

# CHARTING OUR COURSE

**CAIRP**  
ANNUAL REPORT  
2016/2017



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

## MISSION

- Promote excellence among practitioners by providing ongoing professional development opportunities.
- Establish qualifications and provide education to aspiring insolvency and restructuring professionals.
- Enhance public trust in our members by setting Rules of Professional Conduct and Standards of Professional Practice.
- Advocate for a fair, transparent, and effective insolvency and restructuring system throughout Canada.

## VISION

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

## VALUES

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



## CHAIR'S MESSAGE



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

The theme for this year's Annual Report is *Charting Our Course*. Over the past year, we have spent a considerable amount of time examining our resources, processes and results in an effort to ensure that CAIRP operates as effectively as possible in meeting the needs of our members.

This past year began with many challenges: the 2016 Annual Report presented financial statements showing a very substantial operating loss; the pass rate on the November 2015 Canadian National Insolvency Exam was well below the expectations of all involved; and our historically strong and trusted relationship with the Office of Superintendent of Bankruptcy was under considerable stress. We spent the year taking a hard look at what we had to do to right the ship.

### Financial Management

Of the serious challenges facing us, perhaps the most concerning was our financial position. CAIRP has three basic sources of revenue, being member dues and our student and member education programs. It was essential to appreciate the factors affecting each area, and what the future might hold for each of our ongoing programs.

Membership dues alone are not designed to cover the costs of our ongoing office administration as well as our various committees and boards. We rely on our education programs to generate the additional revenues needed to cover those administrative and promotional activities.

To a large extent, CAIRP's revenue in any given year is the result of decisions made by the Board in the previous year. The simple reason for this is that the rates to be charged by CAIRP for its various

endeavours are established prior to the beginning of the fiscal year. For instance, the difficult decision taken by the previous Board to increase dues for the membership year commencing April 1, 2016, was a major contributor to the financial turnaround being reported by the current Board in the 2017 financial statements.

As we critically assessed all aspects of CAIRP's operations, both the revenues and the associated costs of our member and student education programs came under close scrutiny. We compared program fees with competitive offerings by other organizations, revisited previously budgeted assumptions and challenged organizing committees to meet financial objectives that were set early in their deliberations. We also continued the cost control measures initiated by the prior Board and reviewed staffing levels closely.

The full impact of these efforts will be reflected in the 2017/18 financial statements, but the early indications are that this proactive approach to financial management has had a very positive impact. Ali Hemani, our Director of Finance and Administration, worked with the Executive Committee and the program committees in identifying opportunities for improved financial results throughout the organization.

### Student Education

The CQP examination process introduced competency-based examinations in 2012, in conjunction with a change in the program curriculum. The examination results in 2012 and 2013 saw very good pass rates; more recent years, however, produced pass rates that did not reach 50%.

In response to the 2015 CNIE results, the CQP Board undertook several measures to enhance the transparency of the examination process with a view to enabling candidates and their sponsors to better appreciate what the CNIE requires for success. For this purpose, supplementary materials were issued to demonstrate to both candidates and their sponsors how the exams are structured and what successful responses may include. In addition, the 2016 CNIE exam was the first to be held subsequent to the decision of the CQP Board to limit candidates to three unsuccessful attempts at the exam, which is intended to dissuade candidates from attempting the CNIE before they are truly ready.

Although the 2016 CNIE results were better than in 2015, there is still considerable room for improvement. I am very pleased to note that our student enrolment levels have been increasing, which bodes well for our CQP programs in the near term.

As described elsewhere in this Annual Report, CAIRP's student education program is a very significant undertaking involving thousands of hours of work by volunteers and CAIRP's Education staff. This past year, more than 100 CAIRP members participated in marking exams, reviewing the curriculum, composing and testing examination questions, as well as in tutorials and other mentoring sessions. We owe these members our thanks for their selfless support of our most important initiative, and for their place in helping to secure the future of our profession.

### **OSB Relationship**

One of the hallmarks of CAIRP's success over our nearly 40 years as an organization has been its constructive and effective relationship with the OSB. It has been critical to be able to exchange information and perspectives on the various initiatives being undertaken by both CAIRP and the OSB, both to enhance the efficiency and practicality of those initiatives as well as to appreciate the objectives that each is seeking to achieve.

I am very pleased to report that we have enjoyed a high level of communication and cooperation with the OSB over the past year. The Executive Committee met with the Superintendent and his senior staff in Ottawa in February for a lengthy review of our projects and those being undertaken by the OSB.

In the context of discussions with the Superintendent at the May 2017 CAIRP Forums/Exchange and otherwise, I can also confirm that he and his management team appreciate and value the collaborative interactions which have characterized the relationship with CAIRP this year.

We have worked hard to advance the interests of our membership by providing feedback on and support for OSB initiatives regarding market activities that may adversely impact debtors, creditors and Licensed Insolvency Trustees. We also have engaged in constructive discussions on various elements of CAIRP's projects and explored ways in which CAIRP members can facilitate the progress of OSB programs currently underway.

### **Tariff Study**

During this year, work was completed on an extensive statistical analysis of trustee fees in summary administration files. With the facilitation of the OSB, data on more than 15 years of summary administrations were analyzed by our consultants. A CAIRP Task Force, chaired by Virginie Comtois, worked with the consulting statisticians and a team of volunteers to ensure that all the relevant considerations were factored into the findings that ultimately were reported to the Board.

The Board's assessment of the findings in the consultant's report was that there was not a basis on which a compelling business case could be made to seek amendments to the current basis for calculating fees in summary administrations. However, the report did yield a number of interesting findings.

### **Strategic Plan**

In early 2016, a Task Force, chaired by Chantal Gingras, undertook a substantial assessment of the views of members and other stakeholders in the insolvency and restructuring community in Canada to facilitate development of a new Strategic Plan for CAIRP. That work was completed in late 2016, with an additional focus on certain strategies that continued into 2017.

The report on the work of the Strategic Plan Task Force appears elsewhere in this Annual Report. The fact that there was such extensive consultation with CAIRP members and other stakeholders in the development of the new Strategic Plan ensures that we are heading in the direction that our members desire.

## Final Thoughts

This has been a year of challenges and change at CAIRP. We have met those challenges head on, in a manner that will serve us well in both the present and the future. Our member education programs are strong and well respected in the insolvency and restructuring community. Our student education program successfully produces well-qualified CIRPs. Our volunteers are amazing, and make us the envy of professional associations everywhere.

I want to express my appreciation to each of the CAIRP staff in our office in Toronto for their diligence and hard work through what has been a very challenging period. I want to thank Mark Yakabuski, our President and COO who left CAIRP in March, for his leadership of the association staff, and Ali Hemani, our Director of Finance and Administration, who left CAIRP in June 2017, for all of his diligence; they both joined CAIRP in 2011 and I wish them both well. I also want to thank Bea Casey, our Director of Education, for her leadership in recruiting and marshalling our scores of volunteers to deliver quality educational programs.

I also want to thank all our members who so generously volunteered their time to committees, task forces and education programs. They are too numerous to mention by name, but then again that has always been the case in an organization that leverages such an extraordinary level of volunteerism to achieve outstanding results.

Lastly, I want to recognize those who served on the Executive Committee and the Board of Directors this year. There were a lot of challenges to work through in 2016/17, and the Executive and Board members worked very effectively in meeting those challenges and positioning CAIRP for its continuing success in the future. Truly, this has been a year of *Charting Our Course*.

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

**“This has been a year of challenges and change at CAIRP. We have met those challenges head on, in a manner that will serve us well in both the present and the future.”**

***Larry Prentice***

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## EXECUTIVE



### CHAIR

Larry Prentice, FCPA, FCA, FCIRP, FIIC  
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Brossard QC



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Saskatoon SK

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Toronto ON

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Abbotsford BC

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Linc Rogers, LL.B.  
Toronto ON

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(Hons.), D.E.C.D., D. de l'U. de Lyon  
(Hons.), L.L.D., Ad.E.

