

Estate No. 35-1232404

IN THE MATTER OF THE BANKRUPTCY OF
Kidslink International Adoption Agency o/a Imagine Adoption Agency
Minutes of the Second Meeting of Inspectors

Date: August 13, 2009 Time: 1:00 pm
Place: via conference call
Chairperson: BDO Dunwoody Limited Trustee in Bankruptcy

Attendance

By telephone

Four Inspectors – Armstrong, Jumeniuk, Quemerais, Stewart
Donna Cotter – This is a sixth representative identified by the creditors to attend Inspector meetings non-voting
Jo Ann Barber joined the meeting at 1:20.

At BDO offices

BDO Dunwoody - Susan Taves (acting as Chair of the meeting), Mike Braga
One individual from the proposed new Board of a restructured Imagine Adoption – with consent of Inspectors

Discussions

Agenda – attached, reviewed, addition of Ghana discussion

Dissemination of Information

The Trustee and the Inspectors reviewed the ongoing strategies to provide information to the families at large. Inspectors can provide comments to families. However, it was agreed that statements posted on the BDO website will ensure that all stakeholders are receiving the most up to date information. Minutes of Inspectors meeting can be posted also. An update is required since July 31st and will be prepared and posted by BDO as soon as possible.

Progress of Restructuring

The Trustee has had many discussions with the restructuring group, industry experts and the Ministry. Key logistics have been identified and are being addressed. Drafting of the plan documents will be started and should progress well. At the first meeting of creditors a two to four week time frame was suggested for a preliminary plan to be circulated. The Trustee believes that the four week timeframe is realistic.

There were significant discussions as to how the preliminary plan would be circulated to the stakeholders and the best way to gather initial feedback prior to the formal voting required by the legislation. The Inspectors, creditors groups and the Ministry were identified as possible sources for comment on the plan prior to its circulation to the general body of creditors. It was confirmed that any restructuring plan will require final Court approval prior to implementation.

The restructuring group was represented at the Inspectors meeting. The Trustee provided a brief biography of the key contact for the group. They wish to continue remain anonymous until a plan has been drafted so that they can focus on working with BDO to draft the plan.

Two specific subgroups of families were identified for further discussions in considering the restructuring plan.

1. The St. Anne's group of 29 families were listed as contingent creditors in the bankruptcy of Kidslink. There were significant inter company transfers between the related companies and funds owing from St. Anne's to Kidslink. The creditor status of these families in the Kidslink bankruptcy is questionable. The Trustee confirmed that the company director filed a voluntary assignment in bankruptcy today. Documents will be circulated to the creditors shortly confirming creditors meeting dates etc. It is believed that the voluntary bankruptcy will assist the families in having their files transitioned to another agency. The restructuring plan will need to address the ability, if any, for the St. Anne's families to assert a claim to the funds held in trust by the Trustee.
2. The Trustee identified that there were some issues that may impact the Ghana group of 26 families. It does not appear optimistic that the adoptions will proceed through this country given Ministry concerns with the Hands of Mercy group which facilitated adoptions from this country. Options of switching adoptions for these families to another country or transferring these files to another agency were discussed. The restructuring plan will address the Ghana families and the proposed resolution to this situation.

Opting out of the restructuring plan

The issue of families opting out of the restructuring plan was raised in several contexts including families that wish to continue the process with a different agency as well as the Ghana group of families. The success of the plan will depend on the participation of a majority of the families. To date the Trustee has received requests from about 25 families to return their files. As the restructuring plan unfolds the issue of opting out of the plan will be addressed in detail.

Interim funding requirements

The Trustee reviewed the Yamana Gold funding and confirmed that this was a directed gift for the continued operation of the transition home in Ethiopia. The scope of the use of these dollars is defined by Court order. A recurring concern has been the funding of orphanages. Three children have been identified as being at the orphanages – their adoptions are being delayed due to the stop in funding. However, BDO cannot fund these orphanages with the Yamana gift considering the Court Order and funding needs of the transition home. Fundraising requirements were discussed. The preferred method to deal with this issue would be fundraising through the restructuring group once a plan is in place. Urgent funding needs of the orphanages as well as the long term relationships will continue to be discussed with the restructuring group and the plan.

Costs to date

The Trustee reviewed a preliminary summary of the costs of administration to date including out of pocket expenses, expenses for consultants and the Trustee's fees. The total is approximately \$60,000. More detailed information will be circulated prior to the next Inspector meeting.

Other matters

- There are issues surrounding the translation of the post adoption reports required for some St. Anne's families. Jo Ann will provide information as to the translator previously used.
- The Trustee obtained a copy of the insurance summary for director insurance to investigate further the details of coverage.
- The Trustee has had discussions with the executive director and the former CFO of the organizations about their personal expenditures on the company credit cards. Demands will be issued by BDO for the return of these funds.
- The police investigation is progressing. There will be a meeting tomorrow to review the records in the possession of the Trustee.
- Updated total for claims filed will be provided at the next meeting.

Motions

No formal motions at this meeting.

Adjournment

The next Inspector meeting is tentatively scheduled for August 24, 2009 at 1:00 pm. A draft of the restructuring plan is hoped to be the key agenda item for circulation on August 21st.

There being no further business, the meeting was adjourned at 2:00 pm.

Susan Taves, Chair

Lianne Armstrong

Jo Ann Barber

Jason Humeniuk

Bernadette Quemerais

Julie Stewart

Donna Cotter – non voting