



SHAPING A
**BRIGHTER
FUTURE**

CAIRP
ANNUAL REPORT
2017/2018



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

VISION

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

MISSION

CAIRP advances the interests of members and the public by:

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

CORE VALUES

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

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REPORT**
2017/2018

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CHAIR'S MESSAGE



Chantal Gingras
CAIRP, LIT
Chair

On behalf of the Board of Directors, I am honoured to present CAIRP's 2017/18 Annual Report. In a year marked by unprecedented organizational change, I believe you will agree that CAIRP achieved a remarkably productive year while establishing solid foundations for shaping a brighter future.

The following provides a brief review of the past year's challenges and achievements.

Finance & Operations

Financially, CAIRP has fully recovered from the significant deficit it incurred in 2016. The audited surplus of \$572,000 for 2017/18 far surpassed the budgeted surplus, primarily due to a \$236,000 salary variance that was the result of significant staff turnover earlier in the year. With financial matters stable and improved controls and budgeting procedures in place, the Board was able to approve a 0% change to member dues for a third consecutive year. Further, the Board has committed to moving towards a balanced budget approach. With a healthy net equity balance of \$2.6 million, the Board will also be giving careful consideration to ensuring a prudent and appropriate equity strategy and policy.

During the year, CAIRP staff commenced research to identify solutions for upgrading its aging database, website and learning management system technologies. As the new technologies are developed and launched over the summer months and into December of 2018, we are confident CAIRP members and students will experience significantly improved online services and resources.

Governance

Good governance is a hallmark of successful professional associations. Considerable efforts were expended over the year to establish appropriate lines of authority for staff and Board roles. The Board's primary responsibilities being to establish goals consistent with CAIRP's mission and the best interests of the membership and public; set appropriate limitations for the COO; and to assess CAIRP's performance towards achieving the goals. Staff will have the authority and accountability to develop and implement strategies and actions that, within the limitations set by the Board, effectively support the achievement of Board goals.

A planning retreat of the Executive Committee and senior staff, that was followed by meetings of the Board resulted in a revision of CAIRP's mission statement to more clearly emphasize the complementary nature of member and public interest. Furthermore, the Board established the following goals:

- Maintain a highly **engaged membership**.
- Achieve student/candidate flow-through and exam **pass rates consistent with exceptional professional education** and certification programs.
- Maintain influential and positive **relations with OSB**.
- Achieve membership **growth rates that sustain a healthy, going concern CAIRP**.
- Consistently operate in a **cost-efficient and effective** manner.
- **Members value** the CAIRP membership.

The Board and staff also commenced the process of reviewing and clarifying CAIRP's governing Bylaws and Rules of Professional Conduct. Proposed changes are expected to be presented to the membership for discussion and approval at the 2018 AGM in Charlottetown.

Student Education

While the Fall 2018 CNIE exam results achieved the highest success rate in three years, the overall pass rate of 51% remains below expectations. CPA-designated candidates achieved a respectable 83% pass rate on the exam, however, only 26% of non-CPA candidates were successful. We are confident that we can do better - without compromising CAIRP's highly regarded certification rigour and standards.

A blue-sky education re-visioning workshop was held in December to identify possible solutions for improving the effectiveness of CAIRP's learning processes. The workshop, together with follow-up research and discussions are contributing to the development of a comprehensive education plan that once completed and implemented, will better support all candidates and as well, help bridge the competency gap between CPA and non-CPA candidates.

Professional Development

CAIRP's Forums, Exchange, and Annual Conference continue to be a key value of CAIRP membership. Member participation in CAIRP professional development has continued to rise, with an impressive 64% of members registering for one event or more. Further, almost 1100 insolvency professionals attended a CAIRP event last year!

The Annual Conference in beautiful Kelowna was a resounding success, opening with a warm sunny reception at the Summerhill Winery and closing with the comedic brilliance of Corner Gas's Brent Butt. Balancing the Conference's social and networking value, the professional development schedule was strengthened to include two full days of insightful educational offerings.

Communications Plan

In April, CAIRP's Board approved the implementation of a comprehensive communications plan. The plan is designed to improve the quality and effectiveness of how CAIRP communicates with its members and the

public, while helping to build and reinforce CAIRP's reputation and brand as a leader of Canada's insolvency and restructuring profession. Key components of the plan include media relations, member communications, website design, financial literacy, career promotion and research. With regards to the media relations component, which is expected to be launched in the fall of 2018, CAIRP will identify issues of national interest to take public positions on, conduct relevant research to support those positions, and both proactively and reactively take advantage of media opportunities to publicize and promote the positions. Performance measures will be put in place to monitor and assess the impact of this initiative.

Strategic Relations

With a strategic emphasis on collaboration as a means to maximize the effectiveness of CAIRP's limited resources, considerable time was invested to strengthen relations with such key stakeholder organizations as the OSB, FCAC and CPA Canada.

CAIRP's Consumer Practice Committee spent considerable time studying the draft Counselling Directive 1R4 and preparing a comment that led to significant improvements. A memorandum of understanding (MOU), was signed with the OSB, providing CAIRP the authority to take the lead on developing the new Practical Course on Insolvency Counselling (PCIC). CAIRP and the OSB consulted on numerous other issues of mutual interest throughout the year, reinforcing a respectful and valued relationship.

During the year, CAIRP met with representatives of the FCAC, committing to significantly expand its support to advance financial literacy in Canada. This fall, and throughout the year, look for CAIRP to be more actively involved in research and communications that promote financial literacy amongst Canada's public.

CAIRP also signed a new Affiliation Agreement with CPA Canada facilitating the opportunity for both organizations to work more closely to support insolvency and restructuring initiatives of mutual value.

Final Thoughts

As CAIRP moves forward, opportunities to advance the insolvency profession seem limitless. Our greatest challenge is to realize those opportunities within the constraints of CAIRP's financial, membership and staff capacity - doing more, better, by maximizing operational efficiency, good governance and collaboration. Most importantly, CAIRP will need to continue taking advantage of the time and expertise so many of its members generously contribute each year. CAIRP has been fortunate to have such a committed and engaged membership that faithfully steps up to serve on committees and as sponsors, mentors and educators. We will not take that generosity for granted, but instead continuously improve the ways we engage members with rewarding and meaningful volunteer opportunities. I am also very grateful to have had the opportunity to work with such a talented and dedicated Executive Committee and group of Board members. I am excited for what the future offers and look forward to working with our membership to shape our future and realize its full potential.

Chantal Gingras, CIRP, LIT
Chair

“In a year marked by unprecedented organizational change, I believe you will agree that CAIRP achieved a remarkably productive year while establishing solid foundations for shaping a brighter future.”

