Alaris Royalty Corp. Releases Q4 2017 Financial Results

05.03.2018 | GlobeNewswire

NOT FOR DISTRIBUTION IN THE UNITED STATES.

FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF UNITED STATES SECURITIES LAW.

CALGARY, Alberta, March 05, 2018 (GLOBE NEWSWIRE) -- Alaris Royalty Corp. (“Alaris” or the "Corporation") is pleased to announce its results for the three and twelve months ended December 31, 2017. The results are prepared under International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

2017 Highlights:

- Total capital deployment of over CAD$172 million funded through internally generated cash flow (CAD$125 million through cash flow from operations and proceeds on redemption of units) into three new partners and four follow on transaction with current Partners:
-
    - USD$85.0 million into Sales Benchmark Index, LLC (“SBI”)
    - USD$20.0 million into Accscient, LLC (“Accscient”)
    - USD$6.2 million into ccCommunications, LLC (“ccComm”) in two tranches
    - USD$13.5 million into Federal Resources Supply Company (“FED”)
    - USD$13.0 million into Sandbox Acquisitions, LLC (“Sandbox”) in two tranches
- Recorded a significant gain on redemption of the units in Sequel Youth and Family Services, LLC (“Sequel”) as a result of the sale of Sequel to a third party. The Corporation contributed USD$73.5 million and received USD$95.6 million on exit in addition to the USD$47.2 million in distributions received resulting in a gain of USD$21.7 million and an IRR of 29% (CAD);
- Recorded revenue from Partners of $89.0 million, $2.44 per share, a decrease from 2016 ($100.0 million, $2.75 per share) due to partner redemptions in the past twenty-four months ($17.6 million) and the non-payment or partial payment of distributions from three existing partners for a net decrease of $11.1 million, partially offset by new partner distributions in 2017 of $13.2 million and higher distributions from positive resets ($3.6 million).
- Recorded Normalized EBITDA of $76.9 million, $2.11 per share, a decrease from the prior year ($81.8 million, $2.25 per share) as the decrease in distributions (as noted above) was partially offset from lower G&A and variable compensation.
- Paid $59 million in dividends, an actual payout ratio of 87.6%
- Significant events subsequent to year end included:
    - A US$15 million contribution to another new partner in Heritage Restoration Inc.;
    - A vote of confidence from the Corporation’s senior lenders with the increase of the senior credit facility from $200 million to $280 million and an increase of the maximum leverage covenant from 1.75x to 2.5x; and
    - A successful conclusion and redemption of the Agility Health, LLC units at a premium to the cost and book value as well as the collection of all unpaid distributions resulting in an IRR of 25% (CAD, assuming the escrowed amount is paid in full) during the five year term of the investment.

Presidents Message

2017 was a dynamic year within Alaris’ portfolio. In addition to setting a new record for capital deployment over the last twelve months and adding the single largest partner in our history, we also continued our strong track record of returns on partners where we have sold alongside the entrepreneur. Over the 14 year history of Alaris, we have now had a full investment cycle with 10 companies (including the recently announced Agility transaction) and have recorded internal rates of return of greater than 20% in seven of them with a weighted average of roughly 17.5%. Management believes these results put us near the top of our industry in performance.

Most encouraging is the strength of our current portfolio. Alongside progress from companies that have experienced challenges, our largest partners continue to be amongst our best performers and more than 80% of our revenue in 2017 is from partners that are growing their distributions to us year over year. Of the challenged files, we were able to successfully exit Agility with an IRR of 25% and we re-instituted partial distributions from SCR in 2017 and expect those distributions to increase this year. Partial Kimco distributions are expected to re-start imminently with the recent change in the company’s banking relationship and improving financial results. Group SM was the one major disappointment in 2017 but discussions to recoup our remaining outstanding debt have been encouraging. As a whole, we are pleased with the performance but will as always continue to explore ways to improve our performance. Utilizing innovative structures that have been initiated over the last few years we believe will have measurable benefits for our shareholders moving forward.

Looking ahead, while the overall environment in the private equity industry remains extremely competitive, we do see an opportunity to continue growing our capital deployment due to increasing interest rates in the US, restrictions on the use of high levels of debt and also our own new initiatives. Shareholders can expect to see Alaris invest not just with our traditional preferred shares in our partners but also with a small amount of common shares that will provide us with additional upside on successful partners while also allowing us to participate in additional transactions where more than just preferred shares are required to compete. This small change will not change the mission of Alaris to provide our shareholders with a safe, predictable cash dividend stream that we’ve been delivering since we started in early 2004 but we do feel that it will enhance our ability to deploy more capital with highly accretive returns.