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, FCIRP  
 2015-16 David Wood, CIRP

\* Deceased

## ADMINISTRATION

Mark Yakabuski, BA (Hons.)  
 President and Chief Operating Officer  
 (to March 30, 2017)

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

## 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

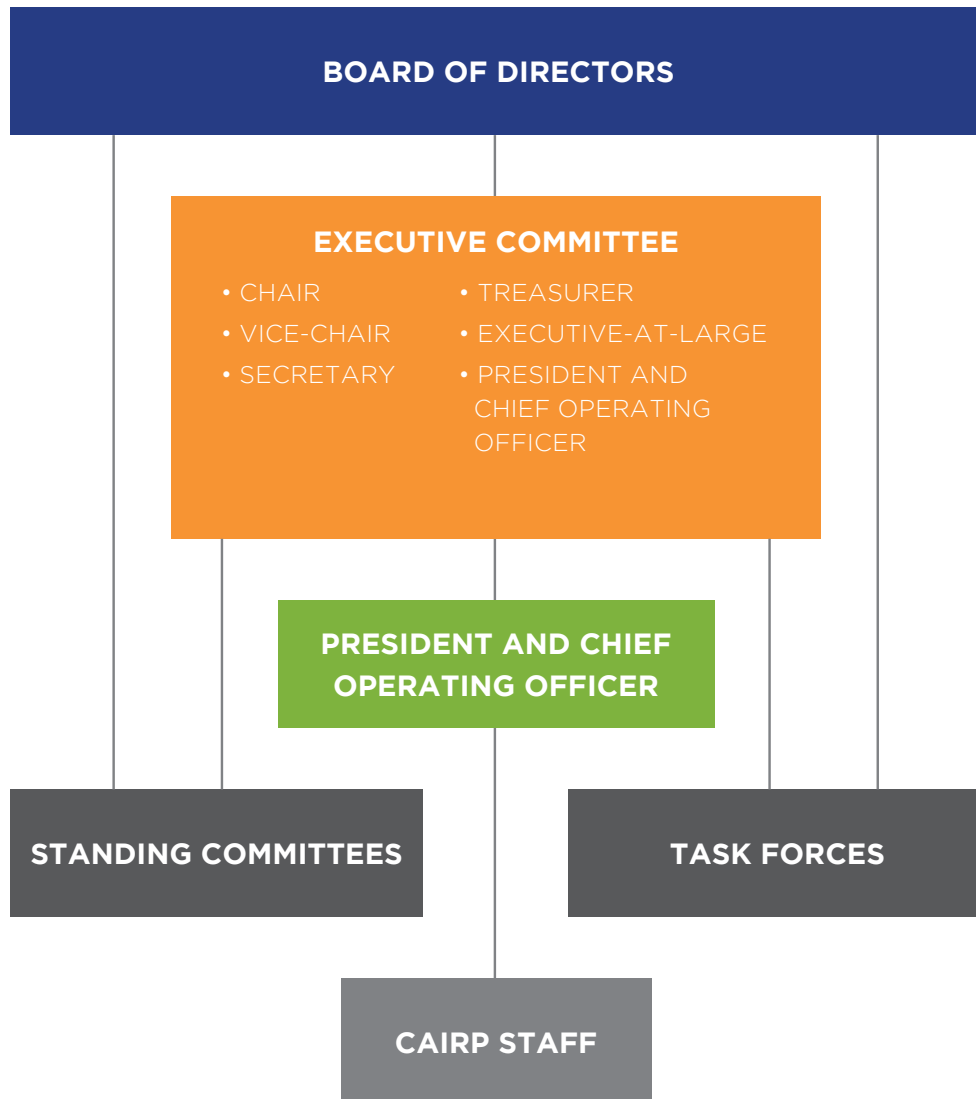
Natalie Alfano, BA, MA  
 Meetings and Events Manager



# CAIRP COMMITTEES AND TASK FORCES

2016/2017

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 2016/2017.



# 2016 ANNUAL CONFERENCE COMMITTEE

## (MONTREAL, QUEBEC)

**\*Nathalie Brault, CMA, CIRP**

**\*Josée Pomerleau, CIRP**

**Deborah Conroy, CA, CIRP**

**Chantal Gingras, CIRP**

**François Noël, CIRP**

**Nathalie Rancourt, LLB, CIRP**

**\*Co-chair**

On the eve of its 375th anniversary celebrations, Montreal welcomed us for the 2016 edition of the Annual CAIRP Conference. The slogan “Come celebrate Montreal” was chosen for the conference to invoke the legendary *joie de vivre* of Quebecers.

We stayed at the Hyatt Regency, located in the heart of the entertainment district and just a few steps away from Old Montreal along the shores of the majestic St. Lawrence. Montreal is the largest francophone city in North America. It was therefore important for the committee to offer training sessions to participants in French and in English. We rose to the challenge and offered an entirely bilingual conference.

Using the mobile app on our smartphones, we had access to all we needed to know about the conference, the schedule, where events were taking place, and presentation documents.

### **Guest speaker Mylène Paquette — One stroke at a time**

We kicked off the conference with Mylène Paquette. This passionate young woman, who suffered a severe concussion just a few days before our event, fulfilled her commitments and delivered her address. She enraptured us with her inspiring story of her solo expedition across the Atlantic, a 129-day journey in which she rowed 5,000 kilometres from Halifax to Lorient in France.

She made us laugh when she described her fear of water, and revealed her apprehension about scraping off the mussels that attached to her boat and slowed her down, but she succeeded in overcoming her fears. She made us understand how we often create our own limitations because of our fears.



Sessions were offered in both French and English



Nathalie Brault and Josée Pomerleau welcomed the conference attendees

During her journey and after some violent storms, she lost all of her navigational instruments. Nonetheless, this misfortune gave her the opportunity to cross paths with the Queen Mary 2 cruise ship, whose passengers lined the deck to cheer her on. This emotional meeting between the giant ocean liner and her tiny rowboat would become one of her favourite memories. Being knocked off balance and taken out of our comfort zone can lead us to great things!

## Our speakers

Philippe Jordan of PwC gave a presentation on the challenges facing the pharmaceutical sector.

Bernadette Syverin and Danijela Hong, representatives of the Labour Program for Employment and Social Development Canada, gave us an overview of the *Wage Earner Protection Program Act* and the steps leading to payment of employee wages.

We also had the chance to listen to an impressive panel comprising the Honourable Suzanne Côté, of the Supreme Court of Canada, the Honourable Mark Shrager, of the Quebec Court of Appeal, the Honourable Robert Mongeon, of the Quebec Superior Court, and Éric Vallières, who served as moderator. We were overwhelmed by the speeches of the judges, who so generously gave of their time to speak to us about the Canadian judicial system.

Christian Lazarre and Ouassim Tadlaoui from BLG spoke to us about strategic agreements among creditors. Danielle Ferron from Langlois, Dina Raphael from BMO and André Lepage from E&Y educated us about cyberfraud.

We finished the day with an awards ceremony at the Summerlea Golf and Country Club. We honoured Catherine Hristow, from Deloitte, for her exemplary work as a CAIRP volunteer. We bestowed the title of FCIRP on Paul Casey for his immense contribution to the association's success in his role as president. We also gave him the renowned Montreal Canadiens jersey to show him our gratitude.

The evening finished in lively fashion, led by George Thomas from Thomas Entertainment.

Our training activities continued the next day with Léon Sergent's presentation on how to take charge of your personal brand. Julie-Martine Loranger and Jocelyn Perrault from McCarthy Tétrault followed with a talk on the subtle art of negotiation.

A panel consisting of Marc Boudreau, Lise Peeling and Pierre Fortin discussed the practical problems facing consumer insolvency professionals.

Jean-Daniel Breton of E&Y and Dana Nowak of MacPherson, Leslie & Tyerman shared a forum to discuss negotiating tax debts. Denis Ferland summarized the jurisprudence from the last year. Our members look forward to this presentation each year because of its impact on our day-to-day work.

We wrapped up our conference with a gastronomic feast, including an evening of dancing to the accompaniment of the dynamic Alter Ego orchestra, which delivered an extraordinary performance.



Alter Ego gave an energetic performance

## A team effort

The logistics of organizing such a conference demands a considerable investment of time from all team members. I would like to thank all the committee members and CAIRP employees for their marvellous accomplishment. We have also been able to count on generous sponsors who work with us year after year.