Chantal Gingras

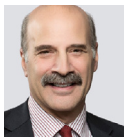
BOARD OF DIRECTORS

EXECUTIVE



CHAIR

Chantal Gingras, CIRP, LIT
Gatineau QC



VICE-CHAIR

Mark Rosen, LL.B, FCIRP
Halifax NS



TREASURER

Craig Munro, CPA, CA, CIRP
Vancouver BC



SECRETARY

Marla Adams, CPA, CA, CIRP
Saskatoon SK



EXECUTIVE-AT-LARGE

David Lewis, CPA, CA, CIRP
Edmonton AB



PRESIDENT AND CHIEF OPERATING OFFICER

Grant Christensen, FCPA, FCGA

PROVINCIAL REPRESENTATIVES



ALBERTA

David Lewis, CPA, CA, CIRP
Edmonton AB



BRITISH COLUMBIA

Jennifer McCracken, CIRP
Surrey BC



MANITOBA

Joe Healey, CPA, CA, CIRP
Winnipeg MB



NEW BRUNSWICK

Robert Powell, CPA, CA, CIRP
Saint John NB



NEWFOUNDLAND and LABRADOR

Derrick Hutchens, CIRP
St. John's NL

PROVINCIAL REPRESENTATIVES cont.



NOVA SCOTIA

George Kinsman, CPA, CA, CIRP
Halifax NS



ONTARIO

Simone Carvalho, CPA, CIRP
Toronto ON



ONTARIO

Kathy Lenart, CIRP
Hamilton, ON



QUEBEC

Virginie Comtois, CPA, CA, CIRP
Brossard QC



QUEBEC

Nathalie Brault, CPA, CMA, CIRP
Laval QC



SASKATCHEWAN

Marla Adams, CPA, CA, CIRP
Saskatoon SK

CPA CANADA REPRESENTATIVE



Jorden Sleeth, CPA, CA, CIRP
Toronto ON

NEW MEMBER REPRESENTATIVE



Patricia Marshall, CIRP
Vancouver BC

OUTSIDE DIRECTOR



Linc Rogers, LL.B.
Toronto ON

SPECIAL ADVISOR



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

BOARD CHAIRS

1979-80 L. Claude Mercure, CPA, CA, FCIRP (ret.)
1980-81 Keith G. Collins, FCA, CA, FCIRP
1981-82 Ian K. Strang, FCA, FCIRP
1982-83 C. Garth MacGirr, FCPA, FCA, FCIRP (ret.)
1983-84 Donald J. Henfrey, FCPA, FCA, FCIRP (ret.)
1984-85 Gary F. Colter, FCPA, FCA, FCIRP (ret.)
1985-86 John J. Swidler, FCPA, FCA
1986-87 Beverly W. Fowler, CPA, CA, FCIRP (ret.)
1987-88 Alan G. Driver, CPA, CA, FCIRP (ret.)
1988-89 George B. Lomas, FCPA, FCA, FCIRP
1989-90 Terence M. McMullen, FCPA, FCA, FCIRP (ret.)
1990-91 Jean-Guy Daoust, CPA, CA, CIRP
1991-92 J. Alan MacKinnon, FCPA, FCA, FCIRP (ret.)
1992-93 Uwe Manski, FCPA, FCA, FCIRP (ret.)
1993-94 William J. Drake, FCPA, FCA, CIRP
1994-95 Gilles Campeau, CPA, CA, FCIRP (ret.)
1995-96 Stephen H. Barnes, FCIRP (ret.)
1996-97 Ralph W. Peterson, CPA, CA, FCIRP (ret.)
1997-99 Robert O. Sanderson, FCPA, FCA, FCIRP (ret.)
1999-01 Peter D. Wedlake, LL.B., FCIRP
2001-03 Larry W. Prentice, FCPA, FCA, FCIRP
2003-05 William Alan Courage, CPA, CA, FCIRP
2005-07 Claude Gilbert, FCPA, FCA, FCIRP
2007-09 Alan H. Spergel, CPA, CA, CFE, FCIRP
2009-11 Kevin Brennan, CPA, CA, FCIRP
2011-13 Guylaine Houle, BCL, FCIRP
2013-15 Paul Casey, CPA, CA, FCIRP
2015-16 David Wood, CIRP
2016-17 Larry Prentice, FCPA, FCA, FCIRP, FIIC
2017-18 Chantal Gingras, CIRP, LIT

CAIRP STAFF

PRESIDENT AND CHIEF OPERATING OFFICER

Grant Christensen, FCPA, FCGA

ADMINISTRATION AND MEMBERSHIP

Steve D'Alessandro, CPA, CGA
Director, Operations and Membership

Mirela Monga, CAE
Coordinator, Member Services and Corporate Governance

EDUCATION

Gina Létourneau
Acting Director, Education Programs

Katie Tsoulis, BA
Educational and Technical Assistant

Isabelle Gauthier
Registrar, CIRP Qualification Program

COMMUNICATIONS

Beatrice Chan, BA
Communications and Membership Manager

EVENTS

Natalie Alfano, BA, MA
Director, Professional Development

CAIRP ORGANIZATION STRUCTURE

2017/2018

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 2017/2018.



2017-2018 COMMITTEES

ANNUAL CONFERENCE COMMITTEE

(KELOWNA, BRITISH COLUMBIA)

*Jennifer McCracken, CIRP, LIT	BC
Robert Hunt, CPA, CA, CIRP	NS
John McEown-CPA, CA, CIRP	BC
Gregory Moroso, CIRP	BC
Craig Munro, CPA, CA, CIRP	BC
Lance Williams	BC
Michael Wright, CA, CPA	BC

CIRP QUALIFICATION PROGRAM COMMITTEE

*Tim Carson, FCIRP	ON
Jean-Daniel Breton, CPA, CA, FCIRP	QC
Simone-Ann Carvalho, CA, CPA	ON
Virginie Comtois, CPA, CA, CIRP	QC
Andrew Dalglish, CPA, CA, CIRP	QC
Professor Gail Fayerman, MBA, CPA, CA	QC
Adam Fisher, CPA, CA, CIRP	ON

CONSUMER PRACTICE COMMITTEE

*André Bolduc, CPA, CA, CIRP, LIT	ON
Jennifer McCracken, CIRP	BC
Lana Gilbertson, CIRP, LIT	BC
David Smith, CIRP, LIT	AB
Vicki Doell, CIRP, LIT	SK
Douglas Collins, CIRP, LIT	MB
Guylaine Houle, BCL, FCIRP	QC
Larry Crandall, LLB, CIRP, LIT	NB
Brenda Woods, CIRP, LIT	NS
Noel Andrews, CIRP, LIT	NL

EDITORIAL ADVISORY BOARD

*William A. (Bill) Courage, CPA, CA, FCIRP, LIT	ON
Mary Buttery, LL.B.	BC
Paul Casey, CPA, CA, CIRP	ON
*Chair	

J. F. (Jim) Gilchrist, CPA, CA, CIRP	BC
Jeff Lee, Q.C.	SK
Sanjeev Mitra, LL.B.	ON
Mark Rosen, LL.B., CIRP	NS
Martin Rosenthal, CPA, CA, CIRP	QC
John Haralovich, CPA, CMA, CFE, CIRP	ON