I look forward to reporting back in one year’s time after what we expect to be another very successful year.

Per Share Results	Three Months Ended				Year ended			
Period ending December 31	2017	2016	% Change		2017	2016	% Chang	
Revenue per share	$ 0.59	$ 0.75	-21.3	%	$ 2.44	$ 2.75	-11.3	%
Normalized EBITDA per share	$ 0.51	$ 0.54	-5.6	%	$ 2.11	$ 2.25	-6.2	%
Net cash from operating activities per share	$ 0.55	$ 0.86	-36.0	%	$ 1.85	$ 2.02	-8.4	%
Dividends per share	$ 0.405	$ 0.405	+0.0	%	$ 1.62	$ 1.62	+0.0	%
Basic earnings per share	$ 0.31	$ 0.60	-48.3	%	$ 0.33	$ 1.83	-82.0	%
Fully diluted earnings per share	$ 0.31	$ 0.59	-47.5	%	$ 0.32	$ 1.81	-82.3	%
Normalized basic earnings per share	$ 0.58	$ 0.64	-9.4	%	$ 1.81	$ 1.75	+3.4	%
Weighted average basic shares outstanding (000’s)	36,464	36,365			36,447	36,336		

[1]*Using the weighted average shares outstanding for the period*.

The Corporation recorded earnings of $11.9 million, EBITDA of $29.0 million and Normalized EBITDA of $77.0 million for the year ended December 31, 2017 compared to earnings of $66.6 million, EBITDA of $92.3 million and Normalized EBITDA of $81.8 million for the year ended December 31, 2016. The -5.9% decrease in Normalized EBITDA is a result of redemptions as discussed above (LifeMark, Solowave, MAHC and Sequel) and reduced or no distributions from existing partners (SCR, Group SM, Kimco), offset by distributions from new partners (SBI, Accscient, ccComm, Unify and follow on transactions with Sandbox and Federal Resources), net positive resets and lower corporate costs.

The decrease in earnings is a result of lower revenue (or distribution from partners) in 2017, $42.5 million of impairment & other charges related mostly to Group SM, bad debt expense on unpaid distributions ($9.8 million) and a reserve on the unsecured promissory note ($5.4 million) from Group SM, a $0.5 million bad debt expense on the SHS promissory note, a $1.5 million discount and $5.1 million bad debt provision on the Phoenix promissory note (a note held by Phoenix Holdings Limited a company controlled by the former principals of KMH), a $2.6 million reserve on the Kimco long term accounts receivable and promissory note,

$10.3 million of taxes and $10.6 million non-cash unrealized loss on foreign exchange items, partially offset by $26.7 million from the redemption of Sequel Units and a $1.4 million realized foreign exchange gain. The comparable period included a $20.3 million gain on the redemption of LifeMark, Solowave and MAHC units (including $5.3 million in additional distributions on redemption), partially offset by a $7.0 million impairment of KMH units and a $2.4 million bad debt related to KMH distributions and an allowance for Kimco long-term receivable.

The redemption of Sequel was the ninth exit event (seven with positive returns, two with negative) in the Corporation’s history and adds to an impressive track record where on CAD$350 million invested, the Corporation has received CAD$420 in exit proceeds in addition to CAD$214 million in annual distributions. Of note, in only one of those nine exits was Alaris refinanced – most redemptions occurring as a result of the sale of the underlying business. The details of each exit event are available in the Corporate Presentation available on Alaris’ website.

Reconciliation of Net Income to EBITDA	Three months ended December 31		Year ended December 31	
in thousands	2017	2016	2017	2016
Earnings	$ 11,410	$ 21,645	$ 11,882	$ 66,553
Adjustments to Net Income:				
Amortization and depreciation	67	71	268	279
Finance costs	1,575	1,483	6,582	5,882
Income tax expense	(4,964)	5,249	10,274	19,589
EBITDA	8,088	28,448	29,006	92,303
Normalizing Adjustments				
Gain on disposal of investment	-	(94)	(26,575)	(20,271)
Impairment and other charges	-	-	42,491	7,000
Bad Debt Expense	13,617	1,589	23,430	2,442
Distributions received on redemption (MAHC)	-	(5,318)	-	(5,318)
Unrealized (gain) / loss on foreign exchange	(2,081)	149	10,649	8,502
Realized (gain) on foreign exchange	(852)	(5,227)	(1,370)	(3,473)
Penalties and Fees	(502)	-	(502)	656
Accretion of prom. notes & other receivables	252	-	(150)	-
Normalized EBITDA	$ 18,523	$ 19,547	$ 76,979	$ 81,842

