

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.

SUPPLEMENTAL REPORT OF THE RECEIVER, MNP LTD., DATED SEPTEMBER 28, 2022

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 Supplemental Report to the Receiver's Third Report to Court (the "Supplemental Report") and it should be read in conjunction with the Receiver's First Report to Court dated October 9, 2020 (the "First Report"), the Receiver's Second Report to Court dated October 19, 2020 (the "Second Report") and the Receiver's Third Report to Court (the "Third Report") dated October 25, 2021.
4. Capitalized terms not defined in the Supplemental Report are as defined in the First Report, Second Report and Third Report. All references to currency are in Canadian dollars unless otherwise stated.
5. The purpose of the Supplemental Report is to advise the Court with respect to the additional activities completed by the Receiver since filing the Third Report specifically as it relates to the filing of statutory returns with the Canada Revenue Agency ("CRA") and payment of amounts assessed by CRA.
6. In preparing the Supplemental 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>.

CRA Accounts

8. The Receiver filed its Third Report on October 25, 2021 seeking court approval to distribute the remaining funds in the Receivership estate and complete the administration.
9. In response to the Receiver's Third Report, CRA contacted counsel for the Receiver with concerns relating to the status of certain GST and payroll source deduction accounts and the Receiver's request to destroy books and records left in its possession. The Receiver's application was adjourned to address the concerns of CRA.
10. With respect to the CRA accounts, subsequent to filing the Third Report the Receiver has:
 - Filed the outstanding GST returns related to activities in the receivership estate;
 - Closed the GST account related to pre-receivership activities;
 - Remitted payment on post receivership GST liabilities;
 - Remitted payment on post receivership payroll source deduction liabilities; and
 - Remitted payment on post receivership payroll source deduction liabilities assessed by CRA with respect to sub-contractors deemed to be employees by CRA.
11. To the Receiver's knowledge all statutory filings and assessed amounts payable by the receivership estate have been finalized. A GST refund related to pre-receivership accounts of approximately \$27,614.35 was offset against payroll source deduction amounts outstanding.

Books and Records of Elk Ridge

12. In the Third Report the Receiver has sought approval to destroy certain books and records of Elk Ridge in its possession that relate to operations of its business by Elk Ridge prior to its appointment (the "Prior Records") in the event that the directors/shareholders of Elk Ridge choose not to retain the records or fail to respond to the Receiver's 30-day notice to collect the books and records. The Receiver would continue to retain its own records in relation to activities from the date of receivership forward, however, the historical books and records of Elk Ridge would not typically be held by the Receiver after its discharge. Counsel for the CRA did raise a question concerning the potential destruction of the Prior Records in discussions with counsel for the Receiver and has been advised that it is the view of the Receiver that the obligation to retain the Prior Records is an obligation of Elk Ridge and potentially its directors/shareholders and, in the experience of the Receiver, such notice and possible destruction are standard practices. The Receiver intends to notify the directors/shareholders of the obligations to retain records under the ITA using the notice attached as **Schedule 1**.

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

13. Attached as **Schedule 2** is a copy of the Receiver's Interim Statement of Receipts and Disbursements ending September 28, 2022 (the "Interim RD"). In accordance with the Interim RD there is a balance of \$196,207.01 remaining in the receivership estate.
14. The Receiver proposes to pay the balance of \$191,207.01 to Conexus Credit Union 2006 as the primary secured creditor (the current balance in the estate less a \$5,000 accrual to address any additional expenses of the estate including removal of remaining books and records).
15. The Receiver also proposes to pay any further funds collected to Conexus Credit Union 2006 upon receipt and upon completion of the administration of the estate including the filing of the Section 246(3) Report with the Office of the Superintendent of Bankruptcy.

16. In accordance with the Interim RD the Receiver has distributed funds from the receivership estate in accordance with the October 30, 2020 Sale and Vesting Order (the "SAVO"). The Receiver notes the following discrepancies as between the SAVO and the completed distribution of funds:
- a. RM of Lakeland – the SAVO authorized the distribution of \$236,418 for property taxes (current and arrears amounts) associated with the real property sold by the Receiver. This amount was based on calculations provided by the RM of Lakeland with an estimated payout date of August 31, 2020. Payment to the RM of Lakeland was completed at the end of November 2020 resulting in an increased amount for penalties and interest for a total of \$245,531.
 - b. CWB National Leasing – the SAVO authorized the distribution of \$121,516 to CWB National Leasing in relation to equipment leases on assets sold by the Receiver. Additional accrued interest up to the closing of the sale of the assets and distribution to CWB National Leasing resulted in a total amount of \$127,229 outstanding as at the date of distribution.
 - c. Colliers McClocklin Real Estate – the SAVO authorized the distribution of \$130,200 plus GST, however, the actual calculation of 2% of the purchase price totaled \$131,502 plus GST and PST. The total distribution to Colliers McClocklin Real Estate was \$145,967.
 - d. Connexus Credit Union – the SAVO authorized the distribution of \$300,000 plus accrued interest to Connexus Credit Union as repayment of the Receiver's Borrowings. The total distribution (including accrued interest) was \$304,357.

Professional Fees

17. Subsequent to filing the Receiver's Third Report to Court the Receiver and its counsel have accrued the following additional professional fees:
- Receiver's Fees - \$7,823.06 inclusive of Tax
 - Receiver's Legal Fees - \$7,432.56 inclusive of Tax
18. These fees were accrued addressing the concerns of CRA subsequent to filing the Third Report to Court and include accruals to complete the administration of the estate. The amounts are included in the Interim RD and have been paid by the estate.