FINANCE COMMITTEE

*Craig Munro, CPA, CA, CIRP	BC
Larry Prentice, FCPA, FCA, FCIRP, FIIC	BC
John Page, FCPA, FCA, CIRP	ON
Jorden Sleeth, CPA, CA, CIRP	ON
Chantal Gingras, CIRP, LIT	ON

FORUMS COMMITTEE

*Kimberley Burke, CIRP	NS
Karen Adler, CIRP	ON
Douglas G. Collins, CPA, CGA, FCIRP	MB
Matthew Golding, CPA, CMA, CIRP	NS
Angela Lock, CIRP	AB
Erez Cukierman, CIRP	ON
Michelle Grant, CIRP	BC
John Haralovich, CPA, CMA, CFE, CIRP	ON
Guylaine Houle, BCL, FCIRP	QC
Brian Williams, CPA, CMA, CIRP	SK

GOVERNANCE COMMITTEE

Marla Adams, CPA, CA, CIRP	SK
Chantal Gingras, CIRP, LIT	ON
Mark Rosen, LL.B., FCIRP	NS

HONOURS AND AWARDS NOMINATING COMMITTEE

*Donna Collins, FCIRP	MB
Chantal Gingras, CIRP	ON
Bill Courage, CPA, CA, FCIRP	ON
Guylaine Houle, BCL, FCIRP	QC
Garth MacGirr, FCPA, FCA, FCIRP	ON
Peter Wedlake, LL.B., FCIRP	NS

2017-2018 COMMITTEES

(CONTINUED)

INSOLVENCY AND RESTRUCTURING EXCHANGE COMMITTEE

*Brad Newton, CPA, CA, CIRP, CBV, LIT	ON
Jordan Sleeth, CPA, CA, CIRP, LIT	ON
Stefano Damiani, CPA, CA, CIRP, LIT	ON
Stephen Ferguson, CPA, CA, CIRP, LIT	ON
David Goldband, CPA, CA, CIRP, LIT	ON
Karen Kimel, CPA, CA, CIRP, LIT	ON
Alex MacFarlane	ON
Jeffrey Rosenberg, CPA, CA, CIRP, LIT	ON
Adam Sherman, MBA, CIRP, LIT	ON
Supriya Sarin, CIRP	ON
Allen Yao, CPA, CA, CFA, CIRP, LIT	ON
Adam Sherman, MBA, CIRP, LIT	ON

INTERVENTION COMMITTEE

*Sharon Hamilton, CPA, CA, CIRP	ON
Mark Rosen, LL.B., FCIRP	NS
Jean-Daniel Breton, CPA, CA, FCIRP	QC
Christopher Galea, CPA, CA, CIRP	ON
Hon. Yoine Goldstein, B.A., B.C.L. (Hons.), D.E.C.D., D.de l'U. (Hons.), L.L.D., Ad.E	QC
Peter Wedlake, LL.B., FCIRP	NS
Phil Reynolds, CIRP	ON
Alain Tardif	QC

LLOYD HOULDEN ADVISORY COUNCIL

*Sharon Hamilton, CPA, CA, CIRP	ON
Stephanie Ben-Ishai, LL.B., LL.M	ON
Kelly J.Bourassa, LL.B., LL.M	AB
Hon. Mark Schrager, LL.L., B.C.L.	QC

MEDIA COMMUNICATIONS COMMITTEE

*Mary Ann Marriott, CIRP	NS
Nathalie Brault, CPA, CMA, CIRP	QC
Shelley Koehli, CIRP	BC
Chelsea Taylor, CIRP	BC

NEW MEMBERS COMMITTEE

*Nicholas To, CPA, CMA, CIRP	ON
Linda Paul, CIRP	BC
Daniel Budd, CIRP	QC
Shannon Desaulniers, CIRP	ON
Matthew Golding, CPA, CMA, CIRP	NS
Patricia Marshall, CIRP	BC

PROFESSIONAL CONDUCT COMMITTEE

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

*Chair

2017 ANNUAL CONFERENCE COMMITTEE (KELOWNA, BRITISH COLUMBIA)

It was a pleasure to participate on the planning committee for the 2017 Annual Conference in Kelowna, British Columbia. The conference hosted 250 CIRPS and insolvency professionals in August 2017 at the beautiful Delta Hotel Grand Okanagan Resort, situated on Okanagan Lake in the “Napa of the North”. We could not have found a more stunning backdrop for the conference. The opening reception was at Summerhill Winery and we were entertained by three brave CIRPs, Guylaine Houle, Mark Rosen and Colleen Craig at the ancient art of sabring. They exhibited exquisite showmanship!

Our keynote address by ATB’s economist Todd Hirsch was engaging and informative, providing insights about the performance of industry sectors and the state of Canada’s economy. He also spoke about innovation and adaptation, a topic explored in his book “Spiders in Space: Successfully Adapting to Unwanted Change”, and heard truly inspirational stories of Canadians that overcame adversity and achieved success, a fitting topic for a group of insolvency professionals.

The committee adopted a new format for the conference schedule, providing all day education sessions and networking events in the evening. There were two full days of plenary sessions as well as corporate and consumer breakout panels. Stand out sessions included the interactive ethics presentation, the judicial and legal update, cross border insolvencies and the new, fast paced corporate and consumer lightning round panels. The final plenary session was a case study of a winery restructuring on Vancouver Island, BC, an appropriate conclusion to our conference in wine country. The committee was extremely grateful to the speakers and panellists for their superb contribution and sharing of knowledge and expertise.

The gala dinner attendees were treated to a sidesplitting comedy performance from Canadian comedic legend, Brent Butt. Following the



presentation of the 2017 Honours and Awards recipients, we were entertained with a hilarious set of comedy that covered Canadian idiosyncrasies, life in rural Saskatchewan and a topic near and dear to many: aging. Following the dinner, Brent treated guests to a meet-and-greet which closed the conference on a light and uplifting note.

Our success was achieved from the contribution of committee members, namely, Craig Munro, Mike Wright, John McEown, Greg Moroso, and Lance Williams. I hope to see you all at the 2018 conference in the beautiful Charlottetown, PEI.

Jennifer McCracken, CIRP, LIT,
Chair

CIRP QUALIFICATION PROGRAM COMMITTEE

With the goal of continuously improving the quality of CAIRP's certification courses and assessments, the CIRP Qualification Program Committee (CQPC), along with its subcommittees, experienced another active and productive year.

While we are pleased to note that program improvements have resulted in slightly higher CNIE exam results, the overall pass rate of 51% for the 2017 CNIE remains below what we believe is the ideal. The CQP looks forward to the challenge of improving our candidate's success - without compromising CAIRP's highly regarded certification rigour and standards.

