File No. CI 15-01-98054

THE QUEEN'S BENCH
Winnipeg Centre

IN THE MATTER OF: The Appointment of a Receiver pursuant to Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and Section 55 of *The Court of Queen's Bench Act*, C.C.S.M. c. C280

BETWEEN:

ROYAL BANK OF CANADA,

plaintiff,

- and –

KELLER & SONS FARMING LTD. and KELLER HOLDINGS LTD.,

defendants.

ERNST & YOUNG INC.
Receiver of Keller & Sons Farming Ltd. and Keller Holdings Ltd.

FOURTH REPORT OF THE RECEIVER

June 5, 2017

INTRODUCTION

1. On October 8, 2015 this Honourable Court granted an Order (the "Initial Order") appointing Ernst & Young Inc. as receiver ("EY" or the "Receiver") of all the assets, property and undertaking of Keller & Sons Farming Ltd. ("KSF") and Keller Holdings Ltd. ("Holdings") (collectively "Keller") pursuant to Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA"), and Section 55 of *The Court of Queen's Bench Act*, C.C.S.M. c. C280.

2. EY filed its first report dated January 19, 2016 (the "First Report"), which provided information on the background of Keller, the activities of the Receiver, the Receiver's efforts to sell the assets of Keller and the Receiver's recommendations and conclusions. On the same date, the Receiver also filed its first confidential report (the "First Confidential Report") that was subject to the Receiver's application for an order to seal certain commercially sensitive material from the public record. The Receiver subsequently filed a certificate with this Honourable Court confirming that the related transactions had closed, with the result that the First Confidential Report should no longer be sealed.

3. EY filed its second report dated March 30, 2016 (the "Second Report"), which principally dealt with the Receiver's efforts to sell the assets of Keller. A second confidential report dated March 30, 2016 (the "Second Confidential Report") was filed subject to the Receiver's application for a sealing order. The Receiver subsequently filed a certificate with this Honourable Court confirming that the related transactions had closed, with the result that the Second Confidential Report should no longer be sealed.

4. On April 8, 2016, following submissions by legal counsel for (a) Shilo Farms Ltd. ("SFL") and (b) Mr. Mark Keller in opposition to the Receiver's application for a sealing order, the Receiver agreed to provide parties in attendance with a partially redacted version of the Second Confidential Report.

5. EY filed its third report dated August 5, 2016 (the "Third Report"), which described the Receiver's efforts to liquidate Keller's assets, its analysis of the claims of various stakeholders to the proceeds from the sale of assets, a proposed initial interim distribution to certain of Keller's creditors, and the Receiver's conclusions and recommendations.

6. The purpose of this fourth report of the Receiver (the "Fourth Report") is to advise and update this Honourable Court with respect to:

   a) the activities of the Receiver since the date of the Third Report;

   b) the Receiver's efforts to realize on the assets of Keller;

   c) the Receiver's updated analysis of the claims of various stakeholders to the proceeds from the sale of Keller's assets;

   d) the professional fees of the Receiver and its legal counsel;

   e) the Receiver's interim statement of receipts and disbursements;

   f) the Receiver's proposed distribution of excess funds on hand; and

   g) the Receiver's conclusions and recommendations.

7. Capitalized terms not defined herein are as defined in in the Initial Order, the First Report, the Second Report or the Third Report.

8. The Receiver has established a web-site (www.ey.com/ca/keller) to facilitate communications with creditors and stakeholders. Copies of the First Report, the Second Report, the Third Report, this Fourth Report, notices to creditors, service lists and orders granted by this Honourable Court have been posted to the web site.

DISCLAIMER

9. In preparing this Fourth Report, the Receiver has relied upon unaudited financial information, books and records of Keller, financial information prepared by Keller and discussions with management of Keller and the Applicant.

10. The Receiver has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants (Canada) Handbook. Accordingly, the Receiver expresses no opinion or other form of assurance on the information contained in this Fourth Report.

11. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

ACTIVITIES OF THE RECEIVER SINCE AUGUST 5, 2016

Employee and Payroll Matters

12. The Third Report described the Receiver's efforts to obtain employment records for former Keller employees, to facilitate a payroll audit by officials with Canada Revenue Agency ("CRA").

13. Subsequent to the date of the Third Report, Mr. Keller provided employee records to the Receiver. Officials from CRA have attended at the Receiver's premises to review the records. Based on their payroll audit procedures, CRA re-issued employee T4's to reclassify certain earnings between the pre and post receivership payroll accounts.

