

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 JANUARY 17, 2022
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	MNP Ltd. 10235 – 101 Street Edmonton, AB T5J 3G1 Attention: Eric Sirrs/Karen Aylward Telephone: (780) 455-1155 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, 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.
3. The Projected Cash Flow Statements (the "**Cash Flows**") in relation to the FireSong Group and Lori Runzer and Dean Runzer were prepared and filed with the Office of the Superintendent of Bankruptcy ("**OSB**") on October 8, 2021 together with the Trustee's Report on Projected Cash Flow Statement and the Report on Projected Cash Flow Statement by the Person Making the Proposal. The Cash Flows for the period of December 2021 through March 2022 were amended by Management and filed with the OSB on December 20, 2021.

Purpose

4. The Trustee submits this Material Adverse Change Report on with respect specifically to the Division I Proposal of 206 and Oak and Ash 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...".

5. The Trustee is of the opinion that the variances to the projected cash flow statements outlined below represent a material adverse change to the cash flow projections of 206 and Oak and Ash.

Variance to Projected Cashflow Statement

Oak and Ash

6. Attached as **Schedule “A”** is the variance analysis as it relates to Oak and Ash’s projected versus actual cashflow for the month of December 2021.
7. In accordance with the projected cashflow statement, Oak and Ash’s projections assumed that would have closed the sale on the lands owned by it which would result in the retirement, in full, of the debt of its secured lender.
8. As the closing of the sale did not materialize in December there is a material adverse change to the projected cash-in and projected cash outlay for the period. The Trustee has determined that the failure of the sale to close as projected has had a material effect on Oak and Ash’s largest creditor.
9. Management advises that it has received a letter of intent (“LOI”) from a lender in relation to the sale and that the sale is expected to materialize and close before the end of January. The Trustee has not yet been provided with a copy of the LOI.

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10. Attached as **Schedule “B”** is the variance analysis as it relates to 206’s projected versus actual cashflow for the month of December 2021.
11. In accordance with the projected cashflow statement, 206’s projections assumed that it would have closed the sale on the lands owned by it which would result in the retirement, in full, of the debt of its secured lender.
12. As the closing of the sale did not materialize in December there is a significant material adverse change to projected cash-in and projected cash outlay. The Trustee has determined that the failure of the sale to close as projected has had a material effect on 206’s largest creditor.
13. Management advises that it has received a letter of intent (“LOI”) from a lender in relation to the sale and that the sale is expected to materialize and close before the end of January. The Trustee has not yet been provided with a copy of the LOI.

MNP Ltd.

in its capacity as Trustee in the Division I Proposal of
2061778 Alberta Ltd. and Oak and Ash Farm Ltd.
and not in its personal capacity



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

SCHEDULE "A"

Oak And Ash Farm Ltd.			
Amended Projected Cash Flow			
	December - 21	Actual - December	Variance - December
Opening Balance	3,650.79	580.57	
Cash In	3,174.77	6,094.22	- 2,919.45
Proceeds from Sale	1,000,000.00	-	1,000,000.00
Subtotal (Cash In)	1,003,174.77	6,094.22	- 997,080.55
Cash Out			
Contingency			-
Expenses	2,362.50	3.70	- 2,358.80
Utilities	1,200.00	3,571.27	2,371.27
Wages	-	650.00	650.00
Advance of Funds to Related Parties	-	-	-
Miscellaneous		1,000.00	1,000.00
Dispersements	1,000,000.00	-	- 1,000,000.00
Subtotal (Cash Out)	1,003,562.50	5,224.97	- 998,337.53
Net Cash Position	- 387.73	869.25	1,256.98
Opening Cash Balance	3,650.79	580.57	
Net Cash Position	- 387.73	869.25	
Closing Cash Balance	3,263.06	1,449.82	

SCHEDULE "B"

2061778 Alberta Ltd.			
Amended Projected Cash Flow			
	Dec-21	Actual - December	Variance
Opening Balance	11,684.71	7,171.89	
Cash In			
Proceeds from Sale	2,000,000.00		- 2,000,000.00
ancers	5,775.00	5,792.75	17.75
horse board operation	7,500.00	9,898.92	2,398.92
related parties			
Subtotal (Cash In)	2,013,275.00	15,691.67	- 1,997,583.33
Cash Out			
Advance of Funds to Related Parties			
Bank and Merchant Fees		79.75	79.75
Utilities		921.20	921.20
Insurance		2,302.24	2,302.24
Dispersements: ATB /MLT/fees	2,000,000.00	-	- 2,000,000.00
operations	17,500.00	12,265.75	- 5,234.25
Subtotal (Cash Out)	2,017,500.00	14,567.99	14,567.99
Net Cash Position	- 4,225.00	-	-
Opening Cash Balance	11,684.71	7,171.89	
Net Cash Position	- 4,225.00	1,389.27	
Closing Cash Balance	7,459.71	7,294.62	