A blue-sky education re-visioning workshop was held in December to identify both shorter and longer-term solutions for improving the effectiveness of CAIRP's learning processes. I had the opportunity to participate in the workshop as CQPC Chair. That workshop together with follow-up research and discussion led to the implementation of some immediate action plans for advancing CAIRP's education along with ideas for future evolution.

As a result, work commenced on initiatives that will be implemented during the 2018/19 year:

- A best of brand Learning Management System – D2L Brightspace will be the online platform to deliver all CAIRP courses. With time, the new LMS (education.cairp.ca) will support a number of new learning and assessment features:
 - A secure forum/process for online examinations
 - Improved candidate learning experience/support, e.g.:
 - Facilitated online student discussion board
 - Interactive assignments
- Webinars & podcasts development:
 - Development and delivery of a four-part series of webinars commenced
 - Surplus Income
 - Cash Flow
 - CNIE, Getting Started
 - CNIE, Implementing Study Plan



CHARTERED INSOLVENCY AND RESTRUCTURING PROFESSIONAL
QUALIFICATION PROGRAM

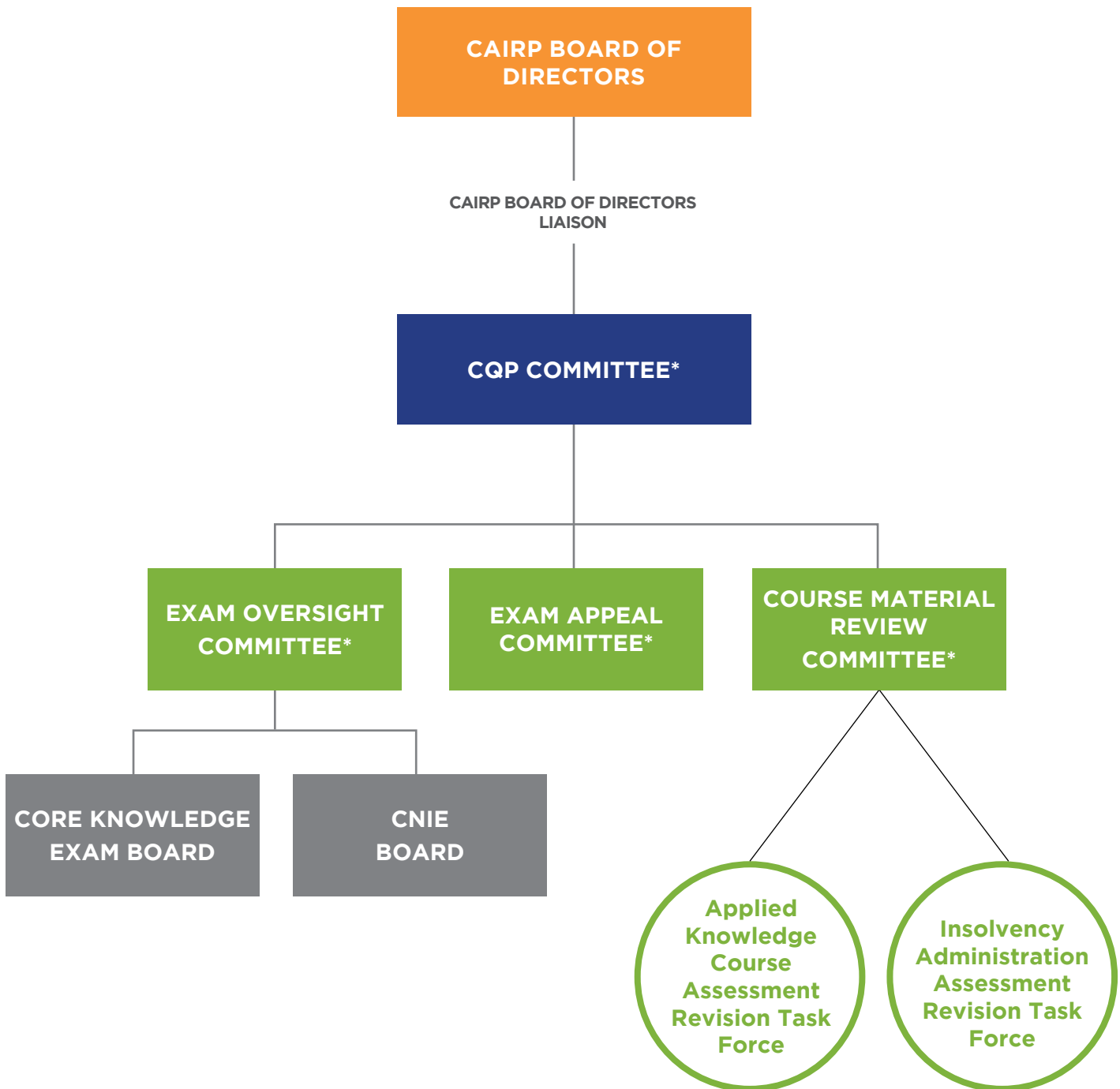
- Shorter 15-20 minute topic specific podcasts will be considered for 2018/19
- Systematic and ongoing review, analysis, and improvement of CAIRP's program design, learning resources and assessment processes
- Strategy to recruit more members who contribute their expertise for the advancement of CAIRP education:
 - Webinar and podcast ideas that can support the development of key competencies students find challenging
 - Authors, facilitators, sponsors, mentors, assignment and CNIE markers, etc.

I would like to acknowledge and thank all those who have contributed their time and expertise so generously to the advancement of CAIRP's CQP. Special thanks to the members of the CQPC, Course Material Review Committee (CMRC), Exam Oversight Committee (EOC), Core Knowledge Exam Board (CKEB) and the CNIE Board. As well, thanks to the many volunteers who help on an ad hoc basis, performing assessments at the exam marking centres, giving presentations at the annual CNIE preparation tutorial, work on special interest task forces, sponsors and mentors who support their candidates, employees of the OSB, academics, attorneys, members and CAIRP staff who help manage the program and coordinate the various committees' work. You are all making a positive difference to improving the quality of Canada's insolvency services and profession!

Tim Carson, FCIRP
Chair

CQP STRUCTURE

2017/2018



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

CONSUMER PRACTICE COMMITTEE

The Consumer Practice Committee (CPC) experienced an active year with its work on the OSB's new Directive No. 1R4, Counselling in Insolvency Matters. The Committee commenced work in October with the release of the Draft Directive and the OSB's consultation process. Considerable time was dedicated by CPC members to carefully analyzing the Directive, encouraging feedback from the membership, and preparing a comment that would assist the OSB in tuning the Directive document to help ensure it met its public interest objectives, while being manageable for CAIRP's consumer practitioners. Before submitting its comments, the Committee further consulted with the Chairs of CAIRP's provincial associations to secure their

endorsement and better ensure the submission would have widespread representation and support of the membership. Following the comments submission, CAIRP continued to discuss and provide input to the OSB on specific components of and issues related to the Directive. Thanks to the hard work, commitment and expertise of our CPC members, CAIRP was able to significantly and positively influence the final Directive that was issued in late January and is being implemented today. The Committee now looks forward to addressing new and existing challenges faced by CAIRP's consumer practitioners.