14. CRA provided the Receiver with an amended claim in the amount of $91,139.71 in respect of Keller's pre-receivership payroll account. This amount includes both

employee and employer portions of unpaid pre-receivership source deduction withholdings, plus accrued penalties and interest.

15. CRA has confirmed to the Receiver in writing that the deemed trust portion of its claim for the employee portion of withheld and unpaid income tax, employment insurance and Canada Pension Plan source deductions did not change as a result of the payroll trust examination.

16. The amount claimed by CRA pursuant to its deemed trust claim is $54,396.96. Copies of the "Payroll Examination Statement of Account" and the deemed trust claim are attached as Appendix A.

Amounts owed to Keller from SFL

17. The First Report, the Second Report and the Third Report described various transactions between Keller and SFL, including a lease of all of the land, buildings and equipment owned by Keller (the "SFL Lease").

18. On September 12, 2016, the Receiver filed a statement of claim against SFL in Queen's Bench File No. CI-16-01-03621 (the "SFL Statement of Claim"). In respect of KSF, the Receiver claimed the following:

a) The sum of $260,495.56 due pursuant to the SFL Lease, plus pre-judgment and post-judgment interest as set out in the SFL Lease;

b) The sum of $31,600.43 in respect of damage to certain of Keller's equipment, plus pre-judgment and post-judgment interest as set out in the SFL Lease;

c) General damages in an amount to be proven at trial in respect of damage to certain of Keller's irrigation systems, plus pre-judgment and post-judgment interest as set out in the SFL Lease;

d) Costs of the proceeding; and

e) The sum of $42,000.00 on account of annual payments due by SFL pursuant to an easement agreement.

19. As described in the First Report, the sole partners of Elk Haven are KSF and Holdings. In its capacity as receiver of the partners of Elk Haven, the SFL Statement of Claim also included claims for the following:

a) The sum of $839,191.49 in respect of amounts payable to Elk Haven for the supply and application of fertilizer, crop inputs and subsoiling activities in the fall of 2014, plus pre-judgment and post-judgment interest; and

b) Costs of the proceeding.

20. On November 16, 2017, SFL filed a statement of defence and counterclaim to the SFL Statement of Claim, denying that the Receiver is entitled to the relief sought, and counterclaiming against KSF for an order that, *inter alia*, any amounts payable by KSF to SFL be set off against any amounts that SFL as defendant may be found liable to pay against the Receiver.

21. The Receiver filed a reply and defence to counterclaim on January 19, 2017, denying SFL's claim of any right of legal or equitable set-off. The Receiver is preparing an affidavit of documents in support of the SFL Statement of Claim with a view to moving the litigation forward to examinations for discovery.

Claim of Custom Truck Sales

22. The Second Report and the Third Report set out the circumstances surrounding a purported garage keeper's lien claim filed by Custom Truck Sales Inc. ("CTS") in respect of a 2008 Kenworth T800 truck (the "T800") owned by KSF. The truck was sold by the Receiver at the time of the auction of KSF's equipment, and gross auction proceeds of $41,000 have been held by the Receiver pending a determination of the priority of competing claims.

23. The Second Report notes that CTS claims it was owed $28,893.00 by SFL for the supply of parts and repairs to the T800. In July 2016, CTS commenced an action against SFL in Queen's Bench File No. CI-16-01-02918 (the "CTS Action"), claiming payment of approximately $33,000 in respect of the supply of parts and repairs to the T800.

24. SFL requested that the Receiver provide its consent to be added to the CTS Action as a third party. The Receiver declined to provide any such consent, as the Receiver's conclusions in the Third Report were that CTS did not have a valid lien against the proceeds from the sale of the T800, but instead the proceeds were subject to the prior-ranking general security interest of RBC.

Closing of the Sale of Land, Buildings and Equipment

25. The Receiver's efforts to sell Keller's land, buildings and equipment assets (the "Keller Lands") and its recommendation to sell the Keller Lands to the Adriaansen Group are described in the Second Report.

26. The Receiver's application to sell the Keller Lands to the Adriaansen Group was opposed by SFL and Mr. Keller. SFL and Mr. Keller filed notices of appeal, which appeals were ultimately dismissed with costs by the Manitoba Court of Appeal. The Receiver's Bill of Costs in respect of the appeals was taxed and allowed in the amount of $3,442.50 on July 26, 2016.