Finally, thank you to the members! You participated in our training sessions and then you joined in the fun!

We are extremely grateful: *If you want to go fast, go alone; if you want to go far, go together!* (African proverb)

We are lucky to be part of an association that has such a broad network of volunteers who come together to serve the common interests of our profession. It's our strategic strength!

**Nathalie Brault**, CPA, CMA, CIRP, LIT  
Co-Chair

# CIRP QUALIFICATION PROGRAM COMMITTEE

<b>*Chantal Gingras, CIRP</b>	<b>QC</b>
<b>Jean-Daniel Breton, CPA, CA, FCIRP</b>	<b>QC</b>
<b>Joanne McKee (OSB)</b>	
<b>Virginie Comtois, CPA, CA, CIRP</b>	<b>QC</b>
<b>Andrew Dalglish, 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>



## \*Chair

The CIRP Qualification Program Committee (CQPC), working with its subcommittees, continued to be very active in 2016-17. The work completed during the fiscal year was greatly influenced by the recommendations brought forward from the Strategic Plan Task Force (SPTF) and included the following.

Extensive analysis needed to be done on the real cost of all of the CIRP Qualification Program (CQP) courses and offerings, inclusive of staff allocation. After careful review and consideration, the CQPC made recommendations to the finance committee. As a result, there was a reasonable increase in the cost of some of our offerings as well as a charge for the mandatory mini assessment in order to ensure cost recovery for the latter.

The SPTF recommended that we review the delivery of student education and exam writing where possible so as to keep up with technological capabilities, all the while being financially responsible. The CQPC has therefore worked towards delivering online secure exams for the mini case assessment and the Competency-based National Insolvency Exam (CNIE), allowing candidates to type their exams. The committee hopes to be able to roll this initiative out with the 2018 mandatory mini-case assessment and 2018 CNIE. The CQPC predicts that typed exams will also improve the efficiency of assessing these exams.

Furthermore, the CQPC does not believe time should be a limiting factor in determining competency. As a result, it has been decided that students will be given an extra hour to complete the Core Knowledge Exam and five hours each day to write the three-hour/day CNIE.

The CQPC has performed a five-year review of the CNIE statistics, which has been shared with our members.

Interesting statistics to consider are the following:

- 300 unique individuals have challenged the CNIE since the first sitting in 2012.
- Of the 300, 218 were successful, for an overall success rate of 73%.

The CQPC and its subcommittees continue to be dedicated to finding ways to improve exam preparedness, in order to ensure that competent candidates have the tools required to succeed. This year, the decision was made to release the 2016 exam and assessment guide in order to give candidates an additional preparedness tool.

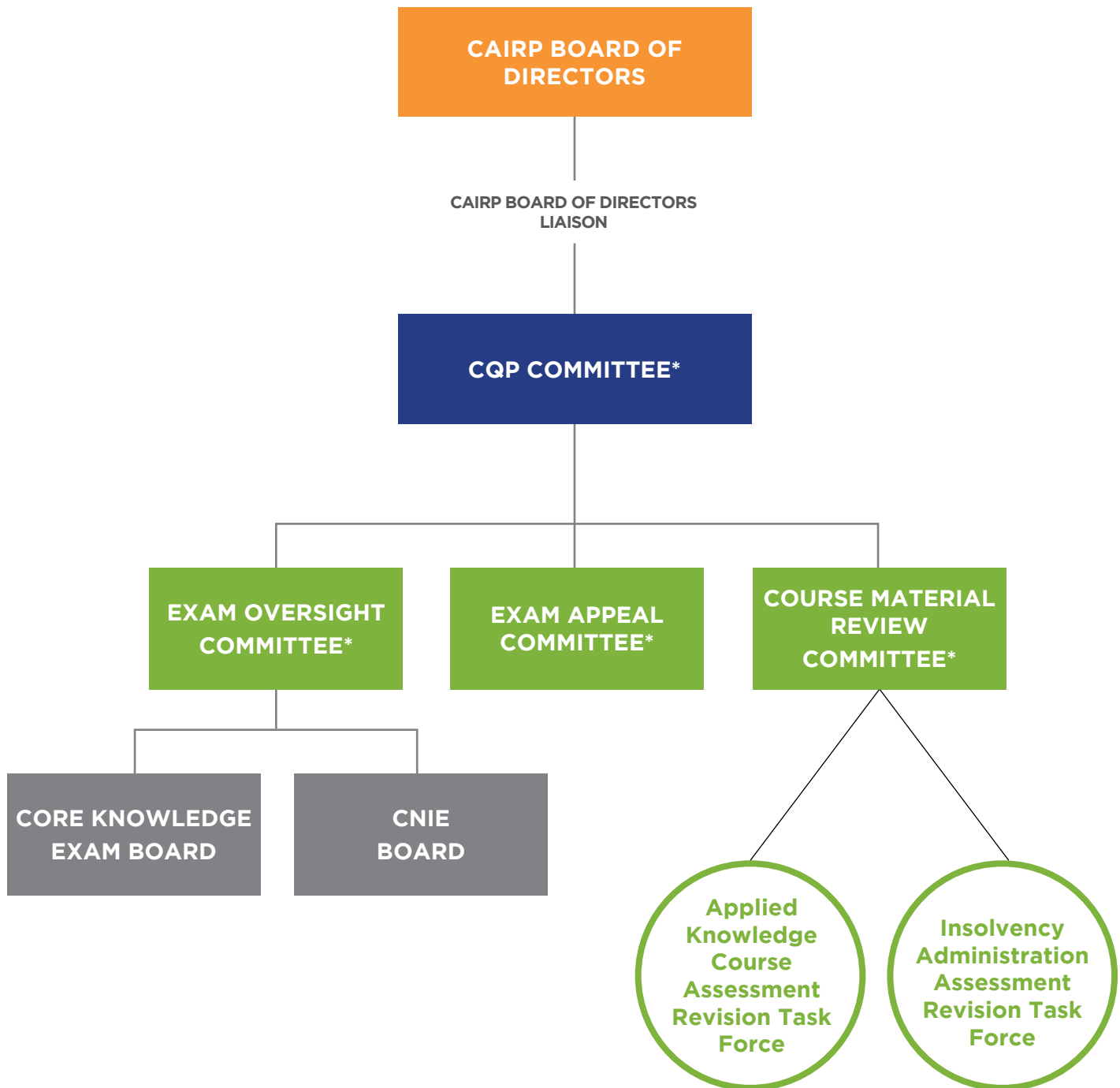
I would like to individually acknowledge and thank all of the people who help manage and improve the CQP, but they are just too numerous to mention. They include members of the CQPC, the Course Material Review Committee (CMRC), the Exam Oversight Committee (EOC), the Core Knowledge Exam Board (CKEB), and the CNIE Board.

They also include a large number of volunteers who help on an ad hoc basis performing assessments at the exam marking centres, giving presentations at the annual CNIE preparation tutorial, working on special interest task forces, sponsors who support their candidates, 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.

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



# 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**

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

**Stefano Damiani, CA, CIRP**

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

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

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

**Alex MacFarlane, LL.B.**

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

**Adam Sherman, MBA, CIRP**

**Supriya Sarin, CIRP**

**\*Chair**



The First Annual CAIRP Exchange program in May 2016 was a great success. Working together, the Commercial Program and Continuing Education Committees developed a one-day learning event that addressed the needs of large corporate, mid-market and consumer practitioners. A total of 340 members, lawyers, judges, bankers, and regulators participated in the 2016 Exchange, exceeding our target. The day also featured the use of voting technology for enhanced delegate interaction.

Three keynote speakers presented, notably:

- Benjamin Tal, Deputy Chief Economist at CIBC World Markets Inc., providing his insight into current and future global economic trends and their impact on the Canadian economy;
- Scott Stewart, CEO of IBI Group Inc. (IBI), outlining how IBI was named International Turnaround of the Year with Mr. Stewart at the helm; and
- Paul Beeston, former President and CEO of the Toronto Blue Jays, sharing his insights into what it took to transform the Blue Jays into World Series champions in 1992 and 1993 and current initiatives to rebuild the team.

Consumer practitioners were offered:

- A mock Division 1 Proposal creditors' meeting,

highlighting the critical importance of managing the conflicting interests of various creditors;

- A discussion of new case law, its impact on consumer insolvencies and strategies to deal with the resultant changes;
- Insight into best practices when the Bankruptcy and Insolvency Act (BIA) and the Directives do not provide clear direction; and
- What insolvency practitioners need to provide to the Office of the Superintendent of Bankruptcy (OSB) Debtor Compliance and Special Investigations Units to help them manage bankruptcy offence cases.

Mid-market practitioners were able to enjoy:

- An overview from Export Development Canada – how its programs work, the impact of these programs on a secured lender and their security position and the eligibility requirements for making a claim;
- A discussion of the critical issues regarding construction lien claims, referencing cases such as Atlas Block Co. Ltd and Iona Contractors Ltd.; and
- A dialog on unusual secured claims and their impact on other secured creditors and on practitioner fees.

Sessions for large corporate practitioners were:

- A discussion on the pros and cons of the BIA vs. the CCAA and when a filing under each is appropriate;
- Highlights from practitioners dealing with the troubled oil, gas and mining sector; and
- An examination of cross-border insolvency intricacies beyond the U.S., in places like the Caribbean, Africa and Europe.

Large corporate and mid-market practitioners joined for a judicial review, with judges from Alberta, British Columbia, Ontario and Quebec providing an update into new corporate case law and insight into the types of proceedings and issues being seen in their court rooms across the country.

I wish to thank all the members of this Committee for their hard work and dedication in creating and successfully delivering the first CAIRP Insolvency and Restructuring Exchange.

I would also like to thank our wonderful speakers and many sponsors, without whose contributions we could not offer 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 included Alvarez & Marsal, BDO, Deloitte, Ernst & Young, FTI Consulting, Fuller Landau, Grant Thornton, KPMG, KSV, PwC and Richter.

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



# CONTINUING EDUCATION COMMITTEE

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**Matthew Golding, CPA, CMA, CIRP**

**Angela Lock, CIRP**

**Erez Cukierman, CIRP**

**Michelle Grant, CIRP**

**John Haralovich, CPA, CMA, CFE, CIRP**

**Guyaine Houle, BCL, FCIRP**

**Brian Williams, CPA, CMA, CIRP**

**\*Chair**

The CAIRP Continuing Education Committee strives to select relevant topics that provide educational value to members, while at the same time finding engaging speakers and avoiding topic overlap during the sessions.

In 2016, the CAIRP Insolvency and Restructuring forums were held in five cities: Vancouver, Calgary, Winnipeg, Montreal and Halifax.

Recognizing a trend of decreasing attendance at the forums and increasing competition over the past few years, the Committee undertook to implement change and introduce innovation at the 2016 Forums.

In an attempt to increase audience interaction during the sessions, the Committee elected to make use of electronic polling devices in two of the sessions, Silence of the Act and Unique Assets. Also new at the 2016 Forums was the introduction of a scenario-based session, a Mock Creditors Meeting. In this session, Trustees, lawyers and lenders worked together to highlight the critical importance of managing the conflicting interests of various creditors.

To minimize overlap and repetition of case law, the Committee decided to combine the mid-market and consumer technical updates into one extended session, with a panel of two lawyers.

**NS** Other topics included updates from the Office of the Superintendent of Bankruptcy (OSB) and CAIRP, Corporate Hot Topics, and Being on the Lookout for Bankruptcy Offences.

**ON**  
**MB**  
**NS**  
**AB**  
**ON**  
**BC**  
**ON**  
**QC**  
**SK** In Toronto, the Continuing Education Committee, together with the Commercial Program Committee, delivered one combined event – the first ever CAIRP Insolvency and Restructuring Exchange or CAIRPEX. CAIRPEX was unique for CAIRP, featuring three separate topic streams designed to address the diverse interests of consumer, mid-market and corporate practitioners. At this inaugural event, attendees were also treated to three keynote speakers, an economist and speakers who worked through corporate and sports team turnaround situations.

Overall, the 2016 Forums were very well received and attendance grew in some centres.

There are always many people to thank for ensuring the success of our Continuing Education events – the many speakers who generously give of their time and expertise, the volunteers at the local level who help to ensure that the day runs smoothly and, of course, the dedicated Committee members who put in so many hours in planning, sourcing speakers and helping to work through the planning of each session.

We thank the OSB for their active participation in and support of the CAIRP Annual Forums.

On behalf of the committee, I would also like to thank CAIRP staff for their assistance and support: Christina Contesti, Bea Casey, Andrew Flynn, and in particular, Natalie Alfano, who stepped in mid-season. Like Mr. Beeston's Blue Jays, we had a great team.

**Kimberley A. Burke, B.A. (Hons), CIRP, LIT**  
*Chair*



## EDITORIAL ADVISORY BOARD

**\*Larry Prentice, FCPA, FCA, FCIRP, FIIC**

**Mary Buttery, LL.B.**

**Paul Casey, CPA, CA, FCIRP**

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

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

**Jeff Lee, Q.C.**

**Sanjeev Mitra, LL.B.**

**Mark Rosen, LL.B., FCIRP**

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

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### **\*Chair**

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 topics 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 general members of CAIRP and students enrolled in CAIRP's education program, *Rebuilding Success* is distributed to lawyers, lenders, regulators, academics and others whose professional activities focus on Canada's insolvency and restructuring system.

The magazine is published twice a year and is intended to be a practical and informative publication for practitioners to enhance their awareness and appreciation of emerging issues and judicial developments across the country. This year's publications furthered this agenda and included a number of discussions of important legal decisions in prominent insolvencies, how insurance coverage may be affected by an insolvency proceeding, the threats addressed by cybersecurity, whether and when a Court officer can waive solicitor-client privilege, the existential issues facing the mink industry and challenges in Quebec's construction sector.

The magazine regularly features prominent members of the Canadian restructuring scene. During this year we profiled Mr. Justice Martin Castonguay, and featured four women discussing how their experiences throughout their years as insolvency practitioners may have been similar to, or different from, those of their male counterparts.



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

The Editorial Advisory Board represents a variety of perspectives on insolvency and restructuring matters from across the country. The Board this year was comprised of CAIRP members, 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 this year's editions of *Rebuilding Success*.

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

# FINANCE COMMITTEE

<b>*Craig Munro, CPA, CA, CIRP</b>	<b>BC</b>
<b>Larry Prentice, FCPA, FCA, FCIRP, FIIC</b>	<b>BC</b>
<b>John Page, FCPA, FCA, CIRP</b>	<b>ON</b>
<b>Jorden Sleeth, CPA, CA, CIRP</b>	<b>ON</b>

## **\*Chair**

In FY 2016, the Association recorded a deficit of \$417,515. As a result, a great deal of attention has been focused on improving CAIRP's finances during the past year. Thanks largely to the efforts of the Director of Finance and Administration, Ali Hemani, a significant amount of analysis was prepared to understand the factors causing the deficit.

The analysis indicated that despite holding the line on expenses, revenues had been steadily declining since FY 2012, largely driven by declining enrolment in CQP courses and declining attendance at continuing education courses.

Fortunately, many of the factors contributing to last year's deficit did not occur during the past year and the Association returned to a position of surplus.

Although CAIRP's annual performance is largely dependent on the success of the continuing education programs and the number of students working through the CQP program, the Finance Committee revised some of the management and performance processes to assist management and the Board with its decision-making and in the establishment of strategic priorities. Some examples include:

- A complete review of the costs associated with each of the CQP programs for the past five years in order to prepare an estimated contribution margin for assistance in budget preparation;
- The establishment of a contribution margin target for each committee to strive for in the preparation of their annual budget;
- Updating the monthly reporting package to allow for the more timely identification of material budget variances; and
- A continued focus on maintaining administrative costs in line with annual membership fees.

As indicated in last year's Annual Report, the Board approved the Finance Committee's recommendation to establish a general contingency reserve of \$1.2 million in CAIRP's internally restricted equity. In compliance with the policy, the Finance Committee reviewed the quantum of the contingency reserve and did not recommend any change for FY 2017.

Prior to the writing of this report, CAIRP's Director of Finance advised the Executive Committee of his decision to leave the Association in order to create his own consulting firm. Mr. Hemani served the Association for the past five years and has made a significant contribution over that period.

A search for Mr. Hemani's replacement has been concluded, and we plan to introduce the new Director of Finance at the Annual Conference.

I would personally like to thank Mr. Hemani for his commitment to the Association and for all of his efforts and wish him well with his new venture. I would also like to thank the members of the Finance Committee for their time, effort and counsel throughout the year.

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

# HONOURS AND AWARDS NOMINATING COMMITTEE

**\*Donna Collins, FCIRP**

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

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

**Guylaine Houle, BCL, FCIRP**

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

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

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**\*Chair**

## CAIRP HONOURS AND AWARDS 2016-17

### **Fellow Chartered Insolvency and Restructuring Professional (FCIRP)**

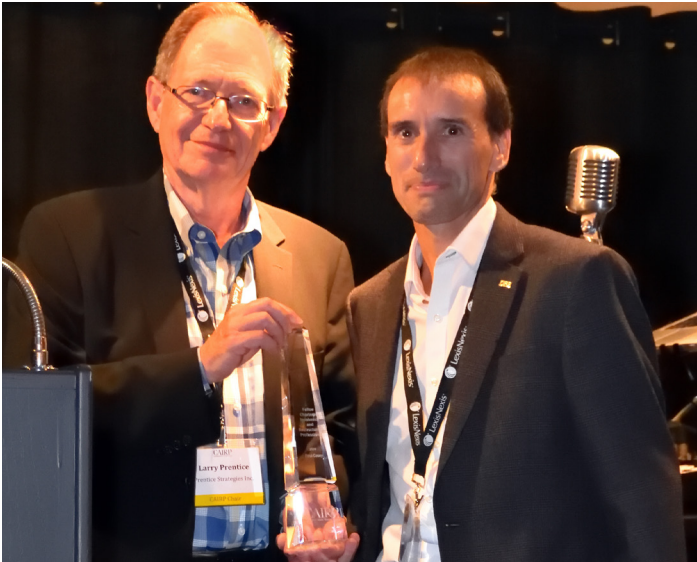
Paul Casey, CPA, CA, FCIRP – Deloitte Restructuring Inc.

### **New Member's Award of Merit**

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

### **Outstanding Volunteer Award (OVA)**

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



Paul Casey (right) receives his FCIRP award from incoming Chair Larry Prentice

In 2016-17, the Honours and Awards Nominating Committee (HANC) received nominations for the Outstanding Volunteer Award (OVA) and the Keith G. Collins Memorial Award. The HANC is pleased to announce that the Board of Directors approved its recommendation with respect to the Keith G. Collins Memorial Award. OVA nominations, if approved by the HANC, do not require board approval. Recipients of these awards will be announced at the CAIRP Annual Conference in Kelowna, B.C., in August 2017.

CAIRP honours and awards for 2015-16 were announced and presented at CAIRP's Annual Conference in Montreal, QC in August 2016.

Every year, CAIRP invites submissions for the following awards:

### **Fellow Chartered Insolvency and Restructuring Professional (FCIRP)**

A Fellowship is the highest honour CAIRP can bestow on a member, and is intended to recognize those members who have given distinguished and continuous service to the Association and who have made a significant contribution to the field of Canadian Insolvency Practice.

### **Keith G. Collins Memorial Award**

Keith G. Collins FCIRP, served as the President of CAIRP (then known as the Canadian Insolvency Association), from 1980 – 1981. He died in 2006 at the age of 71. Keith was a gentleman and a professional. He was respected within the profession and the community for his integrity, courtesy and commitment. Both CAIRP and the Institute of Chartered Accountants recognized his contributions by awarding him fellowships, their highest honour.

In 2007, CAIRP created the Keith G. Collins Memorial Award, in order to recognize Keith as a role model who others in the profession, or aspiring to join the profession, should follow.

### New Member's Award of Merit

The award is intended to acknowledge and distinguish those New Members who have obtained their CIRP within the past five years and 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. Candidates should clearly demonstrate their commitment to CAIRP's core values and promote its members as the "go to professionals" for expertise, information and solutions regarding insolvency and restructuring.

### Outstanding Volunteer Award (OVA)

Established by the Executive Committee in 2008, the OVA is intended to acknowledge the fine work

of individuals who have provided exemplary service to the Association, and to thank them for their contribution as a volunteer. The recipient may be recognized for a collected list of activities over a period of several years or alternatively, for their service related to one particular activity.

For more information on all of the honours awarded by CAIRP, visit [www.cairp.ca/insolvency-professionals/joining-cairp/honours-and-awards](http://www.cairp.ca/insolvency-professionals/joining-cairp/honours-and-awards).

**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



Staunch Maple Leaf fan Paul Casey accepts an additional award from the Montreal conference Co-Chairs



# MEDIA COMMUNICATIONS COMMITTEE

**\*Mary Ann Marriott, CIRP**

**Steve Erwin**

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

**Daniel Budd, CIRP**

**Michelle Grant, CIRP**

**Jennifer McCracken, CIRP**

**Matthew Munro, CGA, CIRP**

**François Noël, CIRP**

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## **\*Chair**

The Media Communications Committee (MCC) enjoyed continued success in fiscal 2016-17 in establishing and enhancing CAIRP's 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 2016-17 we succeeded in posting 15 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 620 last year to 1,370. 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 606 professionals, many of whom are members and others involved in the international insolvency and restructuring community, including lawyers and judges.

The CAIRP blog ([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 The Women of Insolvency, Oil & Gas Reorganizations, Insolvency Law, Reports from local attendees of INSOL International, insight into insolvency law decisions, and various articles on consumer debt and budgeting issues, 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 200 pageviews per month with a high of 507 pageviews during September 2016. A second review and update of website content and presentation is currently in process and will be completed this summer in concert with an upgrade

of the Content Management System (CMS) used to populate the website with content.

A highlight of this year's activities was CAIRP's participation in national financial literacy initiatives spearheaded by the Financial Consumer Agency of Canada and the subsequent meeting with representatives from the agency to discuss future opportunities to work together.

CAIRP's efforts in joining the national conversation on financial literacy were rewarded with our most successful social media campaign to date. Our 77 tweets during the period have been the highest ever in terms of reach with more than 18,500 views. Our Facebook promotions of blog posts related to financial literacy also received excellent traction, reaching more than 2,700 people.

The MCC, in conjunction with the Communications Committee, was proactive in their discussions and the rollout of communications regarding the new Licensed Insolvency Trustee designation approved by the Office of the Superintendent of Bankruptcy 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 to 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, LIT**  
*Chair*

# NEW MEMBERS COMMITTEE

**\*Jean-François Cliche, CIRP**  
**Nicholas To, CPA, CMA, CIRP**  
**Kevin Brennan, CPA, CA, FCIRP**  
**Linda Paul , CIRP**  
**Daniel Budd, CIRP**  
**Shannon Desaulniers, CIRP**  
**Matthew Golding, CPA, CMA, CIRP**  
**Patricia Marshall, CIRP**

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## \*Chair

The New Members Committee (NMC) is comprised of representatives from across Canada and from various organizations that are at the heart of their profession and who believe in the importance of a national association.

Its main objectives are to encourage the involvement of new members – those who have received their CIRP designation within the last five years – and to promote their perspectives and interests within our Association.

In the past year, the NMC launched and managed a pilot project called the Mentorship Program. This program is envisioned as an additional tool for candidates to the profession who wish to have extra support from a peer who has recently completed the education program. It is not a substitute or replacement for tools already in place or the current Sponsorship Program, but an add-on that allows the learning process of a candidate to be guided by the experience of a new member.

The project included measurement of the program's effectiveness. The comments received will allow the NMC to make recommendations to the Board of Directors and the Continuing Education Committee on the program's relevance and effectiveness.

As with last year, the NMC sought to gather the opinions of new licensed insolvency trustees on an issue that directly concerned them. Last June, it conducted a survey of candidates to the profession and new members on the CIRP training program. This survey aimed to provide CQP leadership accurate information to allow them to effectively measure the degree of satisfaction with the training program and perceptions of those who had just completed it. The committee hopes this constructive survey can be employed in the continuous process of improving the training offered by the association.