André Bolduc, CPA, CA, CIRP, LIT
Chair

EDITORIAL ADVISORY BOARD

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

The magazine now has a circulation approaching 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, dealing with a deceased estate, initial findings in blockchain bankruptcies, a review of the impact of new mortgage rules and tools in the restructuring professionals' toolkit.

The magazine regularly features prominent members of the Canadian restructuring scene. During this year we profiled new CAIRP Chair Chantal Gingras, and Grant Christensen, the new President of CAIRP.

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



The Editorial Advisory Board represents a variety of perspectives on insolvency and restructuring matters from across the country. The Board this year was comprised of CAIRP members and insolvency lawyers; each Board member contributed substantially to the development of topics and authors for the magazine's editorial content. I would like to extend my sincere appreciation to all of these individuals for their contributions to this year's editions of *Rebuilding Success*.

Bill Courage, CPA, CA, FCIRP
Chair

FINANCE COMMITTEE

As members may recall, last year, the Association returned to a surplus position after recording a significant deficit of \$417,515 in FY 2016. Since the deficit year, the Finance Committee, Board and staff have focused considerable attention on improving the efficiency of CAIRP operations, improving the budgeting process and implementing appropriate financial controls. As a result, the FY 2018 has realized significantly higher revenues and lower expenses than what it recorded in 2016.

With CAIRP's fiscal house now in order, the Finance Committee has turned its attention to such issues as reviewing the Association's net equity policy to ensure CAIRP has a smart plan to strategically allocate and maintain its equity reserve balance appropriately.

The Committee is also reviewing CAIRP's investment policy, to ensure CAIRP's investments strike an appropriate balance between capital preservation and investment return. During the year, CAIRP was fortunate to recruit Steve D'Alessandro as its Director, Operations and Membership. As the Director responsible for CAIRP's finances, Steve has already made a significant contribution to improving internal controls, reporting and budgeting. For example, an updated payment gateway was programmed to significantly raise the security of online payments made to CAIRP. A new Association Management System coupled with a balanced budget approach will significantly improve the quality and confidence in future budgets. I would like to thank Steve and all the members of the Finance Committee for their efforts, expertise and counsel – providing all members confidence that their Association's financial resources are in good hands.

Craig Munro, CPA, CA, CIRP
Chair

FORUMS COMMITTEE

The CAIRP Forums Committee (formerly called the Continuing Education Committee) is mandated to put on a series of educational sessions each year. The Forums provide an excellent opportunity to learn new things, keep abreast of changes in the insolvency arena, obtain professional development hours and to network with colleagues.

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

To continue with the innovations started in 2016, the committee decided to choose topics geared to each region to present a more customized approach, while still presenting some of the same topics across the country. This approach seems to have been a success with attendance increasing in 2017 in all cities.

Survey results indicated a desire to have more interactive sessions and the committee continued

to make use of the polling devices during some of the sessions. On the same note, the popular mock sessions were brought back, this time featuring a S.163 exam.

Other cross-country sessions dealt with how to deal with difficult players in an insolvency file, a legal update and a receivership case study.

I would like to take this opportunity to thank my fellow committee members for their hard work over the last several months in putting these events together.

I would also like to wish the best to incoming Chair, Michelle Grant. I know she will do a great job.

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

HONOURS AND AWARDS NOMINATING COMMITTEE

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

The Board of Directors approved HANC's 2018 nomination recommendations at their June meeting. Recipients of the awards will be invited to and recognized at the CAIRP Annual Conference in Charlottetown, PEI, in August 2018. The honours and awards for 2017 were announced and presented at CAIRP's Annual Conference in Kelowna, BC last August.

Each year, CAIRP invites submissions for the following awards:

Fellow Chartered Insolvency and Restructuring Professional (FCIRP)

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

Keith G. Collins Memorial Award

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

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

CAIRP HONOURS AND AWARDS 2017-2018

Keith G. Collins Memorial Award

Tim Carson, CIRP, LIT

Outstanding Volunteer Award (OVA)

John Delo, CIRP, LIT

Craig Munro, CPA, CA, CIRP

New Member's Award of Merit

This award acknowledges and distinguishes new members who obtained their CIRP within the past 5 years and have brought excellence to their profession through leadership and achievements in both their personal and professional lives. The New Member's Award of Merit promotes CAIRP's future leaders by encouraging newer members of the profession to demonstrate standards of best practice, excellence, integrity, innovation, dedication and balance.

Outstanding Volunteer Award (OVA)

The OVA acknowledges the work of individuals who have provided exemplary service to the Association.

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

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

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

INSOLVENCY AND RESTRUCTURING EXCHANGE COMMITTEE

The second annual CAIRP Exchange program in May 2017 was a great success. Working together once again, the Exchange Committee and Forums Committee developed a fully loaded one-day learning and networking event addressing the needs of corporate and consumer practitioners.

Two keynote speakers presented, notably:

- Douglas Porter, Chief Economist at BMO Financial Group, providing his insights into current and future global economic trends and their impact on the Canadian economy;
- Robert J. Deluce, President and CEO of Porter Airlines, sharing his insights into the airline industry and its ongoing challenges in today's market place.

Consumer practitioners were offered:

- A case study on smaller receiverships from the perspective of the practitioner, the lender and legal counsel;
- A discussion of new case law, its impact on consumer insolvencies and strategies to deal with the resultant changes;
- Insight into the impact on judgment creditors and debtors in an insolvency and how a practitioner should deal with them;
- Practical help with how practitioners can manage the difficult interpersonal situations that arise between the different players involved in insolvencies.

There were also four sessions for corporate practitioners, including:

- An exploration of the impact of fraud in insolvency;
- A discussion on the issues practitioners encounter when dealing with real estate, landlords, lien claims, condo developments, etc.;
- Insight into recent case law and legal decisions that affect corporate insolvency and restructuring practitioners and realization strategies;
- A review of significant corporate cases across Canada by the judges and lawyers who were involved and their thoughts on why those decisions were made by the Courts.

All participants came together to hear a lender's perspective on how they select a practitioner and what their concerns are when deciding to "Make the Call." I wish to thank all the members of this committee for their hard work and dedication in putting together the Exchange.

I would also like to thank our wonderful speakers and many sponsors, without whose contributions we could not offer such successful programs. Our law firm sponsors included Aird & Berlis, Baker McKenzie, BLG, Cassels Brock, Dickinson Wright, Gowlings, Lenczner Slaght, Minden Gross and Thornton Grout Finnigan. Trustee firms sponsoring the event included Alvarez & Marsal, Ernst & Young, FTI Consulting, Grant Thornton, KPMG, KSV, and PwC. Other important sponsors included BMO, Porter Airlines and Richmond Advisory Services.