Conclusion

19. The Receiver seeks the Court's approval for the following:
- a) Authorizing the Receiver's activities as described in the Supplemental Report;
 - b) Authorizing the Receiver to distribute the sum of \$191,207.01 to Conexus Credit Union 2006 in accordance with paragraph 14 and to distribute any proceeds collected after filing the Supplemental Report to Conexus Credit Union 2006;
 - c) 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

d) Authorizing the discharge of the Receiver.

All of which is respectfully submitted this 28th day of September, 2022.

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

CONTACT INFORMATION AND ADDRESS FOR SERVICE

KANUKA THURINGER LLP
Barristers and Solicitors
1400 - 2500 Victoria Avenue
Regina, Saskatchewan
S4P 3X2

Address for Service: Same as above
Telephone: (306) 525-7200
Fax: (306) 359-0590
Email address: ashalashniy@ktilp.ca
Lawyer in Charge of File: Alexander K.V. Shalashniy
25120-0045/WNS
DM 2663057 v1

SCHEDULE 1

RECEIVER'S SUPPLEMENTAL REPORT TO COURT

●, 2022

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Dear Sir/Madam:

RE: THE RECEIVERSHIP OF ELK RIDGE GOLF & CONFERENCE CENTRE INC.

In connection with the receivership of Elk Ridge Golf & Conference Centre Inc., MNP Ltd. as receiver, has certain books and records in our office relating to operation of its business prior to appointment of the receiver (the "Prior Business Records"). The receiver has been granted its discharge by Court Order granted on ●, 2022. Such order provides that:

"Prior to the Receiver's destruction of any of the Debtor's books and records within the Receiver's possession (the "**Records**"), the Receiver shall give 30 days' notice to the Debtor's former director and shareholder (or his legal counsel) of its intention to destroy the Records. The Debtor's former director and shareholder shall then have 30 days to make appropriate arrangements (at his sole expense) with the Receiver to physically take possession of the Records. In the event that the Debtor's former director and shareholder do not respond to the notice provided by the Receiver within 30 days, confirm that they will not be retrieving the Records, or make copies of the Records, the Receiver shall be and is hereby authorized to destroy the Records."

Please note that the Prior Business Records likely include records required to be retained in accordance with ● of the Income Tax Act and before you allow the Prior Business Records to be destroyed, you should consult legal advice as to your responsibilities therefor.

Would you therefore please confirm whether you will take possession of the Prior Business Records by completing the endorsement at the foot of this letter and returning it to us. Your early attention is appreciated. Should you have any questions please contact the undersigned at (780) 969-1491.

Yours truly,

MNP Ltd.

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

Eric Sirrs
Suite 1300, 10235 – 101 Street
Edmonton AB T5J 3G1
Phone: (780) 455-1155 Fax: (780) 409-5415

To MNP Ltd.: We will contact you within 30 days of the date of this notice to retrieve the books and records.

Date

Signed

SCHEDULE 2

RECEIVER'S SUPPLEMENTAL REPORT TO COURT

Elk Ridge Golf and Conference Centre Inc.
Interim Statement of Receipts and Disbursements
For the period June 5, 2020 to September 28, 2022

	June 5, 2020 to October 19, 2021	Variance	June 5, 2020 to September 28, 2022
RECEIPTS:			
Accounts Receivable	80,393.39	-	80,393.39
Borrowing under Receiver's Certificates	300,000.00	-	300,000.00
Sale of Elk Ridge Resort Assets	6,594,040.81	-	6,594,040.81
Sale of Under Developed Lands	78,750.00	-	78,750.00
CRA Refunds	16,365.34	28,444.80	44,810.14
Interest	-		513.30
Misc Refunds	3,352.02	506.35	3,858.37
TOTAL RECEIPTS:	7,072,901.56	28,951.15	7,102,366.01
DISBURSEMENTS:			
Filing fees paid to Official Receiver	140.00	-	140.00
GST paid on disbursements exclusive of fees	3,651.04	-	3,651.04
PST paid on disbursements exclusive of fees	3,589.53	-	3,589.53
GST/PST charged on Professional Fees	35,091.90	1,511.82	36,603.72
Insurance	103,907.02	-	103,907.02
Contractor Fees	49,612.50	-	49,612.50
Wages	99,618.56	-	99,618.56
Source Deduction Remittances	31,851.65	6,028.52	37,880.17
GST Remitted	-	4,370.10	4,370.10
Operating Expenses	108,589.33	-	108,589.33
Utilities	131,357.86	1,928.81	133,286.67
Condominium Fees	10,811.92	-	10,811.92
Appraisal Fees	840.00	-	840.00
Realtor Commission	151,932.44	-	151,932.44
Property Tax	245,531.31	-	245,531.31
Receiver's Borrowings	304,357.95	-	304,357.95
Interim Distribution CWB National Leasing	127,229.55	-	127,229.55
Interim Distribution Conexus Credit Union 2006	5,150,000.00	-	5,150,000.00
Receiver's Fees (1)	166,199.00	7,047.80	173,246.80
Receiver's Legal Fees (1)	154,264.39	6,696.00	160,960.39
TOTAL DISBURSEMENTS:	6,878,575.95	27,583.05	6,906,159.00
Excess of Receipts over Disbursements	194,325.61	1,368.10	196,207.01

NOTES

(1) The Receiver's Fees and Receiver's Legal Fees include accruals to complete the administration of the estate.