27. As of the date of this Fourth Report and notwithstanding the demands made on behalf of the Receiver, the costs award from the appeals has not been paid by either of SFL or Mr. Keller.

KSF Corporate Income Tax Returns

28. The Receiver has reviewed the state of the books and records of KSF to assess its ability to compile and file a corporate income tax return for the year ended October 31, 2015.

29. Personnel from Ernst & Young LLP who practice in income tax matters also reviewed prior year tax returns compiled by KSF's external accountants, to assess whether or not there were opportunities for application of potential current year farm losses to recover prior year cash taxes paid.

30. The electronic accounting records for KSF in the possession of the Receiver do not appear to have been updated for prior year closing adjusting journal entries, such that opening balances for KSF balance sheet accounts were incomplete and did not reflect the closing balances as reported on KSF's corporate income tax return for the prior tax year.

31. In addition, a review of a five-year comparative summary of corporate income tax returns provided by KSF's external accountants confirmed that no cash income taxes were paid in any of the three previous taxation years prior to October 31, 2015. As a result, any losses from the October 31, 2015 tax year could not be applied using the loss carryback provisions to recover prior corporate income taxes paid.

32. As a result, the Receiver has concluded there is no benefit to the receivership estate to apply to carry back any tax losses to prior years, and that it is unable to compile and file corporate income tax returns for KSF for the October 31, 2015 tax year, or future tax years.

Insurance Proceeds – Damage to Irrigation Equipment

33. In May 2015 and prior to the receivership, Keller sustained wind damage to irrigation equipment on a field owned by Holdings. An insurance claim was filed via Keller's insurance broker, which generated insurance proceeds of $27,797.40 (the "Irrigation Claim Amount"). Keller's insurer confirmed to the Receiver that the Irrigation Claim Amount was paid to KSF by way of cheque from the insurer dated July 22, 2015.

34. The books and records of KSF do not record the receipt of the Irrigation Claim Amount. The Receiver's review of KSF's pre-receivership banking records similarly did not disclose the deposit of the Irrigation Claim Amount, nor did the Receiver receive the payment subsequent to the receivership.

35. Based on an inquiry from the Receiver as to the destination bank account where the Irrigation Claim Amount may have been deposited, Mr. Keller advised the Receiver that the supplier of replacement parts did not receive the Irrigation Claim Amount, so the funds must have been deposited to the KSF bank account or RBC would have the funds.

36. Keller's insurer provided the Receiver with a copy of the cancelled cheque, which appears to indicate that the Irrigation Claim Amount, which was made payable to KSF, was processed for deposit on July 28, 2015. The bank account routing instruction on the reverse side of the cheque appears to indicate that the Irrigation Claim Amount was deposited to a bank account number that matches a bank account to which Mr. Keller deposited a cheque from the Receiver for the reimbursement of post-receivership expenses that were paid to Mr. Keller.

37. The Receiver issued a written demand to Mr. Keller for an accounting of and reimbursement of the Irrigation Claim Amount, as the Receiver is of the view that the funds should have been deposited to a KSF bank account.

38. Mr. Keller has denied that he received any proceeds related to the Insurance Claim Amount. Realization of the Irrigation Claim Amount may require the initiation of a statement of claim.

REALIZATION OF ASSETS

Sale of Land, Buildings and Equipment

39. Subsequent to the date of the Third Report, the Receiver and the Adriaansen Group finalized and agreed on an amount of $302,139.54 to be paid to the Receiver in respect of the adjustment for crop inputs paid by the Receiver in the fall of 2015 and winter of 2016.

40. For clarity, the crop inputs which form part of the SFL Statement of Claim were paid by Elk Haven in the fall of 2014 and are not part of the adjustment amount paid by the Adriaansen Group.

41. As described in the Third Report and as part of the closing statement of adjustments, the Adriaansen Group paid the 2016 property taxes for the Keller Lands, and was credited the portion of those 2016 property taxes that related to the period prior to the agreed adjustment date of April 22, 2016. The total 2016 property tax adjustment credited in favour of the purchaser (and accordingly not paid to the Receiver upon the closing of the sale of the Keller Lands) was $18,963.00.

42. Cash proceeds realized by the Receiver in respect of the Keller Lands is $20,030,469.61. Inclusive of the property tax credit in favour of the purchaser, the aggregate proceeds realized by the Receiver for the Keller Lands is $20,049,432.61.