Brad Newton, CPA, CBV, CIRP, LIT
Chair

INTERVENTION COMMITTEE

The Intervention Committee is responsible for reviewing intervention requests and recommending whether they meet CAIRP's national interest criteria for an intervention.

During the past year, the Committee considered a number of requests, recommending that CAIRP proceed with seeking intervenor status in four court cases, Redwater Energy, Callidus, Lapointe and Canada North Group. Their status is briefly discussed as follows:

- Redwater Energy – In this case, the Alberta Energy Regulator has sought to compel a receiver to take possession of and remediate the debtor's oil wells. CAIRP previously successfully intervened in the case when heard by the Court of Appeal of Alberta. The Alberta Energy Regulator sought and was granted leave to appeal to the Supreme Court of Canada. CAIRP sought and was granted intervenor status in the Supreme Court. The appeal was heard by the Supreme Court of Canada on February 15, 2018. A decision is pending.
- Callidus Capital Corporation – Callidus sought and was granted leave to appeal by the Supreme Court of Canada from a decision of the Federal Court of Appeal which creates a statutory deemed trust on all property of a debtor in priority to security interests for collected but unremitted HST. Leave to appeal was granted by the Supreme Court of Canada on March 22, 2018. It is CAIRP's intention to seek leave to intervene.
- Lapointe – This case deals with the legal ability of a bankrupt debtor to continue the appeal of a notice of tax assessment against the bankrupt and the obligations of a licensed insolvency trustee in connection with the same. CAIRP sought leave to intervene in the appeal to the Quebec Court of Appeal. CAIRP is currently awaiting a hearing date for this matter.
- Canada North Group Inc. – This case is before the Court of Appeal of Alberta and deals with whether a deemed trust claim by Canada Revenue Agency should take priority over court ordered priority charges. CAIRP sought and was granted intervenor status in March 2018.

CAIRP's Intervention Committee is comprised of dedicated members who possess the knowledge and expertise needed to assess the prospective value of an intervention and determine the position that will best meet the interests of members and the public.

Sharon Hamilton, CPA, CA, CIRP
Chair

MEDIA COMMUNICATIONS COMMITTEE

The Media Communications Committee (MCC) enjoyed continued success in fiscal 2017-18 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 2017-18 we succeeded in posting 15 blogs on various topics of interest to members and the general public.

With the exception of Twitter, our social media presence has increased. With the introduction of the new chair in February 2018 and the addition of new members, all social media platforms are showing signs of progress.

- The CAIRP Twitter account (@cairp_acpir) has 865 followers.
- Facebook has approximately 205 followers and has seen reaches of up to 500.
- The CAIRP LinkedIn account has connected with more than 860 professionals.

The CAIRPblog (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 Legal Outlooks on Insolvency, topics with articles contributed by local lawyers, financial



literacy posts to piggy back on Financial Literacy Month, various posts on financial resource topics such as Mortgage Rate change & Setting Financial Goals.

CAIRP's website has seen traffic remaining steady around 200 page views per month. A second review and update of website content and presentation is currently being contemplated.

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.

If you are interested in opportunities to write a blog for CAIRP, please contact Beatrice Chan, Manager of Communications, at Beatrice.Chan@cairp.ca.

Mary Ann Marriott, CIRP, LIT
Chair

NEW MEMBERS COMMITTEE

Recognizing that new members are the future of CAIRP, the New Members Committee (NMC) was initiated to encourage recently certified members to take an interest and play a key role in the advancing of CAIRP and the insolvency profession. The NMC is comprised of members residing across Canada, employed by a diversity of firms and who achieved their CIRP designation within the past five years. The main objectives of the Committee are to engage new members with CAIRP and to provide them a forum that encourages them to share their ideas and perspectives about the Association and the profession.

In the past year, the NMC maintained the pilot Mentorship Program and commenced discussions with CAIRP staff to effectively integrate it into the CQP. Mentorship is intended to complement the existing CQP learning resources by offering the insightful guidance of members who recently

completed their CIRP designation. The NMC recently surveyed articling associates, mentors, and sponsors to better understand the Program's effectiveness and how it might be improved going forward. Analysis of the survey results will provide CAIRP valuable information to help determine a best go-forward strategy for mentor support.

The NMC was also invited to contribute to CAIRP's annual strategic planning process. A report prepared by the Committee played a key role in the development of CAIRP's 2018/19 business plan.

As Chair of the NMC I would like to thank all the Committee members for their efforts in making a positive difference to the success of candidates, CAIRP and our profession.

Nicholas To, CPA, CMA, CIRP
Chair

PROFESSIONAL CONDUCT COMMITTEE

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

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

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

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

During the period of April 1, 2017 to March 31, 2018, the PCC closed six cases. As of March 31, 2018, there were seven 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.

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

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

Colleen Craig, CPA, CA, CIRP
Chair

CAIRP MEMBERSHIP

MEMBERSHIP YEAR					
	2017/18	2016/17	2015/16	2014/15	2013/14
GENERAL ¹	984	991	995	978	954
ARTICLING	347	368	354	342	365
CORPORATE	20	20	24	24	23
LIFE	190	199	181	167	157
INACTIVE ²	12	11	11	13	13

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

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

TREASURER'S REPORT

On behalf of the Board of Directors, I am pleased to present CAIRP's audited financial statements for the year ended March 31, 2018 (FY18). To help better understand CAIRP's financial results, the following comments have been prepared.

STATEMENT OF FINANCIAL POSITION

As of March 31, 2018, the Association enjoyed a strong liquidity position with cash equivalents of \$1,588,432 in addition to a portfolio of fixed income investments totalling \$1,362,670. The increase in the cash equivalents balance was due to strong operating results, coupled with the late year maturity of a GIC in the investment portfolio which was moved into a high rate savings account while the Finance Committee considered revisions to CAIRP's investment policy. The accounts receivable balance decreased to almost nil with collections being current. Prepaid expenses increased from \$64,782 to \$116,307 as the licence fees associated with the new Learning Management System (LMS) were paid in advance in March 2017. Accounts payable and accrued liabilities decreased from \$318,282 to \$196,083 with the payment of severance obligations that had been recorded in the prior year. Deferred revenue decreased from \$361,423 to \$243,704 as a result of moving the CAIRP Exchange event to October. Net assets increased from \$2,055,719 to \$2,628,055 owing to the strong operating result.

STATEMENT OF OPERATIONS

Revenue increased slightly from \$2,662,175 to \$2,690,833 primarily due to growth in professional development revenue (annual conference and continuing education), offset in part by a decrease in CQP revenue. Growth in the professional development revenues was driven primarily from

the elimination of discount incentives offered in the prior year, coupled with higher attendance volumes. The decrease in CQP revenue was volume driven, with fewer course enrolments. Member dues showed a slight decline as a result of fewer dues paying members. Investment income decreased from \$37,553 to \$27,453 due to unrealized losses recognized as a result of increases in market yields throughout the year. Total expenses for the year decreased from \$2,408,536 to \$2,118,497 primarily due to lower administration expenses resulting from staff vacancies for part of the year, lower CQP expenses associated with lower enrolment volumes and fewer in-person committee meetings. Despite higher attendance volumes at professional development events, the related expenses were lower than the prior year due to event location and programming efficiencies. As a result of the positive revenue and expense variances, CAIRP realized a significantly higher than budgeted and prior year operating surplus of \$572,336.