Normalized Earnings	Three months ended December 31		Year ended December 31	
in thousands except on per share basis	2017	2016	2017	2016
Earnings before the undernoted	$ 5,940	$ 28,526	$ 39,386	$ 100,526
Finance costs	(1,575)	(1,483)	(6,582)	(5,882)
Impairment and other charges	-	-	42,491	7,000
Bad debt expense & reserve	13,617	1,589	23,430	2,442
(Gain)/Loss on redemption	-	(94)	(26,575)	(20,271)
Normalized Earnings pre-tax	$ 17,982	$ 28,538	$ 72,150	$ 83,816
Total income taxes	4,964	(5,249)	(10,274)	(19,589)
Tax normalizations for above items	(1,911)	(67)	4,246	(509)
Normalized Earnings	$ 21,035	$ 23,222	$ 66,122	$ 63,718
Normalized Earnings per share				
Basic	$ 0.58	$ 0.64	$ 1.81	$ 1.75
Fully diluted	$ 0.57	$ 0.63	$ 1.80	$ 1.74

“The overall performance of the portfolio in 2017 was exceptional as demonstrated by approximately $2.5 million CAD in performance resets to the annual distributions effective January 1, 2018 and nothing but increases to the fair value of our investments in the fourth quarter. Since the disappointment on the Group SM file in Q3, we have seen continued and measurable progress on other fronts including the recent successful redemption of Agility, and improved financial performance leading to the expected restart of partial distributions for Kimco and an expected increase in the monthly distributions from SCR”, said

Darren Driscoll, Chief Financial Officer.

Outlook

Based on Alaris’ current agreements with its partners, it expects revenues of approximately $94 million for 2018 (lower than our previous outlook due to the redemption of the Agility units), revenue for Kimco (currently nil) and SCR ($100 thousand per month) are included at their current run rate, however the Corporation expects distributions from both partners to exceed the included amount. Total revenue from partners is expected to be $23.5 million in Q1 2018, an increase of 9% compared to $21.6 million in Q4 2017. Annual general and administrative expenses are currently estimated at $8.5 million and include all public company costs.

Including the successful redemption of Agility, the Corporation’s Annualized Payout Ratio is now just over 90%. The table below sets out our estimated annualized current run rate of net cash from operating activities alongside the after-tax impact of the various improvements the Corporation is expecting in 2018.

Annualized Cash Flow (*in 000's*)	Comments	Amount ($)	$ / Share
Revenue	$1.30 USD/CAD exchange rate	$ 94,200	$ 2.58
General & Admins.		(8,500)	(0.23)
Interest & Taxes		(22,000)	(0.60)
Net cash flow		$ 63,700	1.75
Annual Dividend		59,000	1.62
Surplus / (Shortfall)		$ 4,700	0.13
Other Considerations:			
SCR & Kimco	Every addtl $2 million in distributions received is $0.05/share	+1,600	+0.05
New Investments	Every $20 million deployed @ 15%	+1,515	+0.04

The senior debt facility was drawn to $173.5 million at December 31, 2017, the Corporation used the proceeds from the Agility redemption to reduce the debt facility to $139.5 million subsequent to December 31, 2017, with the capacity to draw up to another $136.2 million based on new covenants and credit terms, in addition to the $70 million accordion facility for a total of $206.2 million. The annual interest rate on that debt was approximately 5.3% at December 31, 2017, increased by 0.25% effective January 2018.

The Consolidated Statement of Financial Position, Statement of Comprehensive Income, and Statement of Cash Flows are attached to this news release. Alaris’ financial statements and MD&A are available on SEDAR at www.sedar.com and on our website at www.alarisroyalty.com.

About the Corporation:
Alaris provides alternative financing to private companies (“Partners”) in exchange for royalties or distributions with the principal objective of generating stable and predictable cash flows for dividend payments to its shareholders. Distributions from the Partners are adjusted annually based on the percentage change of a “top-line” financial performance measure such as gross margin or same store sales and rank in priority to the owner’s common equity position.

