

**IN THE COURT OF KING'S BENCH OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE BANKRUPTCY OF
THE WESTERN INSTITUTE OF EMERGENCY EDUCATION INC.**

TRUSTEE'S REPORT TO CREDITORS

June 19, 2024

BACKGROUND AND INSOLVENCY EVENTS

This report has been prepared by MNP Ltd., in its capacity as Licensed Insolvency Trustee (the "**Trustee**") of the bankrupt estate of The Western Institute of Emergency Education Inc. (the "**Company**" or "**WIEE**") to provide preliminary information to the creditors as at the date of this report.

The Company was incorporated in Alberta on August 31, 2012, and the Company's directors as at the date of bankruptcy were Ms. Susanne Forest-Trainor and Ms. Leanne Ellis. The Company is provincially registered in Alberta.

The Company was in the business of providing medical training services to emergency responders including fire fighters and paramedics throughout Central and Northern Alberta. Services included a variety of first responder and fire training courses as well as drug and alcohol testing. Operations were conducted from two leased facilities located in Calgary and Sherwood Park, Alberta.

Due to challenges with management throughout 2022 and 2023, the Company experienced cash flow challenges and fell behind on their payments to Canada Revenue Agency ("**CRA**") for source deductions and GST. Further, the Company obtained notice of a Garnishee Summons on May 20, 2024 related to a judgement freezing all available funds held in the Company's ATB Financial operating bank account, rendering the business inoperable. As a result, the Company made an

assignment into bankruptcy on May 30, 2024. MNP Ltd. consented to act as the Licensed Insolvency Trustee.

FINANCIAL SITUATION

Table 1 summarizes the statement of operations for the fiscal year ending August 31, 2020, and August 31, 2021. These financial statements were prepared by an independent, external accountant. Due to bankruptcy and ongoing financial challenges, the Company has not prepared financial statements for the 2022, 2023, and stub period ending on the date of bankruptcy (May 30, 2024).

| | Year Ended Aug 31, 2020 | Year Ended Aug 31, 2021 |
|------------------------------|------------------------------------|------------------------------------|
| Sales | 1,009,128 | 1,444,773 |
| Cost of sales | (386,760) | - |
| Gross profit | <u>622,368</u> | <u>1,444,773</u> |
| Operating and admin expenses | 677,287 | 1,564,655 |
| Other income | 75,256 | 201,321 |
| Net Income (loss) | <u>20,337</u> | <u>81,439</u> |

We note the presentation of various expenses and cost of sale in the financial statements is inconsistent from 2020 to 2021 due to a change of accounting firms.

The Company had a net income of \$20,337 for the fiscal year ended August 31, 2020, and a net income of \$81,439 for the fiscal year ended August 31, 2021. The Company ceased all operations in May 2024.

Table 2 summarizes the balance sheet for the fiscal years ending August 31, 2020, and August 31, 2021. These financial statements were prepared by an independent, external accountant.

Table 2

| | As at Aug 31, 2020 | As at Aug 31, 2021 |
|---|-----------------------|-----------------------|
| Assets | | |
| Cash | 122,486 | 101,779 |
| Accounts receivable | 57,152 | 175,000 |
| Due from individual shareholder(s) | - | 3,154 |
| Prepaid expenses | - | 2,265 |
| Deposits | - | 750 |
| | 179,638 | 282,948 |
| Equipment and Inventory | 124,946 | 149,038 |
| | 124,946 | 149,038 |
| Total Assets | 304,584 | 431,986 |
| Liabilities and Shareholders' Deficiency | | |
| Accounts payable and accrued liabilities | 81,283 | 39,461 |
| Wages payable | - | 20,696 |
| Employee deductions payable | - | 47,553 |
| Taxes payable (Income tax, GST, Provincial sales tax) | 32,802 | 62,865 |
| Advances from shareholders | 93,328 | - |
| Current portion of long term debt | 13,427 | 10,456 |
| | 220,840 | 181,031 |
| Long-term debt | 57,189 | 84,164 |
| Due to individual shareholder(s) | - | 103,084 |
| | 57,189 | 187,248 |
| Share Capital | 440,160 | 395,160 |
| Defecit | (413,605) | (331,453) |
| | 26,555 | 63,707 |
| Total Liabilities and Equity | 304,584 | 431,986 |

CONSERVATORY AND PROTECTIVE MEASURES

The Company leased the following premises as at the date of bankruptcy:

1. Municipally described as Suite 107 Deerport Centre, Calgary, Alberta. On December 1, 2022, the Company vacated the premises and entered into a sublease with a third party.