Graham Page and Warren Leung  
enjoy the Annual Conference



BMO's Head of North American Industry Sectors, Mark Shoniker, in discussion with New Member Adam Hutchens

New members are the future of our profession and our Association. For this reason, there is no doubt about the importance of this committee. The NMC's desire is that association members will always be attentive to the committee's recommendations, ideas and concerns for the next generation of the insolvency profession.

**Jean-François Cliché, CIRP, LIT**  
*Chair*

# PROFESSIONAL CONDUCT COMMITTEE

**\*Colleen Craig, CPA, CA, CIRP**  
**Joe Healey, CPA, CA, CIRP**  
**Sheri Aberback, CFE, CIRP**  
**Marla Adams, CPA, CA, CIRP**  
**Noel Andrews, CIRP**  
**Bruce Caplan, CIRP**  
**John Haralovich, CPA, CMA, CFE, CIRP**  
**Stanley Hopkins, CPA, CA, CIRP**  
**Karen Horvath, CIRP**  
**Robert Johnson, CPA, CA, CIRP**  
**Mario Mainella, CPA, CA, CIRP**

## **\*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.

**BC** 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.

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**ON** During the period from April 1, 2016 to March 31, 2017, the PCC closed four cases. As of March 31, 2017, there were five active PCC cases and no advertising cases open. Two additional cases are on hold pending ongoing court actions. The Committee continues to meet monthly to ensure that all complaints are dealt with fairly and efficiently.

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**BC** I wish to thank all my fellow PCC members and the staff at CAIRP for their ongoing commitment. As always, our combined efforts are needed to make the PCC work effectively. It has been my experience that this committee can be somewhat challenging for various reasons including time commitments, nature of the cases, depth of analysis involved, and potential conflicts with both complainants and members. Everyone's professionalism and dedication are very much appreciated.

I also want to specifically thank our investigators who have helped over the past year. Without the generous efforts of our volunteer investigators, the PCC could not complete its important work. As mentioned in my last report, investigators appointed by the PCC are now 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)

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

# STRATEGIC PLAN COMMITTEE

<b>*Chantal Gingras, CIRP</b>	<b>QC</b>
<b>Larry Prentice, FCPA, FCA, FCIRP, FIIC</b>	<b>BC</b>
<b>Dave Johnson, CPA, CGA, CFE (ret.), FCIRP</b>	<b>MB</b>
<b>André Bolduc, CPA, CA, CIRP</b>	<b>ON</b>
<b>Paul Casey, CPA, CA, FCIRP</b>	<b>ON</b>
<b>Jean-François Cliche, CIR</b>	<b>QC</b>
<b>Sharon Hamilton, CPA, CA, CIRP</b>	<b>ON</b>
<b>Robert (Rob) Hunt, CPA, CA, CIRP</b>	<b>NS</b>
<b>Jennifer McCracken, CIRP</b>	<b>BC</b>
<b>Craig Munro, CPA, CA, CIRP</b>	<b>BC</b>
<b>Robert (Rob) Shier, CPA, CA, CIRP</b>	<b>ON</b>

## \*Chair

By the end of 2015, the CAIRP Board concluded that almost all of the major initiatives set out in the 2012 Strategic Plan had been achieved. A new Strategic Plan Task Force was struck in December 2015 to give the Association clear and updated objectives to guide us in the years ahead.

The Task Force held numerous conference calls and a joint retreat with the CAIRP Executive Committee in September 2016 to develop strategies to lead the Association forward, revise the Vision and Mission Statements of CAIRP, and elaborate a detailed tactical plan to achieve our new objectives.

The Task Force conducted extensive consultations with member and non-member stakeholders across the country and abroad. Never has CAIRP consulted with so many parties in developing a new strategic plan. The feedback received throughout the consultation process highlighted four key issues - education, advocacy, promotion, and fees/expanding membership.

**Education**, which includes both the CQP and CAIRP's continuing education events, was identified by all stakeholders as the key priority for CAIRP.

**Advocacy** was seen as second most important priority for CAIRP members. When asked to select their top two benefits, just over 50% of English respondents to a survey and over 60% of French respondents picked advocacy for key issues affecting members.

Stakeholders indicated that promotion of the Association falls below education and advocacy in terms of priority.

The Task Force also reviewed CAIRP's vision, mission, and value statements, and produced the following updated statements:

## Vision:

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

## Mission:

Promote excellence among practitioners by providing ongoing professional development opportunities.

Establish qualifications and provide education to aspiring insolvency and restructuring professionals.

Enhance public trust in our members by setting Rules of Professional Conduct and Standards of Professional Practice.

Advocate for a fair, transparent, and effective insolvency and restructuring system throughout Canada.

## Values:

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

The Task Force also deliberated on many issues that need to be part of further discussions toward developing a longer-term vision for CAIRP in the key areas of continuing education, student education, advocacy and membership outreach. New Task Forces were formed in each of these areas and reported back to the Committee who has in turn submitted their reports to the Board and Executive Committee.

We would like to thank all of those who participated in the consultation process as well as those who formed various Task Forces and groups involved in the development of CAIRP's new priorities.

**Chantal Gingras, CIRP, LIT**  
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. de Lyon (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**

**\*Chair**

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The study of trustee compensation in summary administrations was completed in November 2016. From this study, the CAIRP Board concluded that the data did not support a strong business case for adjustment to the tariff structure for summary administration files to bring forward to the OSB. The Board further concluded that in order for a review of compensation prescribed by the BIA to move forward through legislative and regulatory processes, there would also be a need for an equally comprehensive analysis of trustee compensation in other types of BIA proceedings, including but not limited to, Division II proposals.

There were several findings in the report worth highlighting:

- Median fee revenue on summary administrations, adjusted for increases in the Consumer Price Index, is basically unchanged since 2000.
- Mean fee revenue on summary administrations was approximately \$250 higher than the median in 2000 (or almost \$500 by 2012 on a CPI-adjusted basis).
- There are certain types of files that have seen an increase in trustee involvement as a result of the 2009 BIA amendments, including files involving prior bankruptcies, higher-income earners, business debtors and tax debtors.

I would like to thank the members of the Task Force and the Ad Hoc Committee for their commitment and generosity in volunteering their time as well as members who participated in the 2016 survey and firms who shared their estate data.

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

The Tariff Review Task Force for summary administration files was created in the spring of 2013 to develop a report on the Tariff in Summary Administration bankruptcy files. The formula by which trustee fees are calculated in summary administration files was last revised in the amendments to the Bankruptcy and Insolvency Act (BIA) in 1997. Subsequent amendments shifted the complexity and duration of the administration of certain files, but without a commensurate adjustment in the tariff formula.

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.

An Ad Hoc Committee was subsequently formed, which recommended the engagement of an outside consultant to put together a solid and credible study that would form the basis of CAIRP's business case.

CAIRP engaged statistician Dr. Ed Weinstein of the Brondesbury Group to conduct a comprehensive fact-based study, which confidentially surveyed managing partners at firms that administer consumer insolvencies. 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 should there be a significant increase in consumer insolvencies. The OSB made available to the Brondesbury Group data related to summary administration files covering a 15-year period to allow the statisticians to aggregate and analyze the actual fees incurred over this extended period.