STATEMENT OF CHANGES IN NET ASSETS

The operating surplus resulted in a corresponding increase in net assets. As evident in this statement, most of this increase was realized in the unrestricted net asset category. Capital asset activity in the year was not material.

STATEMENT OF CASH FLOWS

Of the \$825,405 net change in cash and cash equivalents during the year, the most significant component of this change was the maturity of the GIC in the investment portfolio (\$533,366). The balance of \$292,039 represents cash generated from operations.

TREASURER'S REPORT

(CONTINUED)

STATEMENT OF ADMINISTRATION

Amortization expenses decreased as leasehold improvements became fully amortized earlier in the year. The audit, legal and consulting expense balance increased due to recruitment fees and legal intervention costs. Committee expenses decreased significantly due to fewer in-person meetings being scheduled. Communication expenses were lower primarily as a result of the Tariff Task Force expenses incurred in the prior year. Office, printing, postage, courier and sundry expenses increased primarily due to investments in technology upgrades, including an upgraded firewall, the implementation of Office 365 and the programming/implementation/integration of a higher security hosted payment gateway with Moneris. Rent increased as a result of new lease rates negotiated in the lease renewal in August 2017. Salaries and benefits decreased significantly due to staff vacancies earlier in the year.

SUMMARY

As a result of the surplus achieved in FY18, the Association's unrestricted equity position rose to \$1,389,369 which in addition to the restricted equity of \$1.2 million provides the Association with a very healthy net asset balance of approximately \$2.6 million.

When I took over this role as Treasurer three years ago, CAIRP had just recorded a significant loss and I indicated that the Board and Executive were committed to ensuring a return to stronger financial management and performance. With the assistance of CAIRP staff and many dedicated CAIRP members, the Association is back on a strong financial footing and with the addition of Grant Christensen and Steve D'Alessandro, I am confident that the financial management is in very good hands as we move into the future. It has been a rewarding term as Treasurer and I would like to express my thanks to the Board and CAIRP Executive and all of the members and CAIRP staff for their efforts during my term as CAIRP's Treasurer.

Craig Munro, CPA, CA, CIRP
Treasurer

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, 2018, 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, 2018, 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 20, 2018

Chartered Professional Accountants
Licensed Public Accountants

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

Statement of Financial Position

March 31	2018 \$	2017 \$
ASSETS		
Current assets		
Cash and cash equivalents (note 3)	1,588,432	763,027
Accounts receivable	565	32,005
Prepaid expenses	116,307	64,782
	<u>1,705,304</u>	<u>859,814</u>
Investments (note 4)	1,362,670	1,879,540
Capital assets (note 5)	38,686	48,958
	<u>1,401,356</u>	<u>1,928,498</u>
	<u>3,106,660</u>	<u>2,788,312</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	196,083	318,282
Deferred revenue	243,704	361,423
	<u>439,787</u>	<u>679,705</u>
Special Reserve for Lloyd Houlden Memorial Research Fellowship (note 7)	38,818	48,818
Deferred lease incentives (note 8)	-	4,070
	<u>38,818</u>	<u>52,888</u>
	<u>478,605</u>	<u>732,593</u>
NET ASSETS		
Invested in capital assets	38,686	46,008
Internally restricted for general contingency (note 9)	1,200,000	1,200,000
Unrestricted	1,389,369	809,711
	<u>2,628,055</u>	<u>2,055,719</u>
	<u>3,106,660</u>	<u>2,788,312</u>

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:



*Chantal Gingras, CIRP
Chartered Insolvency and Restructuring Professional
Chair*



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

**CANADIAN ASSOCIATION OF INSOLVENCY AND RESTRUCTURING
PROFESSIONALS /
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Statement of Operations

Year ended March 31	2018 \$	2017 \$
Revenues		
Membership fees	1,186,825	1,194,838
Annual conference fees and sponsorship	280,141	229,666
CQP course and examination fees	672,018	749,534
Continuing education seminar fees and sponsorship	502,793	404,594
Investment income (note 10)	27,453	37,553
Lloyd Houlden Memorial Research Fellowship (note 7)	10,000	20,000
Other	11,603	25,990
	<u>2,690,833</u>	<u>2,662,175</u>
Expenses		
Administration (see schedule)	1,546,803	1,729,144
Annual conference	166,361	179,706
CQP courses and examinations	217,685	270,001
Continuing education	177,648	209,685
Lloyd Houlden Memorial Research Fellowship (note 7)	10,000	20,000
	<u>2,118,497</u>	<u>2,408,536</u>
Excess of revenues over expenses for year	<u>572,336</u>	<u>253,639</u>

The accompanying notes are an integral part of these financial statements

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

Statement of Changes in Net Assets

Year ended March 31

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

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

The accompanying notes are an integral part of these financial statements

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

Statement of Cash Flows

Year ended March 31	2018 \$	2017 \$
Cash flows from operating activities		
Excess of revenues over expenses for year	572,336	253,639
Adjustments to determine net cash provided by (used in) operating activities		
Amortization	26,716	47,821
Interest capitalized on investments	(56,962)	(57,178)
Unrealized loss in the fair value of investments	40,466	26,817
Amortization of deferred lease incentives	(4,070)	(9,775)
	578,486	261,324
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	31,440	(11,637)
Decrease (increase) in prepaid expenses	(51,525)	23,729
Increase (decrease) in accounts payable and accrued liabilities	(122,199)	93,237
Decrease in deferred revenue	(117,719)	(8,672)
Payment of grant monies	(10,000)	(20,000)
	308,483	337,981
Cash flows from investing activities		
Purchase of capital assets	(16,444)	(11,250)
Proceeds on disposal of investments	533,366	65,398
	516,922	54,148
Net change in cash and cash equivalents	825,405	392,129
Cash and cash equivalents, beginning of year	763,027	370,898
Cash and cash equivalents, end of year	1,588,432	763,027

The accompanying notes are an integral part of these financial statements

**CANADIAN ASSOCIATION OF INSOLVENCY AND RESTRUCTURING
PROFESSIONALS /
ASSOCIATION CANADIENNE DES PROFESSIONNELS DE
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Schedule of Administration Expense

Year ended March 31	2018 \$	2017 \$
Amortization of capital assets	26,716	47,821
Audit, legal and consulting	140,752	57,218
Committees	136,245	196,378
Insol International	51,754	48,827
Communication	73,046	122,844
Office, printing, postage, courier and sundry	208,922	158,048
Rent (note 8)	145,181	128,342
Salaries and benefits	764,187	969,666
	1,546,803	1,729,144

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

Notes to Financial Statements

March 31, 2018

Nature and description of the organization

The Canadian Association of Insolvency and Restructuring Professionals / Association canadienne des professionnels de l'insolvabilité et de la réorganisation (the "Association") was incorporated under the Canada Corporations Act on July 27, 1979.