Refunds of Operating Costs

43. Subsequent to the closing of the sale of the Keller Lands, the Receiver realized net proceeds of approximately $64,000, representing refunds of credit balances for hydro, insurance premiums and other operating expenses paid by the Receiver prior to the closing. These refunds have been deposited to the receivership estate trust bank account.

THE RECEIVER'S ANALYSIS OF THE CLAIMS OF VARIOUS STAKEHOLDERS TO THE PROCEEDS FROM THE SALE OF KELLER'S ASSETS

Independent Security Opinion from TDS

44. The Third Report included an opinion from the Receiver's legal counsel confirming that the security interest of RBC in all of the personal and after-acquired property of KSF ranks in priority to the claims of all other creditors, with the exception of certain equipment financiers who claimed purchase money security interests in specific pieces of equipment.

45. The Receiver's legal counsel further confirmed that both RBC and NBC had valid prior-ranking security positions with respect to the Pari Passu Assets, subject only to the claim of Concentra Financial Services Association ("Concentra") in respect of a specific grain storage bin, and certain defined statutory claims of CRA in respect of unpaid employee source deduction remittances.

46. The Third Report concluded that the secured claims of the following parties were subordinate to the claims of RBC and NBC:
    a) Farm Credit Canada;
    b) Redfern Farm Services Ltd.;
    c) Karen Keller;
    d) John Deere (in respect of the 2011 D450E Windrower and the 2011 625DH Platform);
    e) Gallant Sales ("Gallant");
    f) Mid-Plains Implements Ltd.; and
    g) CTS.

Claims to Proceeds for Specific Pieces of Equipment

47. During the hearing of the Receiver's notice of motion relating to a proposed interim distribution of funds as set out in the Third Report, certain creditors appeared in opposition to the Receiver's motion. The Receiver agreed to reduce the amount of the proposed distribution by $88,500, representing the gross auction proceeds for the following assets (the "Disputed Proceeds"):

Equipment Description	Claim Asserted By	Auction Sale Proceeds
Fruehauf Tri-axle Tank Trailer (paragraph 72 of the Third Report)	Mark Keller on behalf of Josef and/or Maria Keller	$16,000
Kenworth T800 Tractor (paragraph 74 of the Third Report)	CTS	$41,000
Harriston 4008 8 Row Planter (paragraph 75 of the Third Report)	SFL	$14,000
Logan Yield Pro 8 Row Potato Hiller (paragraph 81 of the Third Report)	Mark Keller	$7,500
Logan Yield Pro 8 Row Potato Hiller (paragraph 82 of the Third Report)	Gallant	$10,000
	TOTAL	$88,500

48. Pursuant to the order pronounced by this Honourable Court, the Receiver has held the Disputed Proceeds in a separate interest-bearing trust account, pending agreement with the claimants or further order.

49. To date, no additional information has been provided to the Receiver in respect of the Disputed Proceeds. As a result, the Receiver's recommendations and conclusions as set out in the Third Report, including its conclusion that the Disputed Proceeds are subject to the prior-ranking general security interest of RBC, remain unchanged.

PROFESSIONAL FEES OF THE RECEIVER AND ITS LEGAL COUNSEL

50. A summary of the accounts for the Receiver and its legal counsel were attached as an appendix to the Third Report.

51. Updated accounts for the Receiver and its legal counsel are set out in Appendix B to this Fourth Report. In aggregate, the Receiver's total fees to date are $475,985.11 (excluding GST).

52. A summary of the aggregate bills and costs (excluding GST) for TDS is also set out in Appendix B. The total fees and disbursements paid to TDS to date are $141,603.52 (excluding GST).

53. The Receiver has examined the legal bills of costs referred to above. In the Receiver's opinion, the services referred to therein have been duly authorized and rendered and the charges therein are reasonable.

54. In the Receiver's view the fees and disbursements incurred by the Receiver and its counsel are reasonable. The hourly rates charged by the Receiver and its counsel throughout the course of these proceedings are comparable to the hourly rates charged by EY and TDS for services rendered in relation to similar proceedings.

THE RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

55. The Receiver's interim statement of receipts and disbursements for the period July 28, 2016 to May 29, 2017 (the "Reporting Period") is attached as Appendix C to this Fourth Report.