Non-IFRS Measures
The terms EBITDA, Normalized EBITDA and Annualized Payout Ratio are financial measures used in this news release that are not standard measures under International Financial Reporting Standards (“IFRS”). The Corporation’s method of calculating EBITDA, Normalized EBITDA and Annualized Payout ratio may differ from the methods used by other issuers. Therefore, the Corporation’s EBITDA, Normalized EBITDA and Annualized Payout Ratio may not be comparable to similar measures presented by other issuers.

Annualized Payout Ratio: Annualized payout ratio refers to Alaris’ total annualized dividend per share expected to be paid over the next twelve months divided by the estimated net cash from operating activities per share Alaris expects to generate over the same twelve-month period (after giving effect to the impact of all information disclosed as of the date of this report).

EBITDA refers to net earnings (loss) determined in accordance with IFRS, before depreciation and amortization, net of gain or loss on disposal of capital assets, interest expense and income tax expense. EBITDA is used by management and many investors to determine the ability of an issuer to generate cash from operations. Management believes EBITDA is a useful supplemental measure from which to determine the Corporation’s ability to generate cash available for debt service, working capital, capital expenditures, income taxes and dividends. The Corporation has provided a reconciliation of net income to EBITDA in this news release.

Normalized EBITDA refers to EBITDA excluding items that are non-recurring in nature and is calculated by adjusting for non-recurring expenses and gains to EBITDA. Management deems non-recurring items to be unusual and/or infrequent items that the Corporation incurs outside of its common day-to-day operations. For the years ended December 31, 2017 and 2016, the gains on the redemption of the LifeMark, Solowave, MAHC and Sequel units, the impairment of the KMH and Group SM units, the write off of the interest on the KMH promissory notes, bad debt expense related to unpaid distributions from Group SM, the impairment and accretion of the Phoenix secured note, bad debt expense of the Kimco long-term receivable and promissory note, one-time penalties and fees related to the CRA GST audit (and the subsequent recovered amount) are considered by management to be non-recurring charges. Foreign exchange realized and unrealized gains and losses are recurring but not considered part of operating results and excluded from EBITDA on an ongoing basis. Adjusting for these non-recurring items allows management to assess EBITDA from ongoing operations.

Normalized Earnings refers to earnings excluding items that are non-recurring in nature and is calculated by adjusting for non-recurring expenses, gains, non-cash unrealized gains and losses on foreign exchange items and the net tax impact of the adjustments to earnings. Management deems non-recurring items to be unusual and/or infrequent items that the Corporation incurs outside of its common day-to-day operations. The corresponding tax impact of the all non-recurring items is adjusted in Normalized Earnings. For the year ended December 31, 2017 and 2016, the gain on the redemption of the LifeMark, Solowave, MAHC and Sequel units, the impairment of the KMH and Group SM units, the write off of the interest on the Phoenix promissory notes, bad debt expense of the Kimco long-term receivable and promissory note, bad debt expense related to unpaid distributions from Group SM, the impairment and accretion of the Phoenix secured note are considered by management to be non-recurring charges. Foreign exchange realized and unrealized gains and losses are recurring but not considered part of operating results and excluded from earnings on an ongoing basis.

IRR refers to the annualized effective compounded rate of return on an investment. Alaris calculates IRR by using all cash outlays (contributions) and inflows (monthly distributions and gross proceeds from redemptions) over the specific time period in which Alaris was invested in a company, on a pre-tax basis.

The terms EBITDA and Normalized EBITDA should only be used in conjunction with the Corporation’s annual audited and quarterly reviewed financial statements, excerpts of which are available below, while complete versions are available on SEDAR at www.sedar.com.

Forward-Looking Statements

This news release contains forward-looking statements under applicable securities laws. Statements other than statements of historical fact contained in this news release are forward‑looking statements, including, without limitation, management's expectations, intentions and beliefs concerning the growth, results of operations, performance of the Corporation and the Private Company Partners, the future financial position or results of the Corporation, business strategy, and plans and objectives of or involving the Corporation or the Partners. Many of these statements can be identified by looking for words such as "believe", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. In particular, this news release contains forward‑looking statements regarding: the anticipated financial and operating performance of the Partners in 2018; the revenues/contractual distributions to be received by Alaris in 2018 (annually and quarterly); the Annualized Payout Ratio, the Corporation’s general and administrative expenses in 2018, the expected increase in partner distributions as a result of performance metric resets effective January 1, 2018; the Corporation’s ability to deploy capital; run rate cash from operating activities; the cash requirements of the Corporation in 2018; the expected restart of distributions from Kimco; expected increase in distributions from SCR; and changes to our investment structure (including using common shares) and the impact therof. To the extent any forward-looking statements herein constitute a financial outlook, including estimates regarding revenues, net cash from operating activities and expenses, they were approved by management as of the date hereof and have been included to provide an understanding with respect to Alaris' financial performance and are subject to the same risks and assumptions disclosed herein. There can be no assurance that the plans, intentions or expectations upon which these forward looking statements are based will occur.

