveiled its new name *Licensed Insolvency Trustee* ("LIT"), which better reflects the breadth services offered by trustees to assist consumers and businesses in financial difficulty and clearly distinguishes our trustee members from unlicensed service providers.



## Review of the Summary Administration Tariff

Some of our members have been requesting a review of the tariff in summary administration bankruptcies for quite some time. CAIRP has commenced the work required in order to determine if we have a credible business case that would support advocating for a change to the tariff. In particular, we are undertaking a comprehensive study of data relating to the tariff since 2000 in cooperation with the OSB. The study is being done by Dr. Edwin Weinstein, one of the best statisticians in the country. As part of his work, members were recently consulted in order to collect data to measure increases in operating expenses for trustees since the tariff was last changed in 1998. CAIRP is grateful to the OSB for providing us with massive data abstracts on summary administration files from 2000 onwards in a manner that allows Dr. Weinstein to analyze the underlying data in a confidential manner. This analysis is presently underway.

## Fee Increase

For the first time since 2009-2010, CAIRP raised member and associate fees in order to address a serious decline in CAIRP's revenues over the past few years. This increase in fees took effect as of the 2016-2017 membership year.

Since FY 2012, CAIRP's revenues have declined by nearly \$1M. The reasons for this decrease are ones that members can relate to in their own practice:

- The number of new articling associates entering the CQP has fallen by over 70% over the last four years as many firms experience a secular decline in insolvency activity and fewer people enter the profession.
- We have reduced fees for the CQP Tutorial by 25% in order to increase access to the best possible exam preparation for those challenging the CNIE.
- We have kept registration fees for CAIRP's various educational events, including the Annual Conference, stable in order to make them accessible to members. In the case of new members we have reduced fees by 50% in order to encourage their participation in the early years of their professional careers. Despite these efforts, the number of members attending CAIRP's regional Forums has been declining.

At the same time, we have been successful in holding CAIRP's expenses to the same level in FY 2016 as they were in FY 2012. We have held expenses steady while absorbing significant increases in the cost of food and beverage for our various events, and for travel associated with the various committees

THANKS TO THE SUPPORT OF OUR MEMBERS, CAIRP HAS BEEN ABLE TO MAKE SIGNIFICANT ACHIEVEMENTS OVER THE PAST YEAR. WE ARE COUNTING ON YOUR CONTINUED SUPPORT TO BUILD ON THIS SUCCESS FOR THE BENEFIT OF OUR MEMBERS IN THE YEARS TO COME.

that are at the heart of everything that CAIRP has achieved.

While raising fees was a difficult decision to make, it is essential that we put our finances on a more sustainable level if CAIRP is to continue to accomplish key objectives for our members. We will continue working on a comprehensive revenue and expense strategy so that CAIRP can move to a balanced budget. The increase in membership fees is a key step in that process.

## Developing a New Strategic Plan

CAIRP's current strategic plan expires in 2017; however, given the number of important issues CAIRP is facing, we have been proactive in striking the Strategic Plan Committee well in advance.

This accelerated approach to developing a new Strategic Plan is needed in order to thoroughly review the impending challenges facing the Association and to identify key priorities that CAIRP will need to meet in order to continue to provide value to our members in this changing climate. Addressing our structural deficit and ensuring that CAIRP is in a secure financial position going forward will be a critical consideration in developing our new Strategic Plan.

The Strategic Plan Committee report on page 25 details the important work that this Committee has already started and will continue during the next few months.

Thanks to the support of our members, CAIRP has been able to make significant achievements over the past year. We are counting on your continued support to build on this success for the benefit of our members in the years to come.

## Conclusion

I am confident that the new Executive and Board will be able to effectively lead CAIRP in the creation and implementation of our new strategic plan and make thoughtful decisions that will restructure CAIRP's finances, decide how CAIRP will position itself with regards to the tariff study, and strengthen communication with the OSB.

In conclusion, I would like to thank the CAIRP staff, led by our President and COO, Mark Yakabuski, and assisted by our Director of Finance and Administration, Ali Hemani, and our Director of Education Programs, Bea Casey, who have been an instrumental and integral part of the success of our organization. We are very lucky to have such dedicated and conscientious staff who are the mortar of our Association.

I would also like to thank and recognize the contribution, hard work and dedication of CAIRP's Board and Executive Committee members, as well as our Special Advisor. Through their committee work and discussions around the Board table, I recognize in each and every one of them their passion and how much they care for this Association and its future.

Last but not least, I would mostly like to thank all of the CAIRP volunteers and committee and task force chairs for their invaluable contribution. We are a small association with big aspirations and we would not be able to achieve our goals without the valued contribution of all who volunteer their precious "non-billable" time to CAIRP.

**Chantal Gingras, CIRP**  
*Acting Chair*

# CONTENTS

**CAIRP ANNUAL  
REPORT**  
2015/2016

VISION, MISSION AND VALUES	1
OPENING REMARKS	2
CAIRP COMMITTEES AND TASK FORCES 2015/2016	8
2015 ANNUAL CONFERENCE COMMITTEE	9
CIRP QUALIFICATION PROGRAM COMMITTEE	11
CQP STRUCTURE	12
COMMERCIAL PROGRAM COMMITTEE	13
CONTINUING EDUCATION COMMITTEE	15
CONTINUING EDUCATION OVERSIGHT COMMITTEE	16
EDITORIAL ADVISORY BOARD	17
FINANCE COMMITTEE	18
HONOURS & AWARDS NOMINATING COMMITTEE	19
INTERVENTION COMMITTEE	20
MEDIA COMMUNICATIONS COMMITTEE	22
NEW MEMBERS COMMITTEE	23
PROFESSIONAL CONDUCT COMMITTEE	24
STRATEGIC PLAN COMMITTEE	25
CQP REVIEW TASK FORCE	27
PUBLIC EDUCATION TASK FORCE	28
TARIFF REVIEW TASK FORCE	29
CAIRP COMMITTEES AND TASK FORCES CONTINUED	30
CAIRP MEMBERSHIP	31
TREASURER'S REPORT	32
AUDITOR'S REPORT	34

## EXECUTIVE



**CHAIR** (August 20, 2015 - June 21, 2016)  
David Wood, CIRP  
Vancouver, BC



**VICE-CHAIR**  
**ACTING CHAIR** (as of June 21, 2016)  
Chantal Gingras, CIRP  
Gatineau, QC



**SECRETARY/SASKATCHEWAN REPRESENTATIVE**  
Ian Schofield, CPA, CA, CIRP, CBV  
Regina, SK



**TREASURER**  
Craig Munro, CPA, CA, CIRP  
Vancouver, BC



**EXECUTIVE-AT-LARGE/ALBERTA REPRESENTATIVE**  
Vanessa Allen, CIRP  
Calgary, AB



**PRESIDENT AND CHIEF OPERATING OFFICER**  
Mark Yakabuski, B.A. (Hons.)  
Toronto, ON

## PROVINCIAL REPRESENTATIVES



**BRITISH COLUMBIA**  
Jennifer McCracken, CIRP



**MANITOBA**  
Joe Healey, CPA, CA, CIRP



**NEW BRUNSWICK**  
Philip Clarke, CPA, CA, CIRP



**NEWFOUNDLAND and LABRADOR**  
Nancy Snedden, CPA, CA, CIRP



**NOVA SCOTIA**  
Robert Hunt, CPA, CA, CIRP

## PROVINCIAL REPRESENTATIVES cont.



**ONTARIO**  
Karen Adler, CIRP



**ONTARIO**  
Sharon Hamilton CPA, CA, CIRP



**QUEBEC**  
Nathalie Brault, CPA, CMA, CIRP



**QUEBEC**  
Virginie Comtois, CPA, CA, CIRP

## CPA CANADA REPRESENTATIVE



Jorden Sleeth, CPA, CA, CIRP

## NEW MEMBER REPRESENTATIVE



Linda Paul, CIRP

## OUTSIDE DIRECTORS



Michael Bray, Q.C.



Steve Erwin

## SPECIAL ADVISOR



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



## ADVISORY COUNCIL

1979-80 L. Claude Mercure, CPA, CA, FCIRP (ret.)  
1980-81 Keith G. Collins, FCA, CA, CIRP, 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, CIRP

\* Deceased

## CAIRP STAFF

### ADMINISTRATION

Mark Yakabuski, BA (Hons.)  
President and Chief Operating Officer

Ali R. Hemani, CPA, CGA, FCCA (UK)  
Director of Finance and Administration

### MEMBERSHIP

Rebecca Kinos-Varo, BAA, BA (Hons.)  
Manager of Membership, Committee and Board Relations

### EDUCATION

Bea Casey, B.Sc., MBA  
Director, CAIRP Education Programs

Isabelle Gauthier  
Registrar, CIRP Qualification Program

Nataliia Mykhaylychenko, BA, MA  
Education and Technical Assistant

### COMMUNICATIONS

Andrew Flynn, BA, MJ  
Communications Manager

### EVENTS

Natalie Alfano, BA, MA  
Meetings and Events Manager

# CAIRP COMMITTEES AND TASK FORCES

## 2015/2016

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 2015/2016.



# 2015 ANNUAL CONFERENCE COMMITTEE

## (WHISTLER, BRITISH COLUMBIA)

**\*Craig Munro, CIRP**

**Paul Casey, CPA, CA, CIRP**

**Jennifer McCracken, CIRP**

**John McEown, CPA, CA, CIRP**

**Bridget van Wyk, CIRP**

**Mark Yakabuski, BA (Hons.)**

**\*Chair**

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The 2015 Annual Conference, billed as “Soaring to New Heights”, took us back to beautiful British Columbia and the majestic surroundings of Whistler Village. Conference attendees were blessed with three days of spectacular sunny weather allowing delegates to explore all of the activities and outdoor attractions that the world class resort has to offer.

The conference was held at the Fairmont Chateau Whistler conveniently located at the base of Blackcomb Mountain. Many members took advantage of the family-oriented resort to bring spouses and children, pushing the attendance to over 320.

A very welcome innovation this year was the introduction of the Event App. Registrants were able to check schedules, speaker bios, local maps, etc. and download presentations on demand.

The conference was opened with a keynote speech by business and technology visionary Leonard Brody, who wowed the audience with his thought-provoking insights into how technology is being used to disrupt long standing business models. In his address Leonard demonstrated why he is an award-winning entrepreneur, venture capitalist and bestselling author.

The Conference’s technical program consisted of several concurrent panels focusing on issues relevant to either consumer or corporate practitioners, but also included some plenary sessions for topics with broader interest. The consumer breakout session on *Trends in Consumer Proposals* resulted in quite a spirited discussion among the attendees while our special guest, Chief Darcy Bear of the Whitecap Dakota First Nation, delivered an informative and entertaining presentation on the opportunities and impediments for economic development among the First Nations in Canada. Other popular sessions included the panel consisting of Registrars and Masters from across the country and the panel



CAIRP members attend the Insurance Panel.



