

COURT FILE NUMBER	QB 1076 of 2021
COURT	COURT OF QUEEN'S BENCH OF SASKATCHEWAN IN BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTRE	SASKATOON
IN THE MATTER OF THE DIVISION I PROPOSAL OF	CANADIAN DEVELOPMENT STRATEGIES INC., 1143402 ALBERTA LTD., CROSSROADS ONE INC., 1216699 ALBERTA LTD., OAK AND ASH FARM LTD., 2061778 ALBERTA LTD., LORI RUNZER AND DEAN RUNZER
DOCUMENT	MATERIAL ADVERSE CHANGE REPORT FILED BY THE TRUSTEE, MNP LTD., DATED DECEMBER 21, 2022
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	W Law LLP Attention: Mike Russell Suite 300, 110 21 st St. E Saskatoon, SK S7K 0B6 Phone: 306.244.2242 Counsel to the Proposal Trustee, MNP Ltd.

Introduction

1. Canadian Development Strategies Inc. ("**CDSI**"), 1143402 Alberta Ltd. ("**114**"), Crossroads ONE Inc. ("**Crossroads**"), 1216699 Alberta Ltd. ("**121**"), Oak and Ash Farm Ltd. ("**Oak and Ash**"), and 2061778 Alberta Ltd. ("**206**") (collectively referred to as the "**FireSong Group**") each filed a Notice of Intention to Make a Proposal ("**NOI**") on September 29, 2021 and MNP Ltd. consented to act as proposal Trustee. The Trustee issued a copy of the NOI to all known creditors on October 1, 2021.
2. Lori and Dean Runzer (in their personal capacities referred to as the "**Runzers**"), both of whom are directors and shareholders of the FireSong Group (hereinafter referred to in this capacity as "**Management**"), also filed NOI's in their personal capacities on September 30, 2021, and MNP Ltd. consented to act as proposal Trustee. The Trustee issued a copy of the NOI to all known creditors on October 1, 2021.

Purpose

3. The Trustee submits this Material Adverse Change Report on with respect specifically to the Division I Proposal of 114, CDSI and the Runzers pursuant to Section 50(10)(a)(i) of the *Bankruptcy and Insolvency Act*, whereby the Trustee is directed to "file a report on the state of the insolvent person's business and financial affairs, . . . with the official receiver forthwith after ascertaining any material adverse change in the insolvent person's projected cash-flow or financial circumstance...".
4. As described further below, Management has failed to provide the Trustee with the financial information necessary to monitor 114, CDSI and the Runzers financial affairs. The Trustee is of the opinion that Management's lack of adherence to the financial reporting and monitoring requirements, coupled with Management's failure to provide adequate support in relation to

certain financial transactions of 114 (discussed further below), materially hinders the Trustee's ability to properly monitor the financial affairs as required.

Failure to adhere to monitoring requirements

5. The most recent cashflow projection prepared in relation to the financial affairs of 114, CDSI and the Runzers covered the period of May 2022 through September 2022. There is currently no projected cashflow statement prepared following this date.
6. Notwithstanding the lack of cashflow statement, Management has been advised that the monitoring information (e.g., bank statements) is required to be submitted at the beginning of each week until court approval of the proposal has been obtained, or a bankruptcy has taken place.
7. As of the date of this report, Management has not provided any of the required financial reporting for the period of November 19, 2022, through December 21, 2022, despite requests being made by the Trustee in relation to same.

Failure to provide adequate support for financial transactions of 114

8. 114 received Canada Emergency Rent Subsidy (“CERS”) payments totalling \$33,842.57 and \$9,532.76 on September 23, 2022, and November 8, 2022, respectively. The CERS payments constitute the only source of income for 114 during this period.
9. Between the period of September 6, 2022, and November 8, 2022, Management transferred a sum of \$43,000 from the bank account of 114 to the bank account of the FireSong Homeowner's Association (“HOA”). Management advises that the funds were transferred to the HOA to cover expenses related to mortgages, leases, taxes, insurance, and operating expenses incurred by the HOA, some of which may be directly related to the preservation of real property owned by 114.
10. The Trustee has, on two occasions, requested additional detail, including supporting documentation related to the HOA expenses which constitutes the basis for the advance of monies from 114 to the HOA. To date, no satisfactory response has been received.

All of which is respectfully submitted this 21st day of December 2022.

MNP Ltd.

in its capacity as Trustee in the Division I Proposal of
1143402 Alberta Ltd.
and not in its personal capacity



Per: Karen Aylward, CIRP, Licensed Insolvency Trustee
Vice President