

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

**IN THE MATTER OF THE BANKRUPTCY OF  
WILDSIDE OUTDOORS INC.**

**TRUSTEE'S REPORT TO CREDITORS**

**July 24, 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 Wildside Outdoors Inc. (the "Company" or "Wildside") to provide preliminary information to the creditors as at the date of this report.

The Company was incorporated in Alberta on September 24, 2017, and the Company's directors as at the date of bankruptcy were Ms. Sherry Lechasseur and Mr. Calvin Wakelin.

The Company was in the business of retail outdoor equipment and supply sales. Operations were conducted from a leased facility located in Lloydminster, Alberta.

We understand the Company ran into financial difficulties as a result of competition with big box retailers and online sales as well as an overall decline in sales due to a decrease in disposable income in the current economic climate. As a result, the Company experienced losses and a working capital shortfall leading to difficulties managing current obligations as they came due. On July 3, 2024, the Company made an assignment into bankruptcy and MNP Ltd. consented to act as the Licensed Insolvency Trustee.

## **FINANCIAL SITUATION**

Table 1 summarizes the statement of operations for the fiscal years ending February 28, 2022, and February 28, 2023. These financial statements were compiled by an independent, external accountant. Due to ongoing financial challenges and the bankruptcy, the Company has not prepared financial statements for the 2024 year end and stub period to the date of bankruptcy.

	<b>Year Ended February 28, 2022 (\$000's)</b>	<b>Year Ended February 28, 2023 (\$000's)</b>
Sales	1,641	1,504
Cost of sales	(1,122)	(1,014)
Gross profit	519	490
Operating and admin expenses	(578)	(603)
Income before income taxes	(59)	(113)
Income tax (recovery)	(3)	-
<b>Net Income (loss)</b>	<b>(56)</b>	<b>(113)</b>

The Company had net losses of \$56,000 and \$113,000 for the fiscal years ended February 28, 2022, and February 28, 2023, respectively. The Company generally ceased all operations in June 2024.

Table 2 summarizes the balance sheet for the fiscal years ending February 28, 2022, and February 28, 2023. These financial statements were compiled by an independent, external accountant.

Table 2

	As at February 28, 2022 (000's)	As at February 28, 2023 (000's)
Cash	15	13
Accounts receivable	13	44
Prepaid expenses	7	1
Rental deposit	5	5
	<b>40</b>	<b>63</b>
Inventory	563	468
Property, plant and equipment	21	30
	<b>624</b>	<b>561</b>
Accounts payable and accrued liabilities	296	299
Deferred Revenue	26	35
Line of Credit	60	59
Driven financial short term loans	88	42
Government remittances payable	35	76
Current portion of long-term debt	3	44
	<b>508</b>	<b>555</b>
Due to shareholders	31	44
Long-term debt	144	135
	<b>683</b>	<b>734</b>
Deficit	(59)	(173)
	<b>624</b>	<b>561</b>

### **CONSERVATORY AND PROTECTIVE MEASURES**

As at the date of bankruptcy the Company leased a premises municipally described as 5716 – 44 Street, Lloydminster, Alberta (the “**Premises**”). The Trustee attended the Premises on the date of bankruptcy and completed an inventory of the Company’s assets. After discussions with a third-party auctioneer and a review of the Company’s lease agreement, it was determined that occupation costs were not warranted, and an offsite auction would be more beneficial to the estate. All inventory and fixtures were relocated to a secured location in Edmonton, Alberta in

preparation for auction. The Trustee has obtained the insurance necessary to protect the assets. The Trustee has not taken possession of the Premises and has disclaimed its interest in the lease.

The Trustee understands the Company generally ceased operations in June 2024 and all employees were terminated prior to the date of bankruptcy. There are no outstanding salaries, wages, vacation pay, or severance owed to employees. The Trustee engaged a bookkeeper to prepare the 2024 T4's and ROE's. Copies of T4's and ROE's have been sent to the employees.

The Trustee sent correspondence to the Bank of Montreal ("**BMO**") requesting the Company's bank accounts be frozen and any funds remaining be forwarded to the Trustee. We understand the Company's bank account held \$4,018 as at the date of bankruptcy. In addition, the Company had \$1,555 cash on hand as at the date of bankruptcy which has been deposited in the estate trust account.

### **BOOKS AND RECORDS**

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

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 (the "**PPR**"), that may have a priority over the claims of unsecured creditors.

		<b>Table 3</b>
<b>Creditor</b>	<b>Description of Claim</b>	<b>Estimated Claim (\$000's)</b>
Canada Revenue Agency	Deemed trust - all present and after-acquired property	61
Driven Financial Technologies Corporation	Secured - GSA, all present and after-acquired property	1

The Company's books and records indicate an amount owing to CRA for payroll source deductions in the approximate amount of \$61,000. 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.

Driven Financial Technologies Corporation ("**Driven Financial**") has a registration at Alberta PPR. The Trustee understands the amount owing was paid in full prior to the date of bankruptcy. Driven Financial 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 22 unsecured creditors owed approximately \$604,066. Table 4 outlines the major unsecured creditors.

		<b>Table 4</b>
<b>Creditor</b>	<b>Estimated Claim (000's)</b>	
Johnstons	132	
Bank of Montreal	120	
Crystal Hendrickson	100	
Continental Sports	48	
Canada Revenue Agency	35	
RH Properties Inc.	27	
Escalade Sports	22	

## **IDENTIFICATION AND VALUATION OF ASSETS**

The Company's assets consist of inventory and retail fixtures. Table 5 provides a preliminary estimate of the realizable value of the assets of the Company.

	<b>Per Statement of Affairs as at July 3, 2024 (000's)</b>	<b>Estimated Realization</b>	
		<b>Low</b>	<b>High</b>
	<b>(000's)</b>	<b>(000's)</b>	
Cash	4	4	4
Inventory	305	100	200
Fixtures	5	1	3
	314	105	207
Recovery costs - commissions, storage, insurance etc.		18	28
Professional fees		40	35
		58	63
Estimated property claim - CRA		61	61
Net funds available		(14)	83
Recovery to unsecured creditors		-	83
Total unsecured creditors		604	604
Estimated recovery per \$1 of unsecured claim		-	0.14

The Trustee has taken possession of the Company's inventory and fixtures and is currently storing them in a secured facility. The Trustee is in the process of obtaining proposals for the auction of the assets of the Company and will seek further instruction from the Inspector(s) regarding the liquidation of the Company's assets. The Trustee anticipates the auction will be held in August 2024. Recovery costs included in our realization analysis above include auction commissions, moving and storage costs, and insurance to secure and safeguard the assets.

Based on our review of the Company's assets and liabilities we estimate the recovery to the unsecured creditors will be approximately nil to \$0.14 per \$1 of unsecured claim.

## **LEGAL ACTIONS**

In June 2024 the Company was served with a Statement of Claim by Continental Sports Inc. for an action commenced in Edmonton, Alberta. The claim is a debt claim in the amount of \$48,441. The action is stayed by the Bankruptcy.

The Trustee is not aware of any additional ongoing litigation against or by the Company.

## **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 bank statements for the period of January 1, 2023, to July 3, 2024, and externally compiled financial statements for February 28, 2023. The Trustee will seek instruction 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 retainer in the amount of \$15,000 was provided to the Trustee by Wildside and is considered a shareholder distribution.

## **CONCLUSION**

Based on the review of the books and records of the Company the Trustee estimates there will be a recovery to the unsecured creditors of between nil and \$83,000 or \$0.14 per \$1 of unsecured claim.

### **MNP Ltd.**

Licensed Insolvency Trustee of Wildside Outdoors Inc.

Per:   
\_\_\_\_\_  
Kristin Gray, CPA, CA, CIRP, LIT  
Senior Vice President