Chief Darcy Bear speaking at the Annual Conference on August 22, 2015.

focusing on the structuring of transactions to access corporate tax attributes.

Consistent with past conferences, there was an organized golf event held at the Chateau Whistler golf course. The course was designed by Robert Trent Jones, cutting through the mountain terrain and providing a spectacular BC golf experience. Other organized social events included zip lining through the Whistler forests, traversing the 4.4 km distance between the peaks of Whistler and Blackcomb

Mountains in a cable car, and sampling fine food and drinks on a tasting tour of some of Whistler's best restaurants.

Friday's Awards Dinner was a casual event atop Whistler Mountain, truly taking CAIRP to new heights. The clear skies allowed for some incredible views on the gondola ride up as well as at the top of the mountain. The recipients of CAIRP's annual awards were recognized during the dinner, a fitting venue for those at the "peak" of their careers. As the night air had cooled, hot chocolate and blankets were provided for the gondola ride down as well as lanterns to provide some mood lighting.

The Chair's Banquet dinner wrapped up the Conference on Saturday evening. The evening's entertainment started with some traditional First Nations drumming and a blessing ceremony, followed by a hoop dance performed by three-time world champion, Alex Wells from the Lil'Wat First Nation. The evening was capped off by a funny and entertaining talk from the Wealthy Barber, David Chilton. David shared with the audience some of his favourite stories emanating from his experience on *Dragon's Den* as well as some insights on personal financial planning. For one of our member's grandsons the highlight of the conference was getting to meet his TV hero in person and have his photo taken with the Dragon!

The organizing committee worked extremely hard to ensure that the conference would be a success and the feedback received has overwhelmingly validated that goal. As Committee Chair, I would like to personally thank each of the 2015 Annual Conference Committee members for their efforts and commitment to ensuring a memorable conference. I enjoyed working with all of you and note that CAIRP should be proud to have so many dedicated members who give of their time to make this a great association.

Many thanks to our sponsors, speakers, CAIRP staff and to everyone who attended and made it successful. Nous allons vous revoir à Montreal!

**Craig Munro**, CPA, CA, CIRP  
Chair



Consumer breakout session on personal income tax debtors.

# CIRP QUALIFICATION PROGRAM COMMITTEE

<b>*Anthony Joseph Tillman, CPA, CA, CIRP</b>	<b>BC</b>
<b>Jean-Daniel Breton, CPA, CA, FCIRP</b>	<b>QC</b>
<b>Vanessa Allen, CIRP</b>	<b>AB</b>
<b>Virginie Comtois, CPA, CA, CIRP</b>	<b>QC</b>
<b>Professor Gail Fayerman, MBA, CPA, CA</b>	<b>QC</b>
<b>Adam Fisher, CPA, CA, CIRP</b>	<b>ON</b>
<b>Joanne McKee (OSB)</b>	<b>AB</b>
<b>Guy Odhams, CPA, CA, CIRP</b>	<b>AB</b>
<b>*Chair</b>	



The CIRP Qualification Program Committee (“CQPC”), through its subcommittees and special purpose task forces, continues to be very active. The work completed this fiscal year included:

- The publication of two assignments for the Applied Knowledge Course, revised to more closely reflect competency-based vs. strictly knowledge-based assessment;
- A new case study to supplement the Applied Knowledge Course material;
- A revised and expanded Sponsor’s Manual;
- An updated Glossary; and
- An updated version of the Introduction to Insolvency and Restructuring Course, including the introduction of an online multiple choice exam.

Additionally, there was an ongoing focus on maintaining the currency of course materials to reflect changes in case law as well as the OSB Licensing Directive.

In light of the results for candidates on the Program assessments, the CQPC engaged the services of a psychometrician (an expert in assessment) initially to assess the competency-based national insolvency exam (“CNIE”), in terms of creation, assessment and administration and, in the year ahead, to provide guidance on the assessment processes for the CQP. The psychometrician is working closely with the exam board to provide us with the benefit of his experience and insight.

Members of the CQPC have participated actively in the work of the CQP Review Task Force, created by CAIRP in response to concerns expressed by members over the difficulty articling associates appear to be having in working through the Program. The Task Force supported the CQPC decisions

to limit the number of attempts at the CNIE to a maximum of three, beginning in 2017<sup>1</sup> and to reduce the number of times the Core Knowledge Exam is offered from twice to once per year. Other outputs include a clarification of both the expectations for a new CIRP and the assessment criteria to be used on the CNIE.

In the year ahead, the CQPC will be supporting the work of the exam boards and the psychometrician, continuing the re-design of the assessments for the Applied Knowledge Course to bring them all in line with a competency-assessment focus, conducting a 5-year review of the Competency Profile and researching more ways to provide support for candidates in the Program and to encourage sponsors to be actively involved in the development of candidates.

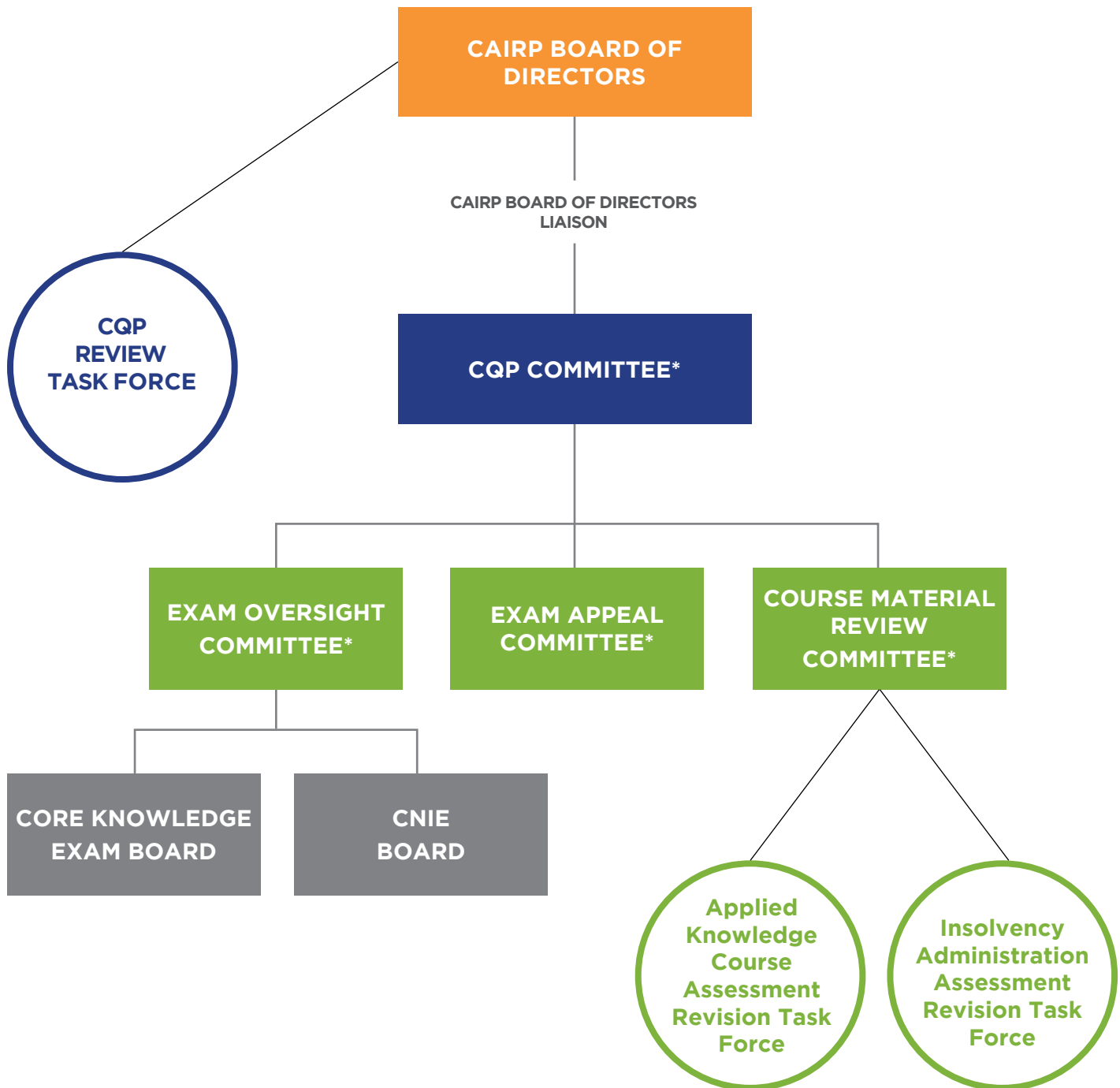
I would like to individually acknowledge and thank all of the people who help manage and improve the CQP, but they are just too numerous to mention. They include in particular, members of the CQPC, the Course Material Review Committee (“CMRC”), the Exam Oversight Committee (“EOC”), the Core Knowledge Exam Committee (“CKEC”), the CNIE Board, and several special purpose task forces. They also include a large number of volunteers who help on an ad hoc basis performing assessments at the exam marking centres or giving presentations at the annual CNIE preparation tutorial, sponsors who support their candidates and provide us with feedback on the program, employees of the OSB, academics, attorneys, members and CAIRP staff who help manage the program and coordinate the various committees’ work. All of these individuals generously give of their time and expertise to support the Program and the candidates working their way through it.

**Anthony Tillman, CPA, CA, CIRP**  
*Chair*

<sup>1</sup> Associates currently in the Program will be allowed a further three attempts, notwithstanding the number of attempts made to date.



# CQP STRUCTURE



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

## COMMERCIAL PROGRAM COMMITTEE

**\*Brad Newton, CPA, CA, CIRP, CBV**

**Simone Carvalho, CIRP**

**Stefano Damiani, CPA, CA, CIRP**

**Shelby Draper MPPA, CPA, CIRP**

**Stephen Ferguson, CPA, CA, CIRP**

**David Goldband, CPA, CA, CIRP**

**Karen Kimel, CPA, CA, CIRP**

**Alex MacFarlane LL.B**

**Ken Pearl, CPA, CA, CIRP**

**Jeffrey Rosenberg, CPA, CA, CIRP**

**Supriya Sarin, CIRP**

**Adam Sherman, MBA, CIRP**

**Jorden Sleeth, CPA, CA, CIRP**

**Mark Yakabuski, BA (Hons.)**

**\*Chair**

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At the Commercial Insolvency and Restructuring program wrap up meeting held in June 2015, we decided the program was going to be focussed on the changing insolvency landscape. The Committee and CAIRP took this idea to heart and decided to change the format of the Commercial Program, combine it with the Annual CAIRP Insolvency and Restructuring Forum in May and rename the Toronto program to the CAIRP Insolvency and Restructuring Exchange.