By their nature, forward-looking statements require Alaris to make assumptions and are subject to inherent risks and uncertainties. Assumptions about the performance of the Canadian and U.S. economies in 2018 and how that will affect Alaris’ business and that of its Partners are material factors considered by Alaris management when setting the outlook for Alaris. Key assumptions include, but are not limited to, assumptions that the Canadian and U.S. economies will grow moderately in 2018, that interest rates will not rise in a material way over the next 12 to 24 months, that the Partners will continue to make distributions to Alaris as and when required, that the businesses of the Partners will continue to grow, that the Corporation will experience net positive resets to its annual royalties and distributions from its Partners in 2018, more private companies will require access to alternative sources of capital, and that Alaris will have the ability to raise required equity and/or debt financing on acceptable terms. Management of Alaris has also assumed that capital markets will remain stable and that the Canadian and U.S. dollar trading pair will remain in a range of approximately plus or minus 10% over the next 6 months. In determining expectations for economic growth, management of Alaris primarily considers historical economic data provided by the Canadian and U.S. governments and their agencies.

There can be no assurance that the assumptions, plans, intentions or expectations upon which these forward‑looking statements are based will occur. Forward‑looking statements are subject to risks, uncertainties and assumptions and should not be read as guarantees or assurances of future performance. The actual results of the Corporation and the Partners could materially differ from those anticipated in the forward‑looking statements contained herein as a result of certain risk factors, including, but not limited to, the following: the dependence of Alaris on the Partners; reliance on key personnel; general economic conditions; failure to complete or realize the anticipated benefit of Alaris’ financing arrangements with the Partners; a failure to obtain required regulatory approvals on a timely basis or at all; changes in legislation and regulations and the interpretations thereof; risks relating to the Partners and their businesses, including, without limitation, a material change in the operations of a Partner or the industries they operate in; inability to close additional Partner contributions in a timely fashion, or at all; a change in the ability of the Partners to continue to pay Alaris’ preferred distributions; a change in the unaudited information provided to the Corporation; and a failure to realize the benefits of any concessions or relief measures provided by Alaris to any Partner. Additional risks that may cause actual results to vary from those indicated are discussed under the heading “Risk Factors” and “Forward Looking Statements” in the Corporation’s Management Discussion and Analysis for the year ended December 31, 2017, which is filed under the Corporation’s profile at www.sedar.com and on its website at www.alarisroyalty.com. Accordingly, readers are cautioned not to place undue reliance on any forward-looking information contained in this news release. Statements containing forward‑looking information reflect management's current beliefs and assumptions based on information in its possession on the date of this news release. Although management believes that the expectations represented in such forward‑looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

For more information please contact:

Curtis Krawetz
Vice President, Investments and Investor Relations
[Alaris Royalty Corp.]
403-221-7305

Alaris Royalty Corp.
Consolidated statement of financial position

	31-Dec 2017	31-Dec 2016
Assets		
Cash and cash equivalents	$ 35,475	$ 29,491
Prepayments	2,407	2,097
Foreign exchange contracts	1,430	-
Trade and other receivables	8,642	16,762
Investment tax credit receivable	2,957	3,654
Promissory notes receivable	15,403	21,922

Current Assets	66,315	73,926
Promissory notes and other receivables	32,017	7,891
Deposits	19,252	16,256
Equipment	503	647
Intangible assets	6,116	6,206
Investments at fair value	669,216	681,093
Investment tax credit receivable	-	1,201
Non-current assets	727,103	713,295
Total Assets	$ 793,418	$ 787,221
Liabilities		
Accounts payable and accrued liabilities	$ 1,707	$ 3,057
Dividends payable	4,921	4,905
Foreign exchange contracts	-	712
Income tax payable	588	2,007
Current Liabilities	7,217	10,682
Deferred income taxes	8,192	22,458
Loans and borrowings	173,464	99,383
Non-current liabilities	181,656	121,841
Total Liabilities	$ 188,873	$ 132,523
Equity		
Share capital	$ 620,842	$ 617,893
Equity reserve	12,058	11,628
Fair value reserve	(17,036)	(27,931)
Translation reserve	5,767	23,029
Retained earnings / (deficit)	(17,087)	30,079
Total Equity	$ 604,545	$ 654,698
Total Liabilities and Equity	$ 793,418	$ 787,221