The Association advances the practice of insolvency administration, develops and administers standards of qualification for Chartered Insolvency and Restructuring Professionals ("CIRP's"), and maintains standards of professional conduct for all CIRP's.

The Association is a not-for-profit organization, as described in Section 149(1)(l) of the Income Tax Act, and therefore is not subject to income taxes.

1. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition

Membership fees

Membership fees are recognized as revenue in the fiscal year to which they relate. The membership year of the Association coincides with that of the fiscal year of the Association, being April 1 to March 31. Membership fees received in advance of the membership year to which they relate are recorded as deferred revenue.

Annual conference

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

Sponsorship

Revenue from sponsorships is recognized in the fiscal year in which the related event is held. Sponsorships received in advance of the date of the related event are recorded as deferred revenue.

Course, examination and seminar fees

Revenue from insolvency administration and CIRP Qualification Program ("CQP") courses and continuing education seminars is recognized in the fiscal year of enrolment. Examination fees are recognized as revenue in the fiscal year in which the examination takes place. Examination fees received in advance of the fiscal year in which the examination is held are recorded as deferred revenue.

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

Notes to Financial Statements (continued)

March 31, 2018

1. Significant accounting policies (continued)

(a) Revenue recognition (continued)

Investment income

Investment income comprises interest from cash and cash equivalents and investments, realized gains and losses 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) Cash and cash equivalents

The Association considers deposits in banks and short-term investments with original maturities of three months or less from the date of acquisition which are not subject to significant risk of changes in value as cash and cash equivalents.

(c) 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.

(d) Net assets invested in capital assets

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

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Notes to Financial Statements (continued)

March 31, 2018

1. Significant accounting policies (continued)

(e) Financial instruments

Measurement of financial assets and liabilities

The Association initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Association subsequently measures all of its financial assets and financial liabilities at amortized cost, with the exception of investments, which are measured at fair value. Changes in fair value are recognized in income in the year the changes occur.

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

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

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

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

Impairment

At the end of each 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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March 31, 2018

1. Significant accounting policies (continued)

(e) Financial instruments (continued)

Impairment (continued)

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

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

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

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

(f) Investments

Investments consist of Canadian fixed income investments whose term to maturity is greater than three months from date of acquisition. Investments that mature within twelve months from the year-end date are not classified as current as there is an intention to re-invest the proceeds of all investments at maturity in new investments.

(g) Capital assets

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

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

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Notes to Financial Statements (continued)

March 31, 2018

1. Significant accounting policies (continued)

(g) Capital assets (continued)

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

Computer equipment	5 years
Furniture and fixtures	10 years

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

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

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

(h) Contributed services

The work of the Association is dependant on the voluntary service of many individuals. Since these services are not normally purchased by the Association and because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

(i) Management estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current year. Actual results may differ from these estimates, the impact of which would be 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.

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Notes to Financial Statements (continued)

March 31, 2018

2. Financial instrument risk management

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

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

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

Credit risk

The Association is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Association could incur a financial loss. The Association does not hold directly any collateral as security for financial obligations of counterparties.

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

	2018	2017
	\$	\$
Cash and cash equivalents	1,588,432	763,027
Accounts receivables	565	32,005
Investments	1,362,670	1,879,540
	<u>2,951,667</u>	<u>2,674,572</u>

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

The Association manages its exposure to credit risk associated with investments through its investment policy which restricts the types of eligible investments.

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Notes to Financial Statements (continued)

March 31, 2018

2. Financial instrument risk management (continued)

Liquidity risk

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

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

Market risk

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

Currency risk

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

The Association is not exposed to currency risk.

Interest rate risk

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

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

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

Other price risk

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

The Association is not exposed to other price risk.

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Notes to Financial Statements (continued)

March 31, 2018

2. Financial instrument risk management (continued)

Changes in risk

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

3. Cash and cash equivalents

	2018	2017
	\$	\$
Cash	105,679	224,597
Investment savings account - 1.10%	533,365	-
Premium investment account - 1.20%	949,388	538,430
	<u>1,588,432</u>	<u>763,027</u>

4. Investments

	Quantity	2018	2017
	\$	\$	\$
Bank of Nova Scotia - 2.10% - due 12/10/17	500,000	-	524,555
Province of Ontario - 4.42% - due 11/03/19	387,319	374,545	371,826
Province of Quebec - 4.38% - due 06/01/21	418,089	387,953	387,443
Province of Saskatchewan - 2.86% - due 05/30/22	325,393	292,736	292,040
Province of British Columbia - 3.33% - due 08/23/24	365,390	307,436	303,676
		<u>1,362,670</u>	<u>1,879,540</u>

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5. Capital assets

	Cost \$	Accumulated Amortization \$	2018 Net \$
Computer equipment	155,333	116,706	38,627
Furniture and fixtures	68,643	68,584	59
Leasehold improvements	299,787	299,787	-
	<u>523,763</u>	<u>485,077</u>	<u>38,686</u>
	Cost \$	Accumulated Amortization \$	2017 Net \$
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>

6. Accounts payable and accrued liabilities

	2018 \$	2017 \$
Trade payables and accrued liabilities	158,358	244,477
Security deposit	35,000	50,000
Grant payable	-	10,000
Government remittances	<u>2,725</u>	<u>13,805</u>
	<u>196,083</u>	<u>318,282</u>

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Notes to Financial Statements (continued)

March 31, 2018

7. Special Reserve for Lloyd Houlden Memorial Research Fellowship

	2018	2017
	\$	\$
Balance, beginning of year	48,818	68,818
Grants awarded	(10,000)	(20,000)
Balance, end of year	<u>38,818</u>	<u>48,818</u>

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

8. Deferred lease incentives

	Cost	Accumulated	2018
	\$	Amortization	Net
	\$	\$	\$
Tenant inducements	73,820	73,820	-
Reduced rent benefits	28,000	28,000	-
	<u>101,820</u>	<u>101,820</u>	<u>-</u>
	Cost	Accumulated	2017
	\$	Amortization	Net
	\$	\$	\$
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>

Pursuant to the 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 \$4,070 (2017 - \$9,775) was credited to rent expense.

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Notes to Financial Statements (continued)

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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.

10. Investment income

	2018	2017
	\$	\$
Interest from cash	10,957	7,192
Interest from investments	56,962	57,178
Unrealized loss in the fair value of investments	(40,466)	(26,817)
	<u>27,453</u>	<u>37,553</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:

	\$
2019	156,055
2020	156,055
2021	156,055
2022	156,055
2023	158,208
Subsequent years	<u>705,545</u>
	<u>1,487,973</u>

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