We confirm there are no Company assets located on the premises as at the date of bankruptcy. The Trustee has disclaimed its interest in the lease effective the date of bankruptcy.

2. Municipally described as Units 100 & 200, 2240 Premier Way, Sherwood Park, Alberta. We confirm there are no Company assets located on the premises as at the date of bankruptcy. The Trustee has disclaimed its interest in the lease effective the date of bankruptcy.

As at the date of bankruptcy, the Company's assets, with the exception of a leased vehicle, were removed from the Sherwood Park premises and placed into three (3) storage units at 2230 Yellowhead Trail NE, Edmonton, Alberta. On June 4, 2024, the Trustee attended the premises to view the assets and assess value. The majority of the Company's assets are subject to leases with Minerva Holdings Ltd. ("**Minerva**") as discussed later in this report.

The Company leases a vehicle from Ford Credit Canada Company ("**Ford**"). The Trustee is in the process of obtaining a payout statement from Ford and assessing any available equity to the estate. The Director has confirmed the vehicle is parked and secured.

The Trustee has confirmed property and liability insurance necessary to protect the assets and is in the process of cancelling utility accounts at the leased premises.

The Trustee has terminated all the employees as of the date of bankruptcy. We understand all outstanding wages, vacation pay, and statutory severance owing up to and including May 30, 2024 will be settled pursuant to an agreement between the employee and Ms. Susanne Forest-Trainor. The Trustee does not anticipate any priority claims pursuant to the Wage Earner's Protection Program.

The Trustee is communicating with Holtzman Hunter-Moffatt LLP, the Company's external accountant, regarding preparation of the outstanding GST returns, 2023 and 2024 T4s and final ROEs. Copies of T4s and ROEs will be provided to the employees as soon as possible.

The Trustee sent correspondence to ATB Financial requesting the Company's bank accounts be frozen. ATB Financial has confirmed the accounts are frozen and the Company's bank account

held \$10 as at the date of bankruptcy. On the date of bankruptcy, funds in the amount of \$8,000 were remitted to counsel to Guillevin International Co. (“**Guillevin**”) pursuant to a Garnishee Summons, as discussed later in this report.

BOOKS AND RECORDS

The Trustee has taken possession of certain books and records of the Company, including financial statements, creditor invoices, bank statements, and payroll records.

The Trustee is in the process of obtaining access to the tax records of the Company through the authorized representative process of the CRA.

SECURED CREDITORS

Table 3 provides a listing of the secured claims, according to the books and records of the Company and the Alberta Personal Property Registry, that may have a priority over the claims of unsecured creditors.

| Table 3 | | |
|--|--|----------------------------------|
| Creditor | Description of Claim | Estimated Claim (\$000's) |
| Canada Revenue Agency | Deemed trust - all present and after-acquired property | 104 |
| Minerva Holdings Ltd. | Secured - GSA, specific items included in leases | 218 |
| Ford Credit Canada Company | Secured - GSA, a specific serial numbered vehicle | 49 |
| 11302078 Canada Ltd. o/a Sheaves Capital | Secured - GSA, all present and after-acquired property | 0 |

We understand that any amounts owing to CRA related to unpaid source deductions may constitute a deemed trust property claim with priority over all other secured claims. CRA has not filed a proof of claim as of the date of this report. The Company’s books and records indicate an amount owing of approximately \$104,000 however we expect this number to increase once 2023 and 2024 T4s are filed and processed by CRA.

Minerva has a secured claim over assets listed within their lease agreements with the Company. The Company's records indicate a balance owing as at February 28, 2024 of approximately \$218,000. Minerva has not filed a proof of claim as of the date of this report.

Ford has security over one (1) serial numbered vehicle leased by the Company. The balance owing as at the date of bankruptcy is approximately \$49,000. Ford has not filed a proof of claim as of the date of this report. The Trustee is in the process of obtaining and reviewing the lease documentation.

11302078 Canada Ltd. o/a Sheaves Capital ("**Sheaves**") has general security agreement registered at PPR. The Company's books and records indicate there is a \$NIL balance owing. Sheaves has not filed a proof of claim as of the date of this report.

UNSECURED CREDITORS

Based on the Company's books and records, the Trustee is aware of 14 unsecured creditors owed approximately \$2,855,835. Table 4 outlines the major unsecured creditors.

| Creditor | Table 4 Estimated Claim (000's) |
|-------------------------------------|--|
| Ironwood Diversified Real Estate LP | 2,539 |
| Dream | 216 |
| ATB Financial | 51 |
| Shaw Telecom GP | 28 |
| Brogan Fire | 15 |

IDENTIFICATION AND VALUATION OF ASSETS

The Company's assets consist of accounts receivable, inventory, equipment and one leased vehicle. Table 5 provides a preliminary estimate of the realizable value of the assets of the Company.

Table 5

| | Per Statement of Affairs as at May 30, 2024 (000's) | Estimated Realization | |
|---|--|-----------------------|-------|
| | | Low | High |
| | | (000's) | |
| Cash in bank accounts | 5 | - | - |
| Vehicle | 49 | 49 | 49 |
| Receivables | 50 | - | 50 |
| Inventory and equipment | 350 | 25 | 50 |
| Trustee - third party retainer | - | 35 | 35 |
| | 454 | 109 | 184 |
| Recovery costs - commissions, insurance, etc. | | 2 | 4 |
| Professional fees | | 35 | 45 |
| Ford - vehicle buyout | | 49 | 49 |
| | | 86 | 98 |
| Recovery to CRA | | 23 | 86 |
| Estimated CRA property claim | | 104 | 104 |
| Shortfall to CRA | | (81) | (18) |
| Total unsecured creditors | | 2,856 | 2,856 |
| Estimated recovery per \$1 of unsecured claim | | - | - |

The table above assumes the respective security held by Minerva, Ford, and Sheaves is valid and enforceable against the Trustee.

As at the date of bankruptcy, the Company had \$50,000 of accounts receivable (“AR”) for courses and materials provided to various students. The Company has estimated approximately \$50,000 is collectable. To maximize recovery of AR, the Trustee is working with the former director, Ms. Susanne Forest-Trainor, however the Trustee understands the bookkeeping is generally incomplete and the collection of AR may be challenging as the Company has yet to produce an accurate AR listing.

As at the date of bankruptcy, the Company had various equipment and inventory. Most of the equipment was leased through Minerva. The Trustee has reviewed the lease agreements and buyout amounts and based on discussions with an auctioneer has determined there is no

available equity to the estate due to the niche nature of the equipment, disassembled condition and estimated moving costs. The Trustee is working with the auctioneer to understand the value of the remaining unencumbered inventory and equipment and will seek instructions on the sale or liquidation from the Inspector(s) of the estate.

The Company leases a vehicle from Ford. The Trustee is in the process of obtaining a copy of the lease and payout statement from Ford to determine any available equity to the estate.

LEGAL ACTIONS

The Trustee is aware of the various legal actions filed against the Company by the following parties:

- Mr. Eyad El-Hajj has filed an action against the Company and Mr. Shane Croke regarding the repayment of funds loaned to the company.
- Ironwood Diversified Real Estate LP and its general partner Ironwood Diversified Real Estate GP Inc. has filed a Statement of Claim against the Company pursuant to rental arrears and rent payable.
- Guillevin has obtained a Judgement against the Company in the amount of \$19,574. Guillevin has obtained a Garnishee Summons pursuant to the judgement and on the day of bankruptcy, funds in the amount of \$8,000 were remitted to counsel to Guillevin from the Company's ATB account.

All actions are stayed as result of the bankruptcy. The Trustee will seek instructions from the Inspector(s) on next steps.

REVIEW OF RECORDS & CONDUCT OF THE DEBTOR

The Trustee is in the process of reviewing the books and records of the Company that were made available, including accounting ledgers, bank statements for the period of January 1, 2023, to June 3, 2024, and externally prepared financial statements for August 31, 2020, and August 31, 2021. The Trustee will seek instructions from the Inspector(s), or creditors of the estate, in the

event transactions are identified that could be regarded as preference payments or transfers undervalue in accordance with the *Bankruptcy and Insolvency Act*.

A third-party retainer in the amount of \$35,000 was provided to the Trustee prior to filing the bankruptcy.

CONCLUSION

Based on the review of the books and records of the Company and discussions with management and auctioneers, we estimate the recoveries will be insufficient to repay secured claims in full. As such, the Trustee estimates there will be no recovery to the unsecured creditors.

MNP Ltd.

Licensed Insolvency Trustee of The Western Institute of Emergency Education Inc.

Per:  _____

Kristin Gray, CPA, CA, CIRP, LIT
Senior Vice President