

## **FREQUENTLY ASKED QUESTIONS – September 15, 2009**

The following information is provided since the FAQ of September 8 that was prepared immediately following the posting of the proposal and cash flow projections. Various questions and comments were received by BDO from stakeholders and creditors directly or through group representatives.

### **About the Restructuring People**

Schedule F of the proposal includes resumes for 8 people for the Board of Directors. These are the volunteers who are the restructuring team. The 6 member advisory Board outlined in Schedule F will be available to the Board of Directors to provide additional expertise. This group prepared the projections for the proposal.

### **How was this group identified and accepted?**

After the bankruptcy, BDO was contacted by various people about ongoing management and resurrecting Imagine Adoption. BDO outlined to all interested parties the general role of a Board of Directors, Ministry licensing requirements, areas of expertise, as well as some file and financial information of Imagine Adoption. The group introduced by Chris Fowler as now being the restructuring team confirmed knowledge, ability and interest after preliminary discussions. All other callers did not continue discussions.

### **Why is the restructuring team not visible?**

Technically the new Board of Directors is not legally constituted. They have however been in constant contact with BDO to provide clarity to the proposal. They prepared the cash flow projections. They are fully disclosed in Schedule F.

This group of volunteers does not have a formal method for regular communication to all stakeholders. The Yahoo or other internet sites could be used but these are not relied upon by all families and not a method they wish to use.

### **What is BDO's role?**

BDO as the Trustee in Bankruptcy holds all possession and right to Imagine Adoption. This occurred as of July 14. The role is to preserve and protect the assets for the creditors.

BDO is an Officer of the Court when acting pursuant to the bankruptcy or proposal. BDO is thus accountable to all stakeholders.

A proposal out of bankruptcy can be filed by a Trustee in Bankruptcy pursuant to Section 50 of the Bankruptcy and Insolvency Act. Thus, BDO worked with the restructuring team as they prepared the cash flow projections. The proposal and projections were prepared by BDO on behalf of the new management team.

**How were the 5 bankruptcy Inspectors involved in this proposal?**

The proposal and cash flow projections were reviewed with this group. There were 3 telephone conference meetings to review the detail. Significant comment was provided to the restructuring team and BDO including both the proposal and cash flow statements.

**Is there an Executive Director?**

There have been several resumes received by the restructuring team. They have outlined the job description and discussed the position with several individuals. At this time, they must wait to know that the proposal is in effect prior to making a job offer.

The individual will not be a Board member. Any resumes may still be forwarded for review.

**What is the Provincial Ministry's position?**

See section 7 of the proposal.

**What is the position of the Ministry of Women's' Affairs in Ethiopia?**

The licensing groups, Canadian High Commission and Ethiopia Country representative of Imagine Adoption are aware of the bankruptcy and proposal. Everyone is hoping to reestablish long term relations. A confirmed position of MOWA will be obtained if the restructuring proposal is accepted.

**What is the relationship with the orphanages?**

All country orphanages will be reviewed and assessed to establish relationships. Same as MOWA above, there have been efforts since July 14<sup>th</sup> to maintain some communication.

**What if we don't pay the first installment of the renewal fee (\$2,000) but the proposal vote on September 21 accepts the plan?**

See cash flow assumptions "renewal fee." The new management will be monitoring renewal fees. A loss of 10% of families is included in the projection assumptions (expected by families doing home study rather than in later stages of process). If renewals are at too low a level, this will be reported as soon as possible and no later than in February 2010. It may mean the plan to restructure cannot continue.

Section 9 of the proposal confirms that the balance, if any, of these fees will be returned on a pro rata basis after February 2010 if the plan can not proceed.

**What fundraising is required?**

See assumptions to the cash flows. The organization will assess ability to fund raise and report back by February 2010. This activity is not expected to occur by each family rather by the organization as a whole. This activity will start as soon as practical. As noted in the assumptions, establishing a charity and assessing fundraising markets must first be completed.

**When do referrals start and/or new families get accepted?**

See the assumptions to the cash flows. There was an oversight in the first point indicating 5 referrals in the first 6 months that should be 5 per month.

Based on the assumption, referrals are hoped to occur as follows:

April – September 2010	30
October 2010 – March 2011	60
April – July 2011	<u>60</u>
Total before new families may apply	150
August 2011 – January 2012 (6 mos. x15)	<u>90</u>
Adoptions completed for families in process at July 14, 2009 bankruptcy	<u>240</u>

Referrals are estimated to start in April to factor any delays in re-establishing relationships and procedures. The new team hopes to start sooner but estimated April to be conservative.

**Won't the organization run out of money before completing adoptions for existing families?**

The cash flows include various uncertainties as per the assumptions. Some expenses were likely overstated. Full salaries start at October 1, 2009 along with all office expenses, full courier and travel costs. Funding of the transition home at maximum levels is included for the duration. These full amounts are not expected to be required but were included to be conservative.

Also, there is no inclusion of fundraising. Any amounts will offset costs.

The February 2010 report back is intended to allow the new restructuring team the opportunity to assess all operations and reconfirm viability. They cannot operate into a negative cash flow and understand this requirement.

**What is the vote status?**

The final vote deadline is the meeting on Monday September 21<sup>st</sup>. Thus, we are not releasing preliminary numbers as results may change.

**Creditor Process**

There will be an agenda provided by the government official chairing the meeting. BDO is preparing an outline of procedures for the meeting. These will be posted in the next day or two.