We have worked hard to develop three streams of learning: large corporate, mid-market and consumer. Further, it was decided that the Commercial Program Committee would organize the larger corporate and mid-market sessions and the CAIRP Insolvency and Restructuring Forum Committee would organize the consumer sessions.

The program includes three keynote speakers as follows:

- A presentation from Benjamin Tal, Deputy Chief Economist at CIBC World Markets Inc. providing his insight into the current and future major economic trends around the Globe and their impact on the Canadian economy.
- After lunch, a second key note speaker, Mr. Scott Stewart, CEO of IBI Group Inc. ("IBI"), providing his perspective on what happened and how IBI came back from the brink. IBI was named International Turnaround of the Year with Mr. Stewart at the helm.

The final keynote speaker, at the end of the session, Mr. Paul Beeston, former President and CEO of the Toronto Blue Jays, regaling the audience with tales of what it took to turn around the Blue Jays and make them World Series champions in 1992 and 1993 as well as providing his insider knowledge on the current rebuilding of the Blue Jays.

There are four consumer sessions as follows:

- A mock creditors' meeting for a Division 1 proposal, bringing to the fore the varying interests of creditors with the Trustee managing these conflicts in the mock meeting. This session also makes use of new voting technology to encourage audience participation.
- A discussion of new case law and its impact on consumer insolvencies and the strategies to deal with the changes the new case law represents.
- Insight into best practices on what to do when the BIA and the Directives do not provide direction on consumer issues.
- A presentation on bankruptcy offences and how the OSB Debtor Compliance and Special Investigations Units manage these difficult situations and what they need from the insolvency practitioners.

There are three mid-market sessions for the day as follows:

- An overview of the products offered by Export Development Canada (“EDC”) focussing on how the different programs work, the impact of these programs on a secured lender and its security position and the eligibility requirements for making a claim with EDC.
- A discussion of the morass that are construction lien claims with practitioners covering the critical issues facing the insolvency community and the impact of cases such as *Atlas Block Co. Limited* and *Iona Contractors Limited*.
- A dialog on unusual secured claims and the impact of those claims on other secured creditors and the practitioner’s fees.



There are also three large corporate sessions as follows:

- A discussion on the differences between the proposal sections of the BIA and the CCAA. Specifically, the session explores the pro’s and con’s of each type of proposal proceeding and when a filing under each statute is appropriate.
- A deep dive into the insolvencies of oil, gas and mining companies, providing the experiences of practitioners who are dealing with this troubled sector.
- An examination of cross-border insolvencies beyond the U.S. with panelists reviewing the intricacies of insolvencies in places like the Caribbean, Africa and Europe.

The large corporate and mid-market sessions include a joint update from the bench with judges from Alberta, B.C., Ontario and Quebec providing an update into new corporate case law and insight into the types of proceedings and issues being seen in the court rooms across the country.

This year’s Committee included an even larger group of dedicated volunteers, including returning members, who had to step up to the plate like never before and have come through with a home run schedule for our members. I wish to thank all the members of this Committee for their hard work, focus and dedication in putting together the first ever CAIRP Insolvency and Restructuring Exchange.

I would like to take this opportunity to also thank our many sponsors, without whose contributions we could not put on such successful programs. Our law firm sponsors include Aird & Berlis, Cassels Brock, Dickinson Wright, Gardiner Roberts, Gowlings, Loopstra Nixon, McMillan, Miller Thomson, Minden Gross and Thornton Grout Finnigan. Trustee firms sponsoring the event include Alvarez & Marsal, BDO, Deloitte, Ernst & Young, FTI Consulting, Fuller Landau, Grant Thornton, KPMG, KSV, PwC and Richter.

**Brad Newton**, CPA, CA, CBV, CIRP  
Chair

# CONTINUING EDUCATION COMMITTEE

IN DESIGNING THE PROGRAM, THE CONTINUING EDUCATION COMMITTEE FOCUSES ON PROVIDING RELEVANT AND TIMELY TOPICS, AND ACTIVELY SEEKS OUT DYNAMIC AND ENGAGING SPEAKERS.

**\*Joe Healey, CPA, CA, CIRP**  
**Nathalie Brault, CPA, CMA, CIRP**  
**Kimberley Burke, CIRP**  
**Rebecca Frederick, CIRP**  
**Matthew Golding, CPA, CMA, CIRP**  
**Michelle Grant, CIRP**  
**John Haralovich, CPA, CMA, CIRP, CFE**  
**Robert (Rob) Hunt, CPA, CA, CIRP**  
**Jennifer Kelly, CIRP**  
**Supriya Sarin, PGDBF, CIRP**  
**Mark Yakabuski, BA (Hons.)**  
**\*Chair**

The 2015 Annual Insolvency and Restructuring Forum, which provides continuing education opportunities to CAIRP members across the country, was held in six cities across Canada during May and June of 2015 - Vancouver, Edmonton, Winnipeg, Toronto, Montreal and Halifax.

The Annual Forums cater principally to consumer practitioners and mid-market commercial practitioners, and provide valuable opportunities for the CAIRP Executive Committee to meet with members across the country and demonstrate the value of CAIRP.

In designing the program, the Continuing Education Committee focuses on providing relevant and timely topics, and actively seeks out dynamic and engaging speakers. The Committee also seeks to avoid imbalances in the solicitation of the same speakers on multiple occasions or from the same firms year

after year. With a total slate of 94 unique speakers across all Forums this is an ongoing challenge, but is an area of continued focus of the Committee.

The 2015 Committee attempted to avoid any repetition and overlap of topics and legal cases examined at the Forums by hosting national conference calls for speakers to set out session objectives and expectations. The 2016 Committee will continue to address this in an effort to curb overlap in future sessions. The Committee is always on the lookout for engaging topics and speakers - we welcome your ideas and input!

Topics addressed at the 2015 Forums included:

- |           |  |
|-----------|--|
| <b>MB</b> | • CAIRP Standards  |
| <b>QC</b> | • OSB Update   |
| <b>NS</b> | • Mid-market commercial legal technical update                               |
| <b>AB</b> | • Breakout session (consumer oriented) - various regional hot topics         |
| <b>NS</b> | • Breakout session (mid-market commercial oriented) "Inside a Banker's Mind" |
| <b>BC</b> | • Keynote address - Jesse Brown (René Vézina in Montreal)                    |
| <b>ON</b> | • Breakout session (consumer oriented) - recent BIA developments             |
| <b>NS</b> | • Breakout session (mid-market commercial oriented) - Retail insolvencies    |
| <b>SK</b> | • Consumer legal technical update  |
| <b>ON</b> | • Impact of the death of a bankrupt on the administration of an estate       |

Survey feedback from members indicated a fairly high level of satisfaction (87% indicated the Forum met or exceeded expectations).

Personally, and on behalf of the Continuing Education Committee, I would like to acknowledge the efforts and level of support provided by CAIRP staff, particularly Bea Casey and Cristina Contesti. These were a key factor in the success of the Forums and the effective functioning of the Committee.

I have greatly enjoyed working with a very dedicated group of CAIRP volunteers across the country on this committee. The 2016-2017 Committee Chair, Kim Burke, has served as a committee member for a number of years and has my full support.

**Joe Healey, CPA, CA, CIRP**  
*Chair*

# CONTINUING EDUCATION OVERSIGHT COMMITTEE

**\*Robert (Rob) Hunt, CPA, CA, CIRP**

**NS**

**Nathalie Brault, CPA, CMA, CIRP**

**QC**

**Kimberley Burke, CIRP**

**NS**

**Brad Newton, CPA, CA, CIRP, CBV**

**ON**

**Jorden Sleeth, CPA, CA, CIRP**

**ON**

**\*Chair**

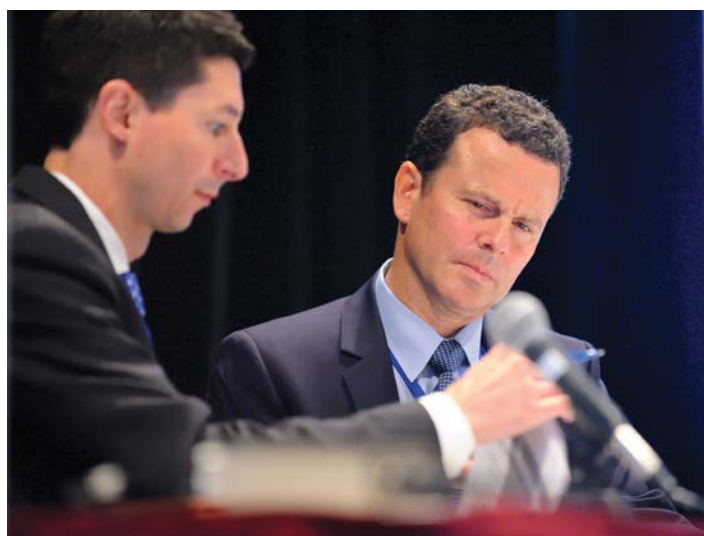
The Continuing Education Oversight Committee was established at the end of 2013 to ensure that continuing education opportunities offered by CAIRP provide quality education in sufficient quantity and frequency to members. Committee members include the Chairs and Board Liaisons of each of the Insolvency & Restructuring Forums, Commercial Program and Annual Conference Committees.

Specifically, the Committee is tasked with ensuring that there is co-ordination of the three CAIRP education events such that:

- there is sufficient and appropriate education overall and by function;
- there is suitable rotation of speakers for each event;
- the mandate of each committee is clear in terms of providing a suitable balance between networking, content delivery and profitability for each of the events;
- the role of the committee members is clear; and
- programs are established that will stretch/challenge attendees to grow and that will be distinct for each event.

This year's committee began the discussions at the Annual Conference in Whistler and then followed up to ensure that the committee guidelines were being adhered to with meetings throughout the fall and spring. Meetings will continue to review progress on the education front for the Annual Conference and to de-brief this year's offerings.

This mechanism to ensure communication and collaboration amongst the three Continuing Education Committees has proved helpful in allowing Committees to focus on enabling 'face' time for new and varied speakers and reducing the amount of duplication that may occur when Committees work in silos.



As outgoing Chair, I would like to express my thanks to the dedicated members of this Committee who recognize not only the importance of delivering the best Program possible for their respective audiences but the importance of working together to foster a strong overall Continuing Education Program.

**Rob Hunt, CPA, CA, CIRP**  
*Chair*



## EDITORIAL ADVISORY BOARD

**\*Larry Prentice, FCPA, FCIRP**

**Mary Buttery, LL.B**

**Paul Casey, CPA, CA, CIRP**

**J.F. (Jim) Gilchrist, CPA, CA, CIRP**

**Derek Hynes**

**Philippe Larocque, CPA, CA, CIRP**

**Jeff Lee, Q.C**

**Sanjeev Mitra, LL.B**

**Mark Rosen, LL.B, CIRP**

**Martin Rosenthal, CPA, CA, CIRP**

**Mark Yakabuski, BA (Hons.)**

**\*Chair**

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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 steadily evolved into a substantial publication addressing a broad spectrum of situations that impact stakeholders in the insolvency and restructuring community across Canada.

