

COURT FILE NUMBER           KBG-SA-00204-2023

COURT OF KING'S BENCH FOR SASKATCHEWAN  
IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE            SASKATOON

IN THE MATTER OF THE RECEIVERSHIP OF THE LIGHTHOUSE SUPPORTED LIVING INC.

**NOTICE OF APPLICATION**

**(Saskatoon Sale Approvals and Distribution of Proceeds)**

**NOTICE TO RESPONDENTS: All recipients on the attached Service List**

This application is made against you. You are a respondent. You have the right to state your side of this matter before the Court.

To do so, you must be in Court when the application is heard as shown below:

Where	Court House, 520 Spadina Crescent East Saskatoon, Saskatchewan
Date	Wednesday, February 21, 2024
Time	9:00 a.m.

*(Read the Notice at the end of this document to see what else you can do and when you must do it.)*

**Remedy claimed or sought:**

1. MNP Ltd. (the "**Receiver**"), the Court-appointed Receiver of The Lighthouse Supported Living Inc. (the "**Lighthouse**") pursuant to the Order granted in these proceedings by the Honourable Justice A.R. Rothery on April 13, 2023 (the "**Receivership Order**") applies to this Honourable Court for the following relief:
  - (a) a Sale Approval and Vesting Order approving the sale of the lands legally described as Surface Parcel #119947731, Lot 8-Blk/Par 51-Plan G198 Ext 0 and Surface Parcel #119947720, Lot 9-Blk/Par 51-Plan G198 Ext 0 (collectively, the "**Winnipeg Property**") to Shane Buhler ("**Mr. Buhler**") and vesting title to the Winnipeg Property in the name of Mr. Buhler or his nominee, as well as approving the distribution of the proceeds from the sale of the Winnipeg Property;
  - (b) a Sale Approval and Vesting Order:
    - (i) approving the sale of the lands legally described as Surface Parcel #135994719, Lot 12-Blk/Par 19-Plan G177 Ext 88, Surface Parcel 120092992, Lot 13-Blk/Par 19-Plan G177 Ext 0, and Surface Parcel #135994720, Lot 43-Blk/Par 19-Plan 101318857 Ext 89 (collectively, the "**Wiggins Property**", and together with the

- Winnipeg Property, the “**Sale Lands**”) to Dean Heidt (“**Mr. Heidt**”) and vesting title to the Wiggins Property in the name of Mr. Heidt or his nominee, as well as approving the distribution of the proceeds from the sale of the Wiggins Property;
- (ii) approving the Receiver to consent to one or more directors of the Lighthouse filing the required documents with CRA to rescind the charitable status of the Lighthouse;
  - (iii) sealing the Confidential Supplement to the Fifth Report of the Receiver dated February 14, 2024 (the “**Confidential Supplement**”) until after the closing of the sales of the Sale Lands;
  - (iv) approving the Fifth Report of the Receiver dated February Ntd:14, 2024 (the “**Fifth Report**”);
  - (v) approving the Receiver’s actions, conduct and activities from December 11, 2023 through and including February 14, 2024;
  - (vi) approving the Receiver’s Interim Statement of Receipts and Disbursements for the period ending December 31, 2023; and
  - (vii) approving the professional fees and disbursements of the Receiver up to and including December 31, 2023 and the professional fees and disbursements of the Receiver’s legal counsel, MLT Aikins LLP (the “**Receiver’s Legal Counsel**”), up to and including January 31, 2024; and
- (c) such further and other relief as counsel may request and this Honourable Court may allow.

**Grounds for making this application:**

**I. Approval of the Sales of the Sale Lands**

2. By Order (Saskatoon Sales Process and Distribution) dated June 15, 2023 (the “**Sales Process Order**”), the Honourable Justice A.R. Rothery approved a sales process of, among other lands, the Sale Lands. The Sales Process Order provided for a 90-day exclusivity period during which only prospective purchasers in the non-profit and public sectors were permitted to submit offers to purchase for the Receiver’s consideration (the “**Exclusivity Period**”).
3. The Exclusivity Period elapsed without offers being received from prospective purchasers in the non-profit or public sector for the purchase of the Sale Lands. Following the Exclusivity Period, the Sale Lands were listed for sale with a licensed real estate agent and, among other offers submitted, Mr. Buhler submitted an offer to purchase of the Winnipeg Property (the “**Buhler Offer**”) and Mr. Hedit submitted an offer to purchase of the Wiggins Property (the “**Heidt Offer**”).

4. The Receiver is, subject to the discussion below, of the opinion that additional marketing of the Sale Lands will not result in significantly higher net realization for the creditors of the Lighthouse. Accordingly, the Receiver is of the opinion that it is appropriate to approve the sales of the Sale Lands.

**A. Approval of Sale of the Winnipeg Property**

5. Following the Exclusivity Period, the Winnipeg Property was listed for sale with a licensed realtor with a list price of \$219,000.00.