# CAIRP ANNUAL REPORT 2016-2017 – COMMITTEES

## COMMUNICATIONS COMMITTEE

\*Larry Prentice, FCPA, FCA, FCIRP, FIIC  
Chantal Gingras, CIRP  
Paul Casey, CPA, CA, FCIRP  
Guylaine Houle, BCL, FCIRP  
Francyne Hunter, CIRP  
Debora Kwasnicky, CIRP

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## CONTINUING EDUCATION OVERSIGHT COMMITTEE

\*Karen Adler, CIRP  
Kimberley Burke, CIRP  
Jennifer McCracken, CIRP  
Brad Newton, CPA, CA, CIRP, CBV  
Jorden Sleeth, CPA, CA, CIRP

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## CORPORATE PRACTICE COMMITTEE

\*Jonathan Krieger, CPA, CA, CIRP  
Joseph Healey, CPA, CA, CIRP  
Stephen Ferguson, CIRP  
Eugene Migus, CIRP  
Emmanuel Phaneuf, CIRP  
Wendy Anne Santoro, CIRP

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## DISCIPLINE COMMITTEE

\*Peter Wedlake, LL.B., FCIRP

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\*Chair

## GOVERNANCE COMMITTEE

\*Karen Adler, CIRP  
Joseph Healey, CPA, CA, CIRP

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## INTERVENTION COMMITTEE

\*Sharon Hamilton, CPA, CA, CIRP  
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. de Lyon (Hons.), LL.D., Ad.E.  
Peter Wedlake, LL.B., FCIRP

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## LLOYD HOULDEN ADVISORY COUNCIL

\*Sharon Hamilton, CPA, CA, CIRP  
Prof. Stephanie Ben-Ishai, LL.B., LL.M.  
Kelly J. Bourassa, LL.B., LL.M.  
Hon. Mark Schrager, LL.L., B.C.L. (Oxon)

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## AD HOC COMMITTEE

\*Chantal Gingras, CIRP  
André Bolduc, CPA, CA, CIRP  
Virginie Comtois, CPA, CA, CIRP  
David Stewart  
Randy West, CPA, CA, CIRP

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## CAIRP MEMBERSHIP

MEMBERSHIP YEAR					
	2016/17	2015/16	2014/15	2013/14	2012/13
GENERAL <sup>1</sup>	<b>991</b>	995	978	954	931
ARTICLING	<b>368</b>	354	342	365	422
CORPORATE	<b>20</b>	24	24	23	23
LIFE	<b>199</b>	181	167	157	175
INACTIVE <sup>2</sup>	<b>11</b>	11	13	13	14

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

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

# TREASURER'S REPORT

On behalf of the Board of Directors, I am pleased to present CAIRP's audited financial statements for the year ended March 31, 2017 (FY17). 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 2018 (FY18) and our longer-term forecast.

## STATEMENT OF FINANCIAL POSITION

As of March 31, 2017, the Association continued to enjoy a strong liquidity position which includes cash of \$763,027 plus long-term investments of \$1,879,540 for a total of \$2,642,567 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 2017 and 2024.

As noted in last year's report, the Canadian Insolvency Foundation (CIF) was dissolved effective November 12, 2014 and subject to a General Conveyance Agreement, residual funds were transferred to CAIRP for the exclusive purpose of supporting the Lloyd Houlden Memorial Research Fellowship. During FY17, a \$20,000 research fellowship was awarded reducing this liability on the balance sheet to \$48,818.

The \$357,092 increase in cash and long-term investments as compared to the prior year is primarily due to the operating surplus of \$253,639 and an increase in accounts payable which is attributable to timing.

As a result of the operating surplus, the Association's net working capital returned to a positive position of \$180,109 at March 31, 2017. Current liabilities as of March 31, 2017 of \$679,705 were \$84,565 higher than the prior year primarily relating to the accrual for the costs associated with leadership changes.

## STATEMENT OF OPERATIONS

Due to the efforts of members, CAIRP staff, the Board and Executive Committee, the Association was able to reverse last year's deficit of \$417,515 and deliver a FY17 surplus of \$253,659. Total revenues for the Association in FY17 were \$2,662,175, an increase of \$445,114 from the prior year. The increase is attributable to:

- An increase in membership revenue of approximately \$165,000;
- A \$150,000 increase from CQP course and exam fees;
- A \$125,000 increase in revenue from continuing education seminar fees and sponsorship; and
- An offset of \$16,000 from a decrease in annual conference fees and sponsorship.

The reported expenses of \$2,408,536 in FY17, was a net decrease of \$226,040 from the prior year. The decrease in expenses across the board resulted from the focus of cost controls through measures such as the reduction of face-to-face meetings, reduced staff headcount and an effort to make committees more accountable for their budgets.

## COMPARISON TO FY17 BUDGET

The Association had forecast a deficit of \$362,474 for FY17. This was primarily based on an expectation for fewer registrations in CQP courses and expenses in line with the levels achieved in FY16. As indicated above, the Association did not incur the forecast deficit due to the focused efforts of many. The Board has set a budget surplus of \$240,000 for FY18 on the basis of continued cost controls and a focus on financial management.

## SUMMARY

As a result of the surplus achieved in FY17, the Association's unrestricted equity position improved to \$809,711, which in addition to the restricted equity of \$1.2 million provides the Association with a healthy net asset balance of approximately \$2 million.

The Board and CAIRP Executive wish to thank its many members and CAIRP staff for all of their efforts over the past year to put the Association back into a surplus position, and our renewed and improved outlook for the financial future of the Association.

**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, 2017

**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, 2017, 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, 2017, 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 22, 2017

Chartered Professional Accountants  
Licensed Public Accountants

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**Statement of Financial Position**

March 31	2017 \$	2016 \$
<b>ASSETS</b>		
Current assets		
Cash	763,027	370,898
Sundry receivables	32,005	20,368
Prepaid expenses	64,782	88,511
	<b>859,814</b>	<b>479,777</b>
Investments (note 3)	1,879,540	1,914,577
Capital assets (note 4)	48,958	84,378
Intangible assets (note 5)	-	1,151
	<b>1,928,498</b>	<b>2,000,106</b>
	<b>2,788,312</b>	<b>2,479,883</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	318,282	225,045
Deferred revenue	361,423	370,095
	<b>679,705</b>	<b>595,140</b>
Special Reserve for Lloyd Houlden Memorial Research Fellowship (note 7)	48,818	68,818
Deferred lease incentives (note 8)	4,070	13,845
	<b>52,888</b>	<b>82,663</b>
	<b>732,593</b>	<b>677,803</b>
<b>NET ASSETS</b>		
Invested in capital and intangible assets	46,008	75,492
Internally restricted for general contingency (note 9)	1,200,000	1,200,000
Unrestricted	809,711	526,588
	<b>2,055,719</b>	<b>1,802,080</b>
	<b>2,788,312</b>	<b>2,479,883</b>

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:



Larry Prentice, FCPA, FCA, FCIRP, FIIC  
Chartered Insolvency and Restructuring Professional  
Chair



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

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**Statement of Operations**

Year ended March 31	2017 \$	2016 \$
Revenues		
Membership fees	1,194,838	1,029,550
Annual conference fees and sponsorship	229,666	245,873
CQP course and examination fees	749,534	597,344
Continuing education seminar fees and sponsorship	404,594	279,250
Investment income (note 10)	37,553	34,456
Lloyd Houlden Memorial Research Fellowship (note 7)	20,000	20,000
Other	25,990	10,588
	<b>2,662,175</b>	<b>2,217,061</b>
Expenses		
Administration (see schedule)	1,729,144	1,848,350
Annual conference	179,706	271,038
CQP courses and examinations	270,001	299,338
Continuing education	209,685	195,850
Lloyd Houlden Memorial Research Fellowship (note 7)	20,000	20,000
	<b>2,408,536</b>	<b>2,634,576</b>
Excess of revenues over expenses (expenses over revenues) for the year	<b>253,639</b>	<b>(417,515)</b>

The accompanying notes are an integral part of these financial statements



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**Statement of Changes in Net Assets**

Year ended March 31

	<b>Invested in capital and intangible assets \$</b>	<b>Internally restricted for general contingency (note 9) \$</b>	<b>Unrestricted \$</b>	<b>2017 Total \$</b>
Balance, beginning of year	75,492	1,200,000	526,588	<b>1,802,080</b>
Excess of revenues over expenses (expenses over revenues) for the year	(40,734)	-	294,373	<b>253,639</b>
Purchase of capital assets	11,250	-	(11,250)	-
Balance, end of year	<b>46,008</b>	<b>1,200,000</b>	<b>809,711</b>	<b>2,055,719</b>

	<b>Invested in capital and intangible assets \$</b>	<b>Internally restricted for general contingency (note 9) \$</b>	<b>Unrestricted \$</b>	<b>2016 Total \$</b>
Balance, beginning of year	99,867	926,500	1,193,228	2,219,595
Excess of revenues over expenses (expenses over revenues) for the year	(49,082)	-	(368,433)	(417,515)
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>