The magazine now has a circulation approaching 5,000 readers. In addition to the members of CAIRP and articling associates 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 an important vehicle for practitioners to enhance their awareness and appreciation of emerging issues and judicial developments across the country. This year's publications included a number of discussions of important legal decisions in prominent insolvencies, as well as examining issues in retail insolvencies and conditions in the oil and gas sector. More broadly, other articles examined the developments in Court scrutiny of judicial officers and the balancing of interests in several consumer insolvency situations. We also discussed the introduction of the new designation of Licenced Insolvency Trustee ("LIT").

The magazine regularly features prominent members of the Canadian restructuring scene. During this year we profiled CAIRP's incoming Chair, David Wood, and Registrar Richard Cregan of Nova Scotia. We also featured profiles of CIRPs who are active in their communities.

*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 is comprised of CAIRP members, insolvency lawyers and a special loans banker; 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 the magazines produced this year.

**Larry Prentice, FCPA, FCA, FCIRP**  
*Chair*

THE MAGAZINE IS AN IMPORTANT VEHICLE FOR PRACTITIONERS TO ENHANCE THEIR AWARENESS AND APPRECIATION OF EMERGING ISSUES AND JUDICIAL DEVELOPMENTS ACROSS THE COUNTRY.

## FINANCE COMMITTEE

**\*Craig Munro, CPA, CA, CIRP**  
**Ali R. Hemani, CPA, CGA, FCCA (UK)**  
**John Page, FCPA, FCA, CIRP**  
**Jorden Sleeth, CPA, CA, CIRP**  
**David Wood, CIRP**  
**Mark Yakabuski, BA (Hons.)**  
**\*Chair**

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In February 2016, the Board of Directors approved the Association's budget for the fiscal year 2016-17.

During the budgeting process the Finance Committee noted that since FY 2012, CAIRP's revenues have declined by nearly \$1 million due to a number of factors including:

- The number of new articling associates entering the CQP has fallen by over 70% over the last four years;
- The fee for the CQP Tutorial was reduced by 25% in order to increase access to the best possible exam preparation for those challenging the CNIE; and
- The registration fees for CAIRP's various professional development programs, including the Annual Conference, were maintained in order to make them accessible to members. In the case of new members, the registration fees were reduced by 50% in order to encourage their participation in the early years of their professional careers. Despite these efforts, the number of members attending CAIRP's programs has been declining.

During the same time period, I am pleased to report that we have been successful in holding CAIRP's expenses to the same level in FY 2016 as they were in FY 2012. The expenses have been managed despite absorbing significant increases in the cost of food and beverage for our various events, and for travel associated with the important work of CAIRP's various committees.

As a result of these factors, CAIRP is facing a significant structural deficit. With the assistance of CAIRP's Director of Finance, the Finance Committee reviewed several financial models based on different sets of assumptions to determine ways to address the issue. Based on the strength of CAIRP's current liquidity, the Finance Committee decided to

implement some fee increases to assist in closing the deficit, with the intention of working with the Strategic Plan Committee to balance CAIRP's operating budget in the near term.

A summary of the fee increases proposed by the Finance Committee for FY 2016-17, which were approved by the Board, are as follows:

- \$150 increase in membership fees
- \$65 increase in articling associate fees
- \$100 increase in corporate membership fees
- \$250 increase in the tutorial fee
- \$150 increase in the Insolvency Administrator course fee
- \$100 increase to the CQP application fee

The Board also approved the Finance Committee's recommendation that CAIRP's internally restricted funds for the CQP be re-designated as a general contingency reserve of \$1.2 million.

I would like to thank the members of the Finance Committee as well as Ali Hemani, CAIRP's Director of Finance and Administration, for their time, effort and counsel throughout the year.

**Craig Munro, CPA, CA, CIRP**  
*Chair*

# HONOURS AND AWARDS NOMINATING COMMITTEE

**\*Donna Collins, FCIRP**

**William (Bill) Courage, CPA, CA, FCIRP**

**Chantal Gingras, CIRP**

**Guyline Houle, BCL, FCIRP**

**Garth MacGirr, FCPA, FCA, FCIRP (ret.)**

**Larry Prentice, FCPA, FCA, FCIRP**

**Peter Wedlake, LL.B, FCIRP**

**Mark Yakabuski, BA (Hons.)**

**\*Chair**

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## 2016 AWARD RECIPIENTS

### Fellow Chartered Insolvency and Restructuring Professional:

Paul Casey, CPA, CA, CIRP - Deloitte Restructuring Inc.

### New Members' Award of Merit:

Sean Stack, CIRP -  
S.R. Stack & Company Ltd.

### Outstanding Volunteer Award:

Catherine Hristow, CPA, CMA, CIRP -  
Deloitte Restructuring Inc.



CAIRP Fellowship recipient, Leanne Salzyn, with Past-Chair, Paul Casey.

The Honours and Awards Nominating Committee ("HANC") received nominations for the Fellow Chartered Insolvency and Restructuring Professional (FCIRP), the Outstanding Volunteer Award and the New Members' Award of Merit for 2015-2016.

The HANC recommended the following individuals for a Fellowship and the New Member's Award of Merit. The HANC is pleased to announce that the Board of Directors approved its recommendations.

Fellow Chartered Insolvency and Restructuring Professional: **Paul Casey**, CPA, CA, CIRP - Deloitte Restructuring Inc.

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.

New Members' Award of Merit: **Sean Stack**, CIRP - S.R. Stack & Company Ltd.

This award acknowledges new members who have brought excellence to their profession through their leadership and achievements in various aspects of their personal and professional life. 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.

In recognition of her exemplary service to CAIRP through her volunteer work, the Committee has awarded the Outstanding Volunteer Award to **Catherine Hristow**, CPA, CMA, CIRP - Deloitte Restructuring Inc.

The HANC strongly encourages all members to review the particular criteria for each award on the CAIRP website and to nominate their peers.

**Donna L. Collins**, B.A., B.Comm. (Hons.), FCIRP, LIT  
Chair

# INTERVENTION COMMITTEE

**\*Sharon Hamilton, CPA, CA, CIRP**

**Michael Bray, Q.C.**

**Philippe Bélanger, LL.B., BCL**

**Jean-Daniel Breton, CPA, CA, FCIRP**

**Christopher Galea, CPA, CA, CIRP**

**Hon. Yoine Goldstein, B.A., B.C.L. (Hons.),  
D.E.C.D., D.de l'U. (Hons), L.L.D., Ad.E.**

**Peter Wedlake, FCIRP**

**Mark Yakabuski, BA (Hons.)**

**\*Chair**

The Intervention Committee is responsible for receiving and reviewing requests from members for intervention by CAIRP in matters usually, but not always, involving court proceedings. CAIRP's primary value in intervening is as a third party to defend basic principles and to protect the integrity of the bankruptcy and insolvency system.

The Intervention Committee reviews each intervention request to determine if it meets certain criteria and, if it does, makes an appropriate recommendation to the Executive Committee of CAIRP.

The criteria to be met are as follows:

1. Is the issue of national importance or implication?
2. Does the issue impact upon established insolvency practice?
3. Does the issue affect the objectives of federal insolvency legislation?

During 2015-2016, the Intervention Committee has been fairly busy. A number of cases before the courts have attracted our attention and CAIRP has intervened in some of them.

Before the Supreme Court of Canada, two cases arose (*407ETR* and *Moloney*) where the relevant licensing authorities refused to grant a driver's permit to two discharged bankrupts. In the first case, the bankrupt had failed to pay toll arrears to 407ETR and, according to its Charter, it was permitted to ask the licensing authorities to not issue a driver's permit to the bankrupt. In the second case, the bankrupt had not paid a claim for bodily injuries and, again, the relevant authority was permitted, under the statute, to deny a driver's permit to the discharged bankrupt. In both cases, CAIRP was asked to intervene before the Supreme Court. Although the

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motions to intervene were denied, CAIRP maintained a watching brief and the Supreme Court, applying the doctrine of paramountcy, held that the authorities could not overcome the principle that bankrupts were entitled to a fresh start after discharge and that the authorities could not subvert that principle by denying drivers' licences to discharged bankrupts.

In a further case, CRA sought to apply set-off in a proposal, that is, apply post-bankruptcy refunds to pre-bankruptcy debt. This matter is currently before the Registrar. CAIRP intervened actively to support the proposition that a proposal could not and should not contain any provisions which gave CRA a better position than that of an ordinary creditor. This case has implications in all consumer proposals where CRA is a creditor. Without consistency across Canada, CRA has sought, in various ways, to get a position better than that of an ordinary unsecured creditor. The Registrar asked CAIRP's lawyer to submit judgments wherein the matter has been dealt with, and CAIRP's lawyer has done so. It is expected, and hoped, that the Registrar will render an all-embracing judgment which will establish the principle that CRA cannot improve its position beyond that of any other unsecured creditor.

Indirectly, the same issue has arisen in Quebec in a matter of *Kitco*. Kitco sought and obtained court protection. Revenue Quebec has refused to pay post-filing refunds to which Kitco is entitled because, according to Revenue Quebec, Kitco is indebted to it for pre-filing significant amounts. In the Superior Court, Kitco prevailed and Revenue Quebec was refused the right to apply set-off. Revenue Quebec (and CRA) have gone to appeal and CAIRP has sought, and obtained, intervenor status. The appeal will be heard in the fall and CAIRP intends to file a brief and plead orally before the Court of Appeal, supporting the lower court decision.

In the matter of *Redwater Energy*, a case arising in Alberta and reflecting the problems created by the low world price of energy, the receiver-trustee arranged to sell those wells which were producing oil and had a positive value, while disclaiming the wells that were in negative territory and, effectively, abandoning them. The Alberta environmental authorities took the position that the trustee-receiver had to use the proceeds of the sale of the valuable wells to do the remediation of the negative wells before paying the secured creditor. CAIRP arranged a watching brief status in the file and representations

were made by CAIRP supporting the position of the receiver-trustee, that the positive wells could be sold and the proceeds paid over to the secured creditor without requiring the use of those proceeds to remediate the non-producing wells. In an elaborate judgment by the Chief Justice of Alberta, which included mention of CAIRP's position, it was held that the receiver-trustee could make the sale and apply the proceeds to payment of the secured creditor, without regard to the negative wells. This Judgment is presently in appeal and CAIRP is arranging to obtain intervenor status before the Court of Appeal. The probability is that this case will go to the Supreme Court of Canada for a final determination.

Other matters were submitted to the Intervention Committee but, after analysis, it was decided that CAIRP intervention was not required in connection with these matters.

**Sharon Hamilton**, CPA, CA, CIRP  
*Chair*



## MEDIA COMMUNICATIONS COMMITTEE

**\*Mary Ann Marriott, CIRP**  
**Nathalie Brault, CPA, CMA, CIRP**  
**Jean-François Cliche, CIRP**  
**Steve Erwin**  
**Michelle Grant, CIRP**  
**Jennifer Kelly, CIRP**  
**Jennifer McCracken, CIRP**  
**Matthew Munro, CGA, CIRP**  
**François Noël, CIRP**  
**Ashvin Sharma, CIRP**  
**Mark Yakabuski, BA (Hons.)**  
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The Media Communications Committee (“MCC”) had continued success this year establishing and enhancing its social media presence.

The MCC was created to review and approve materials used in CAIRP’s digital properties, such as social media and other online forms of communication. Throughout the past year we have succeeded in posting 22 blogs on various topics of interest to members and the general public.

Our social media presence has enjoyed a continued steady increase in traffic over the past year. Followers of the CAIRP Twitter account (@cairp\_acpir) have increased from 400 last year to 620. Our tweets have been retweeted by prominent organizations from the Wall Street Journal to INSOL international to government departments. You can also follow CAIRP on Facebook at [facebook.com/cairp.ca](https://facebook.com/cairp.ca).

The CAIRP LinkedIn account has connected with more than 537 professionals, many of whom are members and others involved in the international insolvency and restructuring community such as lawyers and judges.

The CAIRPblog ([cairp.ca/media/CAIRPblog](http://cairp.ca/media/CAIRPblog)) continues to provide entertaining and informative posts on a variety of topics written by CAIRP members and friends of the Association. Posts this past year have explored topics such as working abroad, field reports from local attendees of INSOL International, a look at the lives of those in the insolvency profession, insight into insolvency law decisions, and bankruptcy statistics released by the Office of the Superintendent of Bankruptcy, to name a few.

The new and improved look of CAIRP’s home on the web, [CAIRP.ca](http://CAIRP.ca), has been well received with traffic remaining steady around 1,000 pageviews per month with a high of 3,400 pageviews during the spring of 2016.

The MCC, in conjunction with the Communications Committee, was proactive in the rolling out of communications regarding the new *Licensed Insolvency Trustee* designation brought into effect by the OSB in April of this year.

The MCC will continue to explore ways to invite the insolvency community to showcase their expertise and stories across the various social media platforms to both enhance relationships within the community and with the general public.

Please contact Andrew Flynn, Manager of Communications, at [andrew.flynn@cairp.ca](mailto:andrew.flynn@cairp.ca) for blogging opportunities.

**Mary Ann Marriott, CIRP**  
*Chair*

## NEW MEMBERS COMMITTEE

**\*Gordon Boersma, CIRP**  
**Kevin Brennan, CPA, CA, CIRP**  
**Daniel Budd, CIRP**  
**Jean-François Cliche, CIRP**  
**Shannon Desaulniers, CIRP**  
**Matthew Golding, CMA, CIRP**  
**Patricia Marshall, CIRP**  
**Linda Paul, CIRP**  
**Nicholas To, CPA, CMA, CIRP**  
**Mark Yakabuski, BA (Hons.)**  
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The New Members' Committee ("NMC") is composed of nine members from across Canada who have obtained their CIRP designation within the past five years. The NMC continued its work of increasing volunteerism from and engagement between new and articling members and CAIRP by providing opportunities for new members to become involved with and learn about how the Association functions.

Some of the key initiatives and accomplishments of the NMC in 2015-2016 include:

- Development and implementation of a Mentorship Program for candidates in the CIRP Qualification Program ("CQP"). This program was rolled out on a pilot basis in April 2016 and has received significantly more interest from CQP candidates than there were available mentors.
- Presented to the OSB and the CAIRP Executive Committee a report on the results of a survey conducted by the NMC of those who challenged Oral Board Exam under the changes made to the exam in recent years. The survey report and data provided the OSB with important feedback from new members.
- Attended the 2015 CNIE tutorial to network with CQP candidates and to promote active participation in the profession.

The NMC looks to fill vacancies from time to time. If you have obtained your CIRP recently and are interested in getting involved with the NMC or CAIRP's various projects, please contact **Nick To** at [nicholas.to@ca.gt.com](mailto:nicholas.to@ca.gt.com).

**Gord Boersma, CIRP**  
*Chair*



New Members Committee reception at the 2015 Commercial Program.



New Members Committee reception at the 2015 Commercial Program.

# PROFESSIONAL CONDUCT COMMITTEE

**\*Colleen Craig, CPA, CA, CIRP**  
**Sheri Lee Aberback, CFE, CIRP**  
**Marla Lee Adams, CPA, CA, CIRP**  
**Gregory S. Gosse, CMA, CIRP**  
**John Haralovich, CPA, CA, CMA, CIRP, CFE**  
**Stanley Hopkins, CPA, CA, CIRP**  
**Karen Horvath, CIRP**  
**Robert D. Johnson, CPA, CA, CIRP**  
**Mario Mainella, CPA, CA, CIRP**  
**Bradley Milne, CIRP**  
**Nancy Snedden, CPA, CA, CIRP**  
**Mark Yakabuski, BA (Hons.)**  
**\*Chair**

The Professional Conduct Committee ("PCC") provides an essential function in enforcing and maintaining CAIRP's commitment to professionalism, trustworthiness and objectivity. The PCC addresses all complaints submitted to it regarding the conduct of CAIRP members and associates. To ensure a fair and transparent process, the members of the PCC include one representative from each of the Provincial associations.

The PCC deals with a range of professional conduct matters. Examples include ethics or honesty, communications (including failure to reply to communications or to report on a transaction), unreasonable delays, misleading, rude and discriminatory behaviour, or failure to account for, or the improper handling of, money or property.

The PCC may also investigate complaints regarding advertisements by CAIRP members to determine if they violate CAIRP's Rules of Professional Conduct, Standards of Professional Practice or Bylaws. 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, including the Trustee Designation and Advertising Directive, should be submitted directly to the OSB.

Over the past year, the PCC has met monthly to continue to ensure that complaints regarding CAIRP members are dealt with in a fair and timely manner.

**BC** Between April 1, 2015 and March 31, 2016 the PCC closed nine cases. As of March 31, 2016, there were  
**QC** three PCC cases and four advertising cases open.  
**SK** Two of these cases are on hold pending ongoing  
**NL** court action. The Committee will continue to meet  
**ON** on a monthly basis to ensure that all complaints are  
**NS** dealt with as efficiently as possible.  
**AB** During the past year the PCC reviewed and updated  
**NB** its operating guidelines. These guidelines were  
**BC** approved by the Board of Directors in June 2015.  
**MB** The new guidelines more effectively outline the  
**NL** procedure for addressing complaints to ensure each  
 one is dealt with in a transparent, fair and timely  
 fashion.

The PCC also adopted new investigator guidelines, which will help to ensure investigation procedures for each case are consistent and conducted as efficiently and fairly as possible.

The PCC has also updated the *Protection of the Public* page on CAIRP's website and made a formal complaint form available to the public to assist them in understanding CAIRP's professional conduct process as well as streamline the process for submitting complaints.

In an effort to recognize the important work of PCC investigators, effective April 1, 2015, investigators appointed by the PCC were able to count the hours they spend investigating cases towards the Active Participation requirement for Mandatory Professional Development hours. Any members who are interested in acting as a PCC investigator should contact CAIRP at [info@cairp.ca](mailto:info@cairp.ca).

Without the generous efforts of our volunteer investigators and Committee members, the PCC could not complete its important work. I would like to thank those CAIRP members who have volunteered over the past year to investigate complaints as well as the Committee members for their time and expertise.

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

# STRATEGIC PLAN COMMITTEE

*Chantal Gingras, CIRP	QC
André Bolduc, CPA, CA, CIRP	ON
Paul Casey, CPA, CA, CIRP	ON
Robert (Rob) Hunt, CPA, CA, CIRP	NS
Jennifer McCracken, CIRP	BC
Craig Munro, CPA, CA, CIRP	BC
Mark Yakabuski, BA (Hons.)	
*Chair	

WE HAVE STRUCK A STRATEGIC PLAN COMMITTEE WELL IN ADVANCE TO THOROUGHLY REVIEW THE IMPENDING CHALLENGES FACING THE ASSOCIATION AND TO IDENTIFY KEY PRIORITIES THAT CAIRP WILL NEED TO MEET IN ORDER TO CONTINUE TO PROVIDE VALUE TO ITS MEMBERS IN THIS CHANGING CLIMATE.

In June 2015, as part of a regular review of CAIRP's Strategic Plan, the Board of Directors approved changes to CAIRP's Mission and Vision Statements. The updated Statements were designed to present CAIRP and its members as the preeminent professionals for assisting both individuals and companies in financial difficulty and to re-phrase our three part Mission Statement in a more active tone that better communicates CAIRP's proactive work in each area of its activities.

## Mission:

- Educate and support its members in providing insolvency, restructuring and related advisory services in a manner that instills the highest degree of public trust;
- Advocate for a fair, transparent and effective system of insolvency and restructuring administration throughout Canada; and
- Promote CAIRP members as the go-to professionals in insolvency and restructuring matters along with CAIRP as their voice.

**Vision:** CAIRP and its members are recognized as the go-to professionals in providing expertise in insolvency and restructuring and in finding solutions for individuals and companies in financial difficulty.

**Values:** CAIRP and its members are committed to professionalism, trustworthiness and objectivity.

Since the current Strategic Plan was adopted in August 2012, CAIRP has fulfilled almost all of our key objectives under the three pillars of **Educate**, **Advocate**, and **Promote**, well before its five-year expiry in 2017.

Here are just some of our achievements since the adoption of our 2012 Plan:

## Educate:

- CAIRP continued to improve our core educational program and continuing education activities. Most recently, we committed to support the CQP through establishment of the CQP Review Task Force in light of the poor results in the Competency-based National Insolvency Exam ("CNIE").

## Advocate:

- CAIRP is undertaking a thorough study of the tariff in summary administration bankruptcies to pursue a review of the tariff with the Office of the Superintendent of Bankruptcy ("OSB"). Members were consulted extensively in order to collect data to measure increases in operating expenses for trustees since the tariff was last changed in 1998.
- We made an extensive submission to (then) Industry Canada (137 pages) regarding both consumer and corporate issues as part of the review of the BIA and CCAA.
- We made a significant submission to (then) Industry Canada on the review of the *Canada Business Corporations Act*, specifically as it relates to s.192 restructurings.

## Promote:

- Working closely with the OSB, CAIRP was instrumental in the introduction of a new designation for trustees, *Licensed Insolvency Trustee*, which better reflects the breadth of services offered by trustees to assist consumers and businesses in financial difficulty and clearly distinguishes our trustee members from unlicensed service providers.

- We have completed a vast review of CAIRP's Standards of Professional Practice. The Standards had not been updated in over 20 years. They have been both modernized and streamlined in order to provide practitioners with effective guidance in the whole gamut of corporate and consumer activities. The Standards are now available to the public.
- We have overhauled our website to make it more accessible to our members and the public, and we have introduced a new communications program at CAIRP, effectively using all forms of media, to promote the work of CAIRP and our members to the public and other key stakeholders.

Despite these achievements, CAIRP's current funding model is no longer sustainable. We must address a serious decline in CAIRP's revenues over the past few years largely as a result of a substantial decrease in the number of candidates entering the CQP.

We have therefore struck a Strategic Plan Committee well in advance to thoroughly review the impending challenges facing the Association and to identify key priorities that CAIRP will need to meet in order to continue to provide value to its members in this changing climate. Addressing our structural deficit and ensuring that CAIRP is in a secure financial position going forward will be a critical consideration in developing our new Strategic Plan.

The Strategic Plan Committee will be holding consultations with the provincial associations as well as various stakeholders over the Spring/Summer 2016 as it works to develop a new Strategic Plan.

**Chantal Gingras, CIRP**  
Chair



## CQP REVIEW TASK FORCE

<b>*David Wood, CIRP</b>	<b>BC</b>
<b>Vanessa Allen, CIRP</b>	<b>AB</b>
<b>Sidiq (Sid) Ali, PhD CE</b>	
<b>Jean-Daniel Breton, CPA, CA, FCIRP</b>	<b>QC</b>
<b>Georges Faucher, LL.B, CIRP</b>	<b>QC</b>
<b>Jeffrey Price, CIRP</b>	<b>AB</b>
<b>Daniel Rozon, CPA, CA, CIRP</b>	<b>NS</b>
<b>Jorden Sleeth, CPA, CA, CIRP</b>	<b>ON</b>
<b>Mark Yakabuski, BA (Hons.)</b>	
<b>*Chair</b>	

In view of the assessment results of candidates in the CIRP Qualification Program (“CQP”) over the past few years, particularly on the Competency-based National Insolvency Exam (“CNIE”), the CQP Review Task Force was formed and given the mandate to conduct a thorough review of the CQP. The focus of the Task Force has been to identify actions necessary to ensure the credibility of the 2016 CNIE, as well as those needed to maintain the effectiveness of the Program going forward and to ensure it prepares candidates for a successful CNIE.

Members of the Task Force were selected to ensure cross-country representation, varying length of time in practice and differing practice types.

The Task Force has met regularly and deliberated on numerous issues, including, but not limited to, exam format and question creation, marking assessment guidelines, passing criteria, candidate supports and experience hours. The Task Force would also like to recognize the significant contributions made by the CQP Committee (“CQPC”) to date.

The Task Force submitted its interim report to the Board in March 2016. Given the need for the CNIE Board to begin active work on the development of the 2016 CNIE, the Task Force focused primarily on this year’s assessment for the purposes of its interim report.

There have been several actions of note since the Task Force began deliberations, including:

- Formal clarification of the term “entry level practitioner”: The Competency Profile was reviewed and adjusted as required to be consistent with this expectation. The revised Competency Profile is available on the candidate site and CAIRP’s website.
- Clarification of the passing criteria required for candidates to demonstrate their competency at the appropriate level.
- Publication of the exam blueprints for both the Core Knowledge Exam and the CNIE on the candidate site and CAIRP’s website.
- Publication of three sets of assignments for the Applied Knowledge Course, as revised by the Course Material Review Committee, linking the assessments to the Competency Profile: The comprehensive case study assignments for this course are being converted to a similar format.
- Implementation of the CQPC policy to offer the Core Knowledge Exam only one time per year (in the fall). This new policy aims at giving candidates more time to assimilate the material and acquire the skills necessary to work their way successfully through the Program.
- Implementation of the CQPC policy for a three-attempt limit for the CNIE as of January 2017. All candidates entering the Program will be restricted to three attempts. All candidates currently in the Program will be allowed 3 more attempts, no matter how many attempts were made previously. Candidates who are unable to successfully complete the Program with the maximum number of attempts allowed will be able to reapply to the Program.

This important work would not have been possible without the commitment of our Task Force members.

**David Wood, CIRP**  
Chair

# PUBLIC EDUCATION TASK FORCE

<b>*Ian Penney, CPA, CA, CIRP</b>	<b>NL</b>
<b>Nathalie Brault, CMA, CIRP</b>	<b>QC</b>
<b>Philip Clarke, CPA, CA, CIRP</b>	<b>NB</b>
<b>Darren M. Crocker, CGA, CIRP</b>	<b>AB</b>
<b>Steve Erwin</b>	<b>ON</b>
<b>Blair Mantin, CMC, CIRP</b>	<b>BC</b>
<b>David Wood, CIRP</b>	<b>BC</b>
<b>Mark Yakabuski, BA (Hons.)</b>	
<b>*Chair</b>	

The Public Education Task Force was established by the Board of Directors in October 2015 with a mandate to study the possibility of developing a public education campaign to promote the anticipated new designation, as well as the value of trustees for those facing financial difficulty.

The Task Force was specifically set up in advance of a new designation being announced to replace Trustee in Bankruptcy. The new designation, *Licensed Insolvency Trustee* (“LIT”), for which CAIRP worked with the OSB for some time, was announced by the OSB on December 2, 2015.

Early in the new year, the Task Force drafted a detailed Request for Proposals for a public education campaign in order to identify advertising and public affairs firms with which CAIRP could work in promoting LITs as the only licensed professionals offering solutions to those in financial difficulty.

The Task Force is aware that CAIRP must work in conjunction with various stakeholders in finding the most effective and economical way to better educate Canadians about who they should turn to when facing financial distress. We are working to identify and to price-out the options that need to be considered in designing an education campaign that will have a meaningful impact at a reasonable cost.

Once the Task Force has completed this stage of its work, it will make recommendations for consideration by the Board.

***Ian Penney, CPA, CA, CIRP***  
*Chair*

# TARIFF REVIEW TASK FORCE

**\*Virginie Comtois, CPA, CA, CIRP**

**Chantal Gingras, CIRP**

**Hon. Yoine Goldstein, B.A., B.C.L. (Hons.),  
D.E.C.D., D.de l'U. (Hons), L.L.D., Ad.E**

**Jim Moses, CIRP**

**David Stewart**

**Peter Wedlake, LL.B, FCIRP**

**Melanie Wengle, LL.B.,CIRP**

**Randy West, CPA, CA, CIRP**

**Mark Yakabuski, B.A. (Hons.)**

**\*Chair**

## AD HOC COMMITTEE

**André Bolduc, CPA, CA, CIRP**

**Virginie Comtois, CPA, CA, CIRP**

**Chantal Gingras, CIRP**

**Randy West, CPA, CA, CIRP**

**David Wood, CIRP**

The Tariff Review Task Force for summary administration files was created in the spring of 2013 following a meeting of the Provincial Association Presidents held in February of the same year. The Task Force members identified a number of factors which justified the need for amendments to Rule 128 of the BIA General Rules and the request for a tariff increase. The Task Force strongly believes that trustees need to be remunerated adequately in view of increasing costs and responsibilities.

In February 2014, the CAIRP Executive Committee presented a preliminary proposal to the Office of the Superintendent of Bankruptcy ("OSB") for changes in the tariff. The feedback from the OSB was that additional data and analysis would be necessary to support our business case. In response to requests from CAIRP, the OSB provided some of the required data.

The Board subsequently approved the establishment of an Ad Hoc Committee. As part of the plan presented to the Board, it was agreed that the Ad Hoc Committee would recommend the engagement of an outside consultant to put together a solid and credible study that would form the basis of our business case.

**QC**

**QC**

**QC**

**AB**

**ON**

**NS**

**ON**

**BC**

Since then, CAIRP has engaged Dr. Ed Weinstein of the Brondesbury Group, one of the best statisticians in the country, to conduct a comprehensive fact-based study. As part of this study, CAIRP confidentially surveyed managing partners at trustee firms that administer consumer insolvencies to compile detailed cost data from every area of trustees' operations. CAIRP also invited all members to participate in a survey designed to capture information on the wider operations and activities of trustees in order to gain a better idea of the human resources and related challenges that trustees would face if there were a significant increase in consumer insolvencies.

The OSB also agreed to provide Dr. Weinstein with significant data abstracts, to allow him to perform a full analysis. The OSB has since delivered large data abstracts on summary administration files from 2000 onwards in a manner that allows Dr. Weinstein to analyze the underlying data in a confidential manner. He is currently in the process of conducting this analysis and correlating the OSB's data to the data collected from our member surveys.

The Ad Hoc Committee feels strongly that a comprehensive and credible study is an essential starting point of our business case which will then allow us to determine how and if we move forward with our request for a tariff review of summary administration files.

I want to thank those CAIRP members who participated in our surveys. This study would not have been possible without your input. I also want to thank the members of the Task Force and the Ad Hoc Committee for their commitment and generosity in volunteering their time.

**Virginie Comtois, CPA, CA, CIRP**  
*Chair*

A COMPREHENSIVE AND CREDIBLE STUDY IS AN ESSENTIAL STARTING POINT OF OUR BUSINESS CASE WHICH WILL THEN ALLOW US TO DETERMINE HOW AND IF WE MOVE FORWARD WITH OUR REQUEST FOR A TARIFF REVIEW OF SUMMARY ADMINISTRATION FILES.

# CAIRP COMMITTEES AND TASK FORCES

CONTINUED...

## COMMUNICATIONS COMMITTEE

*David Wood, CIRP (August 20, 2015 - June 21, 2016)	BC
*Chantal Gingras, CIRP (as of June 21, 2016)	QC
Paul Casey, CPA, CA, CIRP	ON
Guyline Houle, BCL, FCIRP	QC
Francyne Hunter, CIRP	NS
Debora Kwasnicky, CIRP	BC
Mark Yakabuski, BA (Hons.)	
*Chair	

## CORPORATE PRACTICE COMMITTEE

*Jonathan Krieger, CPA, CA, CIRP	ON
Stephen Ferguson, CIRP	ON
Joseph Healey, CPA, CA, CIRP	MB
Jodat Fahad Hussain, CIRP	ON
Eugene Migus, CIRP	ON
Emmanuel Phaneuf, CIRP	QC
Wendy Anne Santoro, CIRP	ON
*Chair	

## DISCIPLINE COMMITTEE

*Peter Wedlake, LL.B., FCIRP	NS
Mark Yakabuski, B.A. (Hons.)	
*Chair	

## GOVERNANCE COMMITTEE

*Ian Schofield, CPA, CA, CIRP, CBV	SK
Chantal Gingras, CIRP	QC
Joseph Healey, CPA, CA, CIRP	MB
Robert (Rob) Hunt, CPA, CA, CIRP	NS
Mark Yakabuski, BA (Hons.)	
*Chair	

## NOMINATING COMMITTEE

*David Wood, CIRP (August 20, 2015 - June 21, 2016)	BC
*Chantal Gingras, CIRP (as of June 21, 2016)	QC
Paul Casey, CPA, CA, CIRP	ON
Colleen Craig, CPA, CA, CIRP	BC
Guyline Houle, BCL., FCIRP	QC
Robert (Rob) Hunt, CPA, CA, CIRP	NS
Mark Yakabuski, BA (Hons.)	
*Chair	

## CAIRP APPOINTMENTS TO INSOL INTERNATIONAL

- Board of Directors, Paul Casey, CPA, CA, CIRP
- INSOL 2017 Technical Committee, Paul van Eyk, CPA, CA, CIRP
- INSOL World Editorial Board, Allan Nackan, CPA, CA, CIRP
- INSOL Fellowship Committee, Allan Nackan, CPA, CA, CIRP
- INSOL Academics Steering Committee, Paul Casey, CPA, CA, CIRP
- Global INSOLvency Website Oversight Committee, Paul Casey, CPA, CA, CIRP
- Small Practice Membership Issues Committee, William (Bill) Courage, CPA, CA, CFE, FCIRP
- Past Presidents Advisory Committee, Garth MacGirr, FCPA, FCA, FCIRP (ret.), Robert Sanderson, CPA, CA, FCIRP (ret.)

## CAIRP MEMBERSHIP

MEMBERSHIP YEAR					
	2015/16	2014/15	2013/14	2012/13	2011/12
MEMBERS <sup>1</sup>	<b>995</b>	978	954	931	920
ARTICLING ASSOCIATES	<b>354</b>	342	365	422	420
CORPORATE ASSOCIATES	<b>24</b>	24	23	23	22
LIFE ASSOCIATES	<b>181</b>	167	157	175	168
INACTIVE MEMBERS <sup>2</sup>	<b>11</b>	13	13	14	14

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

2. Members who have left insolvency practice may be granted inactive status. If they do not reinstate themselves within five years, their membership is terminated.



# TREASURER'S REPORT

On behalf of the Board of Directors, I am pleased to present the audited financial statements of the Canadian Association of Insolvency and Restructuring Professionals ("CAIRP" or the "Association") for the year ended March 31, 2016 ("FY16"). Below you will find comments with respect to our financial results for the year, our financial position, our surplus and restricted and unrestricted equity position, our financial goals for fiscal 2017 ("FY17") and our longer-term forecast beyond fiscal 2017.

## STATEMENT OF FINANCIAL POSITION

As at March 31, 2016, the Association continued to enjoy a strong liquidity position which includes cash and cash equivalents of \$370,898 plus long-term investments of \$1,914,577 for a total of \$2,285,475 in cash and long-term investments. The Association continues to invest its surplus cash in bonds issued by various provincial governments with maturities staggered between 2016 and 2024.

As noted in last year's report, the Canadian Insolvency Foundation (the "CIF") was dissolved effective November 12, 2014 and subject to a General Conveyance Agreement the residual funds were transferred to CAIRP for the exclusive purpose of supporting the Lloyd Houlden Memorial Research Fellowship. During FY16, a \$20,000 research fellowship was awarded reducing the deferred liability on the balance sheet to \$68,818.

The \$186,598 reduction in cash and long-term investments as compared to the prior year is primarily due to the deficit of \$417,515, which was offset by the deferred revenue increase relating to the earlier collection of registration fees for the annual forums.

The Association's net working capital deficit of \$115,363 at March 31, 2016 represents a decline of \$443,589 over the prior year and is primarily attributable to the current year operating deficit. Current liabilities (accounts payable and accrued liabilities) as at March 31, 2016 of \$225,045 were \$67,200 lower than the prior year. The increase of \$296,619 in deferred revenue is primarily due to the earlier collection of registration fees for the annual Forums.

## STATEMENT OF OPERATIONS

Total revenues for the Association in FY16 were \$2,217,061, a decrease of \$324,973 from the prior year. The principal causes for the decrease were a decline in course and examination fees from the CIRP Qualification Program ("CQP"), lower investment income as compared to the prior year and a decrease in the registration fees for continuing education courses. The number of articling associates enrolled in and progressing through the CQP courses and exams declined again in FY16. This trend is expected to continue over the next few years due to a reduction in consumer and commercial insolvency activity and filings, which has led to a reduction in new enrolments and increase in resignations from the CQP as articling associates choose other career paths. The annual conference and continuing education revenues in FY16 were \$116,102 or 18.11% lower than the prior year. The Association did not hold a commercial seminar in FY16 which accounted for the majority of the decrease in addition to lower attendance at the annual Forums in some cities compared to the prior year.

The Association reported expenses of \$2,634,576 in FY16 (2015 - \$2,509,418), a net increase of \$125,158 from the prior year. The increase primarily relates to an increase in the costs of the annual conference and increased costs associated with the delivery of the CQP courses. The annual conference expenses were higher due to the resort location in FY16 compared to the city location in the prior year in addition to the fact that attendance was higher at the FY16 annual conference. The increase in the CQP expenses relate to increased Tutorial and CNIE expenses resulting from a change in the venue for the CNIE Marking Centre.

Overall, the administrative expenses in FY16 remained consistent with the prior year as committees and task forces were again encouraged to hold meetings via conference calls, reducing travel and facilities expenses. Audit, legal and consulting fees were \$52,027 lower in FY16. Salaries and benefits were \$59,413 higher in FY16 due to the payment of a full year salary for new staff that was hired in the middle of FY15.

## COMPARISON TO FY16 BUDGET

The Association had forecast a deficit of \$885,922 for FY16. This was primarily based on an expectation to incur increased costs on the development of the CQP as well as the costs for identified communications and committee activities. The Association did not incur the forecast deficit due to the deferral of some of these expected costs, which may be incurred in FY17 and beyond.

## RESTRICTED AND UNRESTRICTED EQUITY

During FY16, the Finance Committee re-examined the characterization and quantum of the general reserve based on an analysis of historical trends and the Association's future strategic objectives. As a result of its analysis, the Finance Committee recommended to the Board that a general contingency reserve be established for the purpose of enabling 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. The reserve has been initially set at \$1,200,000 representing approximately 9 months of the Association's fixed expenses.

The funds totalling \$926,500, previously internally restricted for the purpose of updating and replacing the CQP course content, have been redesignated as part of this general contingency reserve. The adequacy of the contingency reserve is to be considered as part of the annual budgeting process.

As a result, the unrestricted equity balance at March 31, 2016 was \$526,588.

## FINANCIAL GOALS FOR FISCAL 2017 AND BEYOND

The Finance Committee presented the budget for CAIRP's fiscal year ending March 31, 2017 to the Board on February 4, 2016. The budget approved by the Board forecasts a deficit of revenues over expenses for FY17.

## THE FY17 BUDGET IS BASED ON THE FOLLOWING ASSUMPTIONS:

- A modest decline in the number of members and associates in line with the Association's demographics;
- An increase in the fees for various membership categories, application fees and course fees in accordance with the amounts approved by the Board and previously communicated to members;
- Expenses consistent with FY16 levels with inflationary increases incorporated into some expense categories; and
- A contingency for the expected cost relating to the retention of consultants for the strategic planning process and to provide for a report on potential branding initiatives regarding the trustee designation change.

The Finance Committee identified the fact that a structural deficit was forming as a result of the Association's demographics and that its current level of service was not sustainable in the long term based on the Association's current funding model. Fortunately the Association has established a strong liquidity position over the past few years that will provide the Board an opportunity to implement changes based on a process of consultation with members and in conjunction with the efforts of the Strategic Plan Committee. Accordingly the FY17 budget deficit was approved by the Board with a goal of taking appropriate action to balance the operating budget in the short term.

The Board and CAIRP staff appreciate the support of its members during this period and look forward to reporting back to members once the Strategic Plan Committee has completed its process.

**Craig Munro, 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, 2016

**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**

We have audited the accompanying financial statements of Canadian Association of Insolvency and Restructuring Professionals / Association canadienne des professionnels de l'insolvabilité et de la réorganisation, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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 organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Association of Insolvency and Restructuring Professionals / Association canadienne des professionnels de l'insolvabilité et de la réorganisation as at March 31, 2016, 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.



Toronto, Ontario  
June 23, 2016

Chartered Professional Accountants  
Licensed Public Accountants


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


**Statement of Financial Position**

March 31	2016 \$	2015 \$
<b>ASSETS</b>		
Current assets		
Cash	370,898	585,257
Sundry receivables	20,368	17,390
Prepaid expenses	88,511	91,300
	<b>479,777</b>	693,947
Investments (note 3)	1,914,577	1,886,816
Capital assets (note 4)	84,378	102,717
Intangible assets (note 5)	1,151	14,274
	<b>2,000,106</b>	2,003,807
	<b>2,479,883</b>	2,697,754
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	225,045	292,245
Deferred revenue	370,095	73,476
	<b>595,140</b>	365,721
Special Reserve for Lloyd Houlden Memorial Research Fellowship (note 7)	68,818	88,818
Deferred lease incentives (note 8)	13,845	23,620
	<b>82,663</b>	112,438
	<b>677,803</b>	478,159
<b>NET ASSETS</b>		
Invested in capital and intangible assets	75,492	99,867
Internally restricted (note 9)	1,200,000	926,500
Unrestricted	526,588	1,193,228
	<b>1,802,080</b>	2,219,595
	<b>2,479,883</b>	2,697,754

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  
Acting Chair

  
Craig Munro, CPA, CA, CIRP  
Chartered Insolvency and Restructuring Professional  
Treasurer



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

**Statement of Operations**

Year ended March 31	2016 \$	2015 \$
Revenues		
Membership fees	1,029,550	1,030,200
Annual conference fees and sponsorship	245,873	253,905
CQP course and examination fees	597,344	691,591
Continuing education seminar fees and sponsorship	279,250	387,320
Investment income (note 10)	34,456	169,143
Lloyd Houlden Memorial Research Fellowship (note 7)	20,000	-
Other	10,588	9,875
	<b>2,217,061</b>	<b>2,542,034</b>
Expenses		
Administration (see schedule)	1,848,350	1,833,213
Annual conference	271,038	209,596
CQP courses and examinations	299,338	249,056
Continuing education	195,850	217,553
Lloyd Houlden Memorial Research Fellowship (note 7)	20,000	-
	<b>2,634,576</b>	<b>2,509,418</b>
Excess of revenues over expenses (expenses over revenues) for year	<b>(417,515)</b>	<b>32,616</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**