6. Four offers were received for the purchase of the Winnipeg Property. In the Receiver's opinion, the Buhler Offer provides a reasonable sale price, a high degree of certainty that the sale will close in accordance with its terms, and the best realistic realizable value in the circumstances in respect of the Winnipeg Property.

**B. Approval of Sale of the Wiggins Property**

7. Following the Exclusivity Period, the Wiggins Property was listed for sale with a licensed realtor with a list price of \$350,000.00.

8. Five offers were received for the purchase of the Wiggins Property. In the Receiver's opinion, the Heidt Offer provides a reasonable price, a high degree of certainty that the sale will close in accordance with its terms, and the best realistic realizable value in the circumstances in respect of the Wiggins Property.

**II. Approval of the Distribution from Sales of the Sale Lands**

9. The Receiver is seeking to distribute the proceeds from the sale of the Sale Lands in the following manner:

(a) the proceeds from the sale of the Winnipeg Property:

- (i) first, to Affinity Credit Union 2013 ("**Affinity**"), the amount owing by the Lighthouse to Affinity and secured by the Winnipeg Property, being approximately \$78,000.00;
- (ii) second, to Saskatchewan Housing Corporation ("**SHC**"), the sum of \$110,000.00 in partial satisfaction of the amounts owing by the Lighthouse to SHC and secured by the Winnipeg Property.

(b) the proceeds from the sale of the Wiggins Property:

- (i) first, to Affinity, the amount owing by the Lighthouse to Affinity and secured by the Wiggins Property, being approximately \$89,000.00; and

- (ii) second, to SHC, the sum of \$200,000.00 to SHC in partial satisfaction of the amounts owing by the Lighthouse to SHC and secured by the Wiggins Property.

### **III. Approval of Receiver's Consent to Rescind Charitable Status of Lighthouse**

- 10. Canada Revenue Agency ("CRA") has commenced an audit of the historical financial transactions of the Lighthouse for reviewing compliance with its charitable status under the *Income Tax Act*, RSC 1985, c 1 (5th Supp) (the "CRA Audit").
- 11. CRA has notified the Lighthouse that the Lighthouse has the option to voluntarily rescind its charitable status prior to the formal conclusion of the CRA Audit. The rescission of the Lighthouse's charitable status could result in the conclusion of the CRA Audit and potential for the directors of the Lighthouse to avoid liability and other potential consequences concerning the outcome of the CRA Audit.
- 12. The Receiver is of the opinion that neither the outcome of the CRA Audit nor the rescission of the Lighthouse's charitable status would affect the receivership. However, as there is no direct benefit to the receivership estate in doing so and the authority of the remaining directors to effect such an outcome is unclear, Court approval is being sought in the interests of transparency and out of an abundance of caution.

### **IV. Sealing of Confidential Supplement**

- 13. The Confidential Supplement includes the full details of the offers received and accepted in the respect of the proposed sales of the Sale Lands. Disclosing this commercially sensitive information (particularly the purchase prices) has the potential to jeopardize future sales processes if the sales do not close for any reason. Accordingly, the Confidential Supplement must remain sealed until after the closing of the sales of the Sale Lands.

### **V. Other Relief Sought**

- 14. The Receiver seeks the usual approvals of its reports, its activities and conduct to date, its Interim Statement of Receipts and Disbursements, and the fees and disbursements of the Receiver and its legal counsel. As more particularly described in the Fifth Report, the Receiver's mandate has at all times been carried out with efficiency and integrity and with due regard for the interests of all parties, and the professional fees and disbursements of the Receiver and its legal counsel are fair and reasonable.

### **Material or evidence to be relied on:**

- 15. This Notice of Application, with proof of service;

16. Fifth Report of the Receiver dated February 14, 2024;
17. Confidential Supplement to the Fifth Report of the Receiver dated February 14, 2024;
18. Draft Sale Approval and Vesting Order (320 Winnipeg Ave, Saskatoon, Saskatchewan) (clean and redline against Saskatchewan Template Sale Approval and Vesting Order);
19. Draft Sale Approval and Vesting Order (2121 Wiggins Avenue, Saskatoon, Saskatchewan) (clean and redline against Saskatchewan Template Sale Approval and Vesting Order);
20. Proof of compliance with General Application Practice Directive #3; and
21. Such further and other relief as counsel may advise and this Honourable Court may allow.

**Applicable Acts and regulations:**

22. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3.
23. *The Personal Property Security Act, 1993*, SS 1993, c P-6.2.
24. *The King's Bench Act*, SS 2023, c 28.
25. *The Non-profit Corporations Act, 2022*, SS 2022, c 25.

DATED at Saskatoon, Saskatchewan, this 15th day of February, 2024.

**MLT AIKINS LLP**

Per: 

Jeffrey M. Lee, K.C. and Paul Olfert, counsel for the  
Interim Receiver, MNP Ltd.

**NOTICE**

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

**CONTACT INFORMATION AND ADDRESS FOR SERVICE:**

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