Alaris Royalty Corp.
Consolidated statement of comprehensive income / loss
For the year ended December 31

	Year ended December 31	
	2017	2016
Revenues		
Royalties and distributions	$ 86,684	$ 98,486
Interest and other	2,389	1,556
Total Revenue	89,073	100,042
Other income		
Gain on partner redemptions	26,575	20,271
Realized gain on foreign exchange contracts	1,370	3,473
Total other income	27,945	23,744
Salaries and benefits	3,371	3,361
Corporate and office	2,597	3,297
Legal and accounting fees	2,096	2,513
Non-cash stock-based compensation	3,379	4,369
Bad debt expense & reserve	23,430	2,442
Impairment and other charges	42,491	7,000
Depreciation and amortization	268	279
Total Operating Expenses	77,632	23,260

Earnings before the undernoted	39,386	100,526
Finance costs	6,582	5,882
Unrealized (gain) on foreign exchange contracts	(2,144)	(4,633)
Unrealized foreign exchange loss	12,793	13,136
Earnings before taxes	22,155	86,142
Current income tax expense	22,089	7,104
Deferred income tax expense / (recovery)	(11,815)	12,484
Total income tax expense	10,274	19,589
Earnings	11,882	66,553
Other comprehensive income		
Transfer on redemption of investments at fair value	$ (9,062)	$ (27,399)
Transfer from fair value reserve to impairment and other charges	4,250	-
Net change in fair value of investments at fair value	16,692	(8,020)
Tax effect of items in other comprehensive income	(984)	5,613
Foreign currency translation differences	(17,262)	(4,622)
Other comprehensive (loss) for the year net of income tax	(6,366)	(34,428)
Total comprehensive income for the year	$ 5,516	$ 32,125
Earnings per share		
Basic	$ 0.33	$ 1.83
Fully diluted	$ 0.32	$ 1.81
Weighted average shares outstanding		
Basic	36,447	36,336
Fully Diluted	36,754	36,711

Alaris Royalty Corp.
Consolidated statement of cash flows
For the year ended December 31

	2017	2016
Cash flows from operating activities		
Earnings from the year	$ 11,882	$ 66,553
Adjustments for:		
Finance costs	6,582	5,882
Deferred income tax expense / (recovery)	(11,815)	12,484
Depreciation and amortization	268	279
Bad debt expense & reserve	23,430	2,442
Impairment and other charges	42,491	7,000
Gain on partner redemptions, net of cash taxes	(10,535)	(20,271)
Unrealized (gain) on foreign exchange contracts	(2,144)	(4,633)
Unrealized foreign exchange loss	12,793	13,136
Non-cash stock-based compensation	3,379	4,369
	$ 76,331	$ 87,241
Change in:		
- trade and other receivables	(1,693)	(13,018)
- income tax receivable / payable	319	3,694
- prepayments	227	337
- accounts payable and accrued liabilities	(1,350)	919
Cash generated from operating activities	73,834	79,174
Finance costs	(6,582)	(5,882)
Net cash from operating activities	$ 67,252	$ 73,292

Cash flows from investing activities		
Acquisition of equipment	$ (32)	$ (43)
Acquisition of preferred units	(175,293)	(110,882)
Proceeds from partner redemptions, net of cash taxes	116,277	103,212
Promissory notes issued	(16,467)	(6,750)
Promissory notes repaid	617	313
Net cash used in investing activities	$ (74,899)	$ (14,151)
Cash flows from financing activities		
Repayment of debt	$ (116,277)	$ (78,863)
Proceeds from debt	196,528	99,657
Dividends paid	(59,032)	(58,838)
Deposits with CRA	(2,422)	(4,233)
Net cash from / (used in) financing activities	$ 18,797	$ (42,278)
Net increase in cash and cash equivalents	$ 11,151	$ 16,863
Impact of foreign exchange on cash balances	(5,166)	(8,363)
Cash and cash equivalents, Beginning of year	29,491	20,991
Cash and cash equivalents, End of year	$ 35,475	$ 29,491
Cash taxes paid	$ 26,712	$ 7,900