**Statement of Changes in Net Assets**

Year ended March 31

	<b>Invested in Capital and Intangible Assets \$</b>	<b>Internally Restricted (note 9) \$</b>	<b>Unrestricted \$</b>	<b>2016 Total \$</b>
Balance, beginning of year	99,867	926,500	1,193,228	<b>2,219,595</b>
Excess of revenues over expenses (expenses over revenues) for year	(49,082)	-	(368,433)	<b>(417,515)</b>
Purchase of capital assets	24,707	-	(24,707)	-
Inter-fund transfer (note 9)	-	273,500	(273,500)	-
Balance, end of year	<b>75,492</b>	<b>1,200,000</b>	<b>526,588</b>	<b>1,802,080</b>

	<b>Invested in Capital and Intangible Assets \$</b>	<b>Internally Restricted (note 9) \$</b>	<b>Unrestricted \$</b>	<b>2015 Total \$</b>
Balance, beginning of year	151,717	1,000,000	1,035,262	2,186,979
Excess of revenues over expenses (expenses over revenues) for year	(63,847)	-	96,463	32,616
Purchase of capital assets	11,997	-	(11,997)	-
Inter-fund transfer (note 9)	-	(73,500)	73,500	-
Balance, end of year	<b>99,867</b>	<b>926,500</b>	<b>1,193,228</b>	<b>2,219,595</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**

**Statement of Cash Flows**

Year ended March 31	2016 \$	2015 \$
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues) for year	(417,515)	32,616
Adjustments to determine net cash provided by (used in) operating activities		
Amortization of capital assets	43,046	41,230
Amortization of intangible assets	13,123	29,704
Interest capitalized on investments	(57,956)	(48,730)
Unrealized loss (gain) in the fair value of investments	30,195	(105,064)
Amortization of deferred lease incentives	(9,775)	(9,775)
	(398,882)	(60,019)
Change in non-cash working capital items		
Increase in sundry receivables	(2,978)	(8,735)
Decrease in prepaid expenses	2,789	964
Increase (decrease) in accounts payable and accrued liabilities	(67,200)	36,067
Increase (decrease) in deferred revenue	296,619	(86,379)
Increase (decrease) in Special Reserve for Lloyd Houlden Memorial Research Fellowship	(20,000)	88,818
	(189,652)	(29,284)
Cash flows from investing activities		
Purchase of capital assets	(24,707)	(11,997)
Purchase of investments	-	(500,000)
	(24,707)	(511,997)
Net change in cash	(214,359)	(541,281)
Cash, beginning of year	585,257	1,126,538
Cash, end of year	370,898	585,257

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

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

**Schedule of Administration Expense**

Year ended March 31	2016 \$	2015 \$
Amortization of capital assets	43,046	41,230
Amortization of intangible assets	13,123	29,704
Audit, legal and consulting	58,473	110,500
Committees	227,037	200,439
Insol International	65,196	51,605
Communication	183,296	215,999
Office, printing, postage, courier and sundry	179,062	170,131
Rent (note 8)	128,342	122,243
Salaries and benefits	950,775	891,362
	<b>1,848,350</b>	<b>1,833,213</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, 2016

### **Nature and description of the organization**

The Canadian Association of Insolvency and Restructuring Professionals / Association canadienne des professionnels de l'insolvabilité et de la réorganisation ("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 by management 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 proportionately over 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 event 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.

##### **Seminar, course and examination fees**

Revenue from continuing education seminars, insolvency administration courses and CIRP Qualification Program ("CQP") courses are recognized in the fiscal year of enrolment. Examination fees are recognized 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.



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

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**Notes to Financial Statements (continued)**

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March 31, 2016

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

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

**Investment income**

Investment income comprises interest from cash and investments, realized gains and losses on the sale 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) Deferred lease incentives**

Lease incentives received include reduced rent benefits and tenant inducements received in cash.

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.

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

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

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

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**Notes to Financial Statements (continued)**

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March 31, 2016

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

**(d) 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, except for investments, which are measured at fair value. Changes in fair value are recognized in income in the period 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.

Transaction costs are recognized in income in the period incurred, except those relating to financial instruments which will subsequently be measured at amortized cost. Transaction costs associated with the acquisition and disposal of investments are capitalized and are included in the acquisition costs or reduce proceeds of disposal.

Financial assets measured at amortized cost include cash and sundry receivables.

Financial assets measured at fair value include investments.

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

**Impairment**

At the end of each reporting period, 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 period in the expected timing or amount of future cash flows from the financial asset.

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

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**Notes to Financial Statements (continued)**

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March 31, 2016

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

**(ii) 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 charged to income in the period 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 period the reversal occurs.

**(e) 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.

**(f) Capital assets**

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

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

Amortization is provided for, upon the 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

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

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**Notes to Financial Statements (continued)**

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March 31, 2016

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

**(f) Capital assets (continued)**

Leasehold improvements are amortized 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, then 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 charged to income in the period in which the impairment occurs.

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

**(g) Intangible assets**

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

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

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

Database application software	5 years straight-line
-------------------------------	-----------------------

An intangible 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, then the amount of the impairment is quantified by comparing the carrying value of the intangible asset to its fair value. Any impairment of the intangible asset is charged to income in the period in which the impairment occurs.

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

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

## Notes to Financial Statements (continued)

March 31, 2016

### 1. Significant accounting policies (continued)

#### (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 period. Actual results may differ from these estimates, the impact of which would be recorded in future periods.

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

### 2. Financial instrument risk management

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

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

Financial instrument	Risks				
	Credit	Liquidity	Market risk		
			Currency	Interest rate	Other price
Cash	X			X	
Sundry receivables	X				
Investments	X			X	
Accounts payable and accrued liabilities		X			



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

---

**Notes to Financial Statements (continued)**

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March 31, 2016

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

**Credit risk**

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Cash	370,898	585,257
Sundry receivables	20,368	17,390
Investments	1,914,577	1,886,816
	<u>2,305,843</u>	<u>2,489,463</u>

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

The Association manages its exposure to credit risk associated with investments through its investment policy which restricts the types of eligible investments. The policy permits investments in debt securities rated by DBRS as AA or higher and issued or guaranteed by the Government of Canada, a provincial government or a Schedule 1 Canadian Bank. In addition, the policy limits individual investments to \$300,000.

**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.

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

---

**Notes to Financial Statements (continued)**

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March 31, 2016

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

**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 is exposed to interest rate risk on its cash and fixed income investments.

The Association's cash includes amounts on deposit with a financial institution that earn interest at market rates.

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

Fluctuations in market rates of interest on cash and investments do not have a significant impact on the Association's results of operations.

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.

**Changes in risk**

There have been no significant changes in the Association's risk exposures from the prior year.

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

**Notes to Financial Statements (continued)**

March 31, 2016

**3. Investments**

	<b>Quantity</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Province of Ontario - 4.29% - due 06/02/16	65,874	65,795	65,242
Bank of Nova Scotia - 2.10% - due 12/10/17	532,166	513,795	503,193
Province of Ontario - 4.42% - due 11/03/19	387,319	366,133	362,066
Province of Quebec - 4.38% - due 06/01/21	418,089	382,175	375,820
Province of Saskatchewan - 2.86% - due 05/30/22	325,393	288,265	285,662
Province of British Columbia - 3.33% - due 08/23/24	365,390	298,414	294,833
		<u>1,914,577</u>	<u>1,886,816</u>

**4. Capital assets**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2016 Net</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Computer equipment	127,639	94,073	33,566
Furniture and fixtures	68,643	58,816	9,827
Leasehold improvements	299,787	258,802	40,985
	<u>496,069</u>	<u>411,691</u>	<u>84,378</u>
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2015 Net</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Computer equipment	102,932	86,431	16,501
Furniture and fixtures	68,643	52,343	16,300
Leasehold improvements	299,787	229,871	69,916
	<u>471,362</u>	<u>368,645</u>	<u>102,717</u>

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

**Notes to Financial Statements (continued)**

March 31, 2016

**5. Intangible assets**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2016 Net</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Database application software	177,329	176,178	1,151

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2015 Net</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Database application software	177,329	163,055	14,274

**6. Accounts payable and accrued liabilities**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Trade payables and accrued liabilities	159,789	234,590
Security deposit	50,000	50,000
Lloyd Houlden Memorial Fellowship Research Grant (note 7)	10,000	-
Government remittances	5,256	7,655
	<u>225,045</u>	<u>292,245</u>

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Balance, beginning of year	88,818	-
Monies received	-	88,818
Grants awarded	(20,000)	-
	<u>68,818</u>	<u>88,818</u>

Pursuant to a General Conveyance agreement between the Canadian Insolvency Foundation ("CIF") and the Association effective November 12, 2014, the Association received funds 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.

During the year, a \$20,000 grant was awarded, of which \$10,000 was paid to the grant recipient immediately. The final instalment of \$10,000 is recorded as a grant payable (note 6) and will be paid upon completion of the grant criteria.

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

**Notes to Financial Statements (continued)**

March 31, 2016

**8. Deferred lease incentives**

	<b>Cost</b> \$	<b>Accumulated Amortization</b> \$	<b>2016 Net</b> \$
Tenant inducements	73,820	63,783	10,037
Reduced rent benefits	28,000	24,192	3,808
	<u>101,820</u>	<u>87,975</u>	<u>13,845</u>
	<b>Cost</b> \$	<b>Accumulated Amortization</b> \$	<b>2015 Net</b> \$
Tenant inducements	73,820	56,696	17,124
Reduced rent benefits	28,000	21,504	6,496
	<u>101,820</u>	<u>78,200</u>	<u>23,620</u>

Pursuant to a lease agreement for the Association's office premises, effective April 1, 2007, lease incentives totaling \$101,820, comprised of tenant inducements of \$73,820 and reduced rent benefits of \$28,000 were received.

During the year, amortization of lease incentives in the amount of \$9,775 (2015 - \$9,775) was credited to rent.

**9. Net assets internally restricted**

At the direction of the Board, effective March 31, 2016, a general contingency reserve has been established to help 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. The reserve has been initially set at \$1,200,000 representing approximately nine months of the Association's fixed expenses.

The funds totaling \$926,500, previously internally restricted for the purpose of updating and replacing CQP course content, have been redesignated as part of the general contingency reserve.

The adequacy of the contingency reserve is to be considered as part of the annual budgeting process.

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

**Notes to Financial Statements (continued)**

March 31, 2016

**10. Investment income**

	2016 \$	2015 \$
Interest from cash	6,695	15,349
Interest from investments	57,956	48,730
Unrealized gain (loss) in the fair value of investments	(30,195)	105,064
	<u>34,456</u>	<u>169,143</u>

**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:

	\$
2017	137,896
2018	148,661
2019	156,351
2020	156,351
2021	156,351
Subsequent years	<u>1,021,707</u>
	<u>1,777,317</u>







**CANADIAN ASSOCIATION OF INSOLVENCY  
AND RESTRUCTURING PROFESSIONALS**  
ASSOCIATION CANADIENNE DES PROFESSIONNELS DE  
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