56. The Receiver's interim statement of receipts and disbursements also includes a column indicating the Receiver's aggregate receipts and disbursements for the

period from the commencement of the receivership on October 8, 2015 to May 29, 2017 for reference purposes.

57. Receipts during the Reporting Period totalled approximately $398,000, comprised of the following:

a) Proceeds of approximately $302,000 in respect of the sale of the Keller Lands;

b) Various refunds of approximately $64,000, representing the return of unearned insurance premiums previously paid, plus refunds and payments from Manitoba Hydro upon the settlement of Keller's hydro accounts; and

c) Miscellaneous receipts of approximately $32,000 comprised of interest earned on estate trust funds.

58. Disbursements during the Reporting Period totalled approximately $20,642,000, comprised of the following:

a) Interim distributions pursuant to the order of this Honourable Court to RBC, NBC, and Concentra Credit Union in the amount of approximately $20,562,000

b) Professional fees of approximately $71,000, representing payments in respect of advances on the Receiver's fees and disbursements, as well as the fees and disbursements of TDS;

c) Final payment of post-receivership payroll deductions of approximately $5,000, remitted subsequent to the CRA audit; and

d) Miscellaneous disbursements of approximately $4,000 which principally represents amounts paid for GST and PST on disbursements, and other miscellaneous disbursements.

59. As at May 29, 2017, the Receiver had cash on hand of approximately $726,000, which represents the cumulative excess of receipts over disbursements for the period from the commencement of the receivership to May 29, 2017. As set out in Appendix C, this amount is comprised of approximately $88,900 related to the Disputed Proceeds plus accrued interest, and the balance in the Receiver's estate trust bank account of approximately $637,500.

60. All outstanding and previously issued Receiver's Certificates that supported outstanding borrowings in respect of the Receiver's Borrowings Charge (as defined in the Initial Order) have been fully repaid, such that the outstanding borrowings of the Receiver are $nil.

THE RECEIVER'S PROPOSED DISTRIBUTION OF EXCESS FUNDS ON HAND

61. As noted above and inclusive of the Disputed Proceeds, the Receiver has cash on hand of approximately $726,000. Based on the information as set out in this Fourth Report and the security opinion attached to the Third Report, the Receiver is of the view that it is appropriate to make a further interim distribution to certain secured creditors.

62. The only other creditor with valid claims to any of the proceeds realized by the Receiver that rank in priority to the claims of RBC and NBC are CRA. The prior-ranking claim to Concentra described in the Third Report has been paid in full.

CRA Claims

63. Amounts payable to CRA in respect of post-receivership source deductions have been paid in full.

64. In addition to the amounts claimed in respect of unpaid pre-receivership source deductions, the Ivany Affidavit references a demand for unpaid pre-receivership GST in the amount of approximately $83,000.

65. A substantial portion of the amounts demanded by CRA would be considered as an unsecured claim in the event that a bankruptcy of Keller occurred. As set out in paragraph 3(r) of the Initial Order, the Receiver has the power to assign either of KSF or Holdings into bankruptcy. The Receiver expects to file an assignment in bankruptcy in respect of KSF in the near future.

Claims of RBC and NBC

66. Each of RBC and NBC have advised the Receiver that the amounts owed to them are as follows:

a) RBC – approximately $16,633,000 as set out in the Third Report, less an interim distribution of approximately $12,456,000 paid by the Receiver in September 2016, for a balance owing of approximately $4,177,000p; and

b) NBC – approximately $9,012,000 as set out in the Third Report, less an interim distribution of approximately $8,081,000 paid by the Receiver in September 2016, for a balance owing of approximately $931,000.

67. The Receiver is recommending that this Honourable Court authorize further interim distributions of the following amounts:

a) $236,939.02 be distributed to RBC in accordance with the terms of the Intercreditor Agreement;

b) $143,331.17 be distributed to NBC in accordance with the terms of the Intercreditor Agreement; and

c) $54,396.96 be distributed to CRA in respect of its deemed trust claim.

68. The Receiver is of the view that it is appropriate to maintain a reserve to fund the balance of the receivership, including a reserve for the full amount of any potential remaining CRA claims, pending the anticipated assignment into bankruptcy for

KSF. The proposed interim distribution would leave a reserve of approximately $290,000.

CONCLUSION AND RECOMMENDATIONS

69. The Receiver respectfully recommends that this Honourable Court grant an order:

a) approving the Fourth Report and the activities of the Receiver described herein, including the Receiver's Interim Statement of Receipