

COURT FILE NUMBER	Q.B.G. 945 OF 2020
COURT	COURT OF QUEEN'S BENCH OF SASKATCHEWAN IN BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTRE	REGINA
PLAINTIFF	CONEXUS CREDIT UNION 2006
DEFENDANTS	ELK RIDGE GOLF & CONFERENCE CENTRE INC. AND ARNE PETERSEN

IN THE MATTER OF THE RECEIVERSHIP OF ELK RIDGE GOLF & CONFERENCE CENTRE INC.
THIRD REPORT OF THE RECEIVER, MNP LTD., DATED OCTOBER 25, 2021

Introduction and Purpose of the Report

1. MNP Ltd. was appointed Receiver of Elk Ridge Golf & Conference Centre Inc. ("Elk Ridge"), pursuant to an Order of the Court of Queen's Bench for Saskatchewan on June 5, 2020 (the "June 5, 2020 Order").
2. Elk Ridge owned and operated a destination resort and a twenty-seven (27) hole golf course located in the vicinity of the Waskesiu townsite and Prince Albert National Park. Elk Ridge is the registered owner of the Real Property.
3. This is the Receiver's Third Report to Court (the "Third Report") and it should be read in conjunction with the Receiver's First Report to Court dated October 9, 2020 (the "First Report") and the Receiver's Second Report to Court dated October 19, 2020 (the "Second Report").
4. Capitalized terms not defined in the Third Report are as defined in the First Report and Second Report. All references to currency are in Canadian dollars unless otherwise stated.
5. The purpose of the Third Report is to advise the Court with respect to the following matters:
 - Activities of the Receiver subsequent to filing the Second Report;
 - Closing of the Sale Transaction for the Elk Ridge Resort Assets;
 - Closing of the Sale Transaction for the Under-Developed Lands;
 - Distribution of Sales Proceeds;
 - Professional Fees;
 - Receiver's Final Statement of Receipts and Disbursements and Proposed Distribution;
 - Books and Records of Elk Ridge; and
 - Discharge of the Receiver
6. In preparing the Third Report and making comments herein, the Receiver has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information of the Debtor, the Debtor's books and records, and information from other third-party sources (collectively, the "Information"). The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with generally accepted assurance standards or other standards established by the Chartered Professional Accountants of Canada.

7. Documents relating to the Receivership Estate can be located on the Receiver's website at <https://mnpdebt.ca/en/corporate/corporate-engagements/elk-ridge-golf-and-conference-centre-inc>.

Activities of the Receiver

8. Subsequent to filing the Second Report the Receiver has:
- Completed the Sale Transaction of the Elk Ridge Resort Assets (as authorized by the Court);
 - Completed the Sale Transaction of the Under-Developed Lands (as authorized by the Court);
 - Continued to provide information to the purchasers of the Elk Ridge Resort Assets;
 - Completed repairs and maintenance as required including the winterization of the Elkridge Resort Assets (prior to closing the sale);
 - Completed the interim distribution as authorized in the October 30, 2020 Court Order (the "October 30 Order");
 - Filed outstanding statutory returns; and
 - Provided Canada Revenue Agency ("CRA") with information requested to complete certain trust exams.
9. CRA contacted the Receiver to complete a trust examination of the payroll source deduction and GST accounts in September 2020. The Receiver provided the requested information in September 2020. CRA sought additional information from the Receiver in May 2021 and September 2021 and in October 2021 completed the trust examination.
10. On October 14, 2021 CRA submitted a Statement of Account confirming a balance outstanding of \$4,487.84 for payroll source deductions.
11. CRA has verbally advised the Receiver that it may take a position declaring the contractors hired by the Receiver as employees (and subject to source deduction remittances). As at October 25, 2021 CRA has not submitted anything further to the Receiver on this position.
12. The total amount paid to the contractors by the Receiver was approximately \$50,000 and the Receiver estimates a potential assessment from CRA (if they were deemed employees) to be approximately \$28,000.

Closing of the Sale Transaction of the Elkridge Resort Assets

13. In accordance with the October 30 Order the Receiver completed the sale transaction of the Elk Ridge Resort Assets to 102074934 Saskatchewan Ltd.
14. The Receiver's counsel and the Purchaser's counsel, in conjunction with the existing insurer of the Elkridge Resort Assets, worked collaboratively to address concerns with insurance coverage during the transition of the assets from Receiver to Purchaser.
15. The Receiver's counsel and the Purchaser's counsel worked to resolve issues with the existing Water Licensing Agreement to facilitate a transfer to the Purchaser. The Receiver understands that the Purchaser has submitted the required application to the Water Security Agency.
16. The sale transaction for the Elk Ridge Resort Assets closed on November 13, 2020.

Closing of the Sale Transaction of the Under-Developed Lands

17. On October 30, 2020 the Court approved an Order authorizing the sale of the Under-Developed Lands to Trevor and Joanna Peters.
18. On November 12, 2020 the Receiver completed the sale transaction for the Under-Developed Lands.

Distribution of Sale Proceeds

19. The October 30 Order authorized an interim distribution of the net sales proceeds from each of the Elkridge Resort Assets and Under-Developed Lands.
20. In accordance with the October 30 Order the Receiver distributed the following amounts:
 - \$245,531.31 to Rural Municipality of Lakeland #521;
 - \$10,811.92 to Elk Ridge Estates Condo Corp.;
 - \$127,229.55 to CWB National Leasing Inc.;
 - \$145,967.22 to Colliers McClocklin Real Estate;
 - \$304,357.95 to Conexus Credit Union 2006 as repayment of Receiver's Borrowings; and
 - \$5,150,000 to Conexus Credit Union 2006 as partial payment towards the principal secured debt.
21. The balance of funds were retained by the Receivership estate to address the remaining administrative expenses and to address any potential CRA priority claims.

Professional Fees

22. Attached as **Schedule 1** is a copy of the Receiver's Fees and Disbursements to October 14, 2021. The Receiver has estimated professional fees of \$7,500 to complete the administration of the estate inclusive of potential fees to dispose of the remaining books and records.
23. Attached as **Schedule 2** is a summary of the Receiver's Legal Fees and Disbursements to October 14, 2021. The Receiver's legal counsel has estimated professional fees of \$3,550 to complete the administration of the estate and this amount is included in the total. The Receiver is of the opinion that the legal fees are fair and reasonable based upon the nature of the work completed.

Receiver's Final Statement of Receipts and Disbursements and Proposed Final Distribution

24. Attached as **Schedule 3** is a copy of the Receiver's Final Statement of Receipts and Disbursements ending October 14, 2021 (the "Final RD"). In accordance with the Final RD there is a balance of \$194,325.61 remaining in the receivership estate.
25. The Receiver proposes to pay the balance of \$194,325.61 to Conexus Credit Union 2006 as the primary secured creditor. The distribution would be completed as follows:
 - \$164,325.61 immediately after Court approval; and
 - \$30,000 (or the remaining balance of funds) following confirmation of CRA's position on the contract employees and remittance of any assessed amounts owing.
26. The Receiver does not anticipate collecting any further proceeds in the Receivership estate, however, in the event that funds are received such as CRA refunds, utility account refunds, etc. the Receiver proposes to pay any additionally collected proceeds to Conexus Credit Union 2006.

Conclusion

27. The Receiver seeks the Court's approval for the following:

- a) Authorizing the Receiver's activities as described in the Third Report;
- b) Authorizing the Receiver's Fees and Disbursements and Receiver's Legal Fees and Disbursements;
- c) Authorizing the Receiver to distribute the sum of \$194,325.61 to Conexus Credit Union 2006 in accordance with paragraph 25 and to distribute any proceeds collected after filing the Third Report to Conexus Credit Union 2006;
- d) Authorizing the Receiver to issue 30 days notice to the Shareholders/Directors of Elk Ridge to retrieve the books and records in the Receiver's possession, and, in the event that the Shareholders/Directors fail to respond and or confirm they will not be retrieving the books and records, authorization to dispose of the books and records; and
- e) Authorizing the discharge of the Receiver.

All of which is respectfully submitted this 25th day of October, 2021.

MNP Ltd.

In its capacity as Receiver of the
Elk Ridge Golf & Conference Centre Inc.
And not in its personal capacity



Per: Eric Sirrs, CIRP, Licensed Insolvency Trustee
Senior Vice President

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