The accompanying notes are an integral part of these financial statements

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**Statement of Cash Flows**

Year ended March 31	2017 \$	2016 \$
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues) for the year	253,639	(417,515)
Adjustments to determine net cash provided by (used in) operating activities		
Amortization of capital assets	46,670	43,046
Amortization of intangible assets	1,151	13,123
Interest capitalized on investments	(57,178)	(57,956)
Unrealized loss in the fair value of investments	26,817	30,195
Amortization of deferred lease incentives	(9,775)	(9,775)
	261,324	(398,882)
Change in non-cash working capital items		
Increase in sundry receivables	(11,637)	(2,978)
Decrease in prepaid expenses	23,729	2,789
Increase (decrease) in accounts payable and accrued liabilities	93,237	(67,200)
Increase (decrease) in deferred revenue	(8,672)	296,619
Payment of grant monies - Lloyd Houlden Memorial Research Fellowship	(20,000)	(20,000)
	337,981	(189,652)
Cash flows from investing activities		
Purchase of capital assets	(11,250)	(24,707)
Proceeds on disposal of investments	65,398	-
	54,148	(24,707)
Net change in cash	392,129	(214,359)
Cash, beginning of year	370,898	585,257
Cash, end of year	763,027	370,898

The accompanying notes are an integral part of these financial statements

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**Schedule of Administration Expense**

Year ended March 31	2017 \$	2016 \$
Amortization of capital assets	46,670	43,046
Amortization of intangible assets	1,151	13,123
Audit, legal and consulting	57,218	58,473
Committees	196,378	227,037
Insol International	48,827	65,196
Communication	122,844	183,296
Office, printing, postage, courier and sundry	158,048	179,062
Rent (note 8)	128,342	128,342
Salaries and benefits	969,666	950,775
	<b>1,729,144</b>	<b>1,848,350</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, 2017

### **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 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.



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**Notes to Financial Statements (continued)**

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March 31, 2017

**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 disposal of investments and unrealized gains and losses in the fair value of investments.

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

**Contributions**

The Association follows the deferral method of accounting for contributions.

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

**(b) 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.

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**Notes to Financial Statements (continued)**

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March 31, 2017

**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, with the exception of investments, which are measured at fair value. Changes in fair value are recognized in income in the year the changes occur.

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

Financial assets measured at amortized cost include cash and 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 year in the expected timing or amount of future cash flows from the financial asset.

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**Notes to Financial Statements (continued)**

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March 31, 2017

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

**(d) Financial instruments (continued)**

**Impairment (continued)**

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

- the present value of the cash flows expected to be generated by holding the financial asset discounted using a current market rate of interest appropriate to the financial asset; and
- the amount that could be realized by selling the financial asset at the statement of financial position date.

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

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

**(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.

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**Notes to Financial Statements (continued)**

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March 31, 2017

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

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

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

Computer equipment	5 years
Furniture and fixtures	10 years

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

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

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

**(g) Intangible assets**

The costs of intangible assets are capitalized upon meeting the criteria for recognition as an intangible asset, with the exception of expenditures on internally generated intangible assets during the development phase, which 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, consisting of separately acquired computer application software, are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization is provided for, upon commencement of the utilization of the assets, on a straight-line basis at rates designed to amortize the cost of the intangible assets over their estimated useful lives of five years.

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, 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 year 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, 2017

### 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 year. Actual results may differ from these estimates, the impact of which would be recorded in future years.

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

### 2. Financial instrument risk management

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

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

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

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**Notes to Financial Statements (continued)**

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March 31, 2017

**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>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Cash	763,027	370,898
Sundry receivables	32,005	20,368
Investments	1,879,540	1,914,577
	<u>2,674,572</u>	<u>2,305,843</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.

**Liquidity risk**

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

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

**Market risk**

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

**Currency risk**

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

The Association is not exposed to currency risk.



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**Notes to Financial Statements (continued)**

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March 31, 2017

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

**Interest rate risk**

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

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

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

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

**Other price risk**

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

The Association is not exposed to other price risk.

**Changes in risk**

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

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**Notes to Financial Statements (continued)**

March 31, 2017

**3. Investments**

	<b>Quantity</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Province of Ontario - 4.29% - due 06/02/16	-	-	65,795
Bank of Nova Scotia - 2.10% - due 12/10/17	500,000	524,555	513,795
Province of Ontario - 4.42% - due 11/03/19	387,319	371,826	366,133
Province of Quebec - 4.38% - due 06/01/21	418,089	387,443	382,175
Province of Saskatchewan - 2.86% - due 05/30/22	325,393	292,040	288,265
Province of British Columbia - 3.33% - due 08/23/24	365,390	303,676	298,414
		<u>1,879,540</u>	<u>1,914,577</u>

**4. Capital assets**

	<b>Cost</b>	<b>Accumulated</b>	<b>2017</b>
	<b>\$</b>	<b>Amortization</b>	<b>Net</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Computer equipment	138,889	105,339	33,550
Furniture and fixtures	68,643	65,289	3,354
Leasehold improvements	299,787	287,733	12,054
	<u>507,319</u>	<u>458,361</u>	<u>48,958</u>
	<b>Cost</b>	<b>Accumulated</b>	<b>2016</b>
	<b>\$</b>	<b>Amortization</b>	<b>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>

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**Notes to Financial Statements (continued)**

March 31, 2017

**5. Intangible assets**

	<b>Cost</b> \$	<b>Accumulated Amortization</b> \$	<b>2017 Net</b> \$
Database application software	177,329	177,329	-
	<b>Cost</b> \$	<b>Accumulated Amortization</b> \$	<b>2016 Net</b> \$
Database application software	177,329	176,178	1,151

**6. Accounts payable and accrued liabilities**

	<b>2017</b> \$	<b>2016</b> \$
Trade payables and accrued liabilities	244,477	159,789
Security deposit	50,000	50,000
Grant payable - Lloyd Houlden Memorial Fellowship Research Grant (note 7)	10,000	10,000
Government remittances	13,805	5,256
	<b>318,282</b>	<b>225,045</b>

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

	<b>2017</b> \$	<b>2016</b> \$
Balance, beginning of year	68,818	88,818
Grants awarded	(20,000)	(20,000)
Balance, end of year	<b>48,818</b>	<b>68,818</b>

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, \$20,000 (2016 - \$20,000) of grant monies was awarded, of which \$10,000 was paid to the grant recipient immediately. The final instalment of \$10,000 (2016 - \$10,000) is recorded as a grant payable (note 6) and will be paid upon completion of the grant criteria.

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**Notes to Financial Statements (continued)**

March 31, 2017

**8. Deferred lease incentives**

	<b>Cost</b>	<b>Accumulated</b>	<b>2017</b>
	<b>\$</b>	<b>Amortization</b>	<b>Net</b>
		<b>\$</b>	<b>\$</b>
Tenant inducements	73,820	70,870	2,950
Reduced rent benefits	28,000	26,880	1,120
	<u>101,820</u>	<u>97,750</u>	<u>4,070</u>
	<b>Cost</b>	<b>Accumulated</b>	<b>2016</b>
	<b>\$</b>	<b>Amortization</b>	<b>Net</b>
		<b>\$</b>	<b>\$</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>

Pursuant to a lease agreement for the Association's office premises, 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 (2016 - \$9,775) was credited to rent expense.

**9. Net assets internally restricted for general contingency**

Net assets of the Association have been internally restricted to enable the Association to have time to react to financial or other trends that might impact the long term ability of the Association to carry out its strategic objectives.

In the prior year, unrestricted net assets in the amount of \$273,500 were transferred to the net assets internally restricted for general contingency.

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**Notes to Financial Statements (continued)**

March 31, 2017

**10. Investment income**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Interest from cash	7,192	6,695
Interest from investments	57,178	57,956
Unrealized loss in the fair value of investments	(26,817)	(30,195)
	<u>37,553</u>	<u>34,456</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:

	<b>\$</b>
2018	139,980
2019	147,669
2020	147,669
2021	147,669
2022	147,669
Subsequent years	<u>818,329</u>
	<u>1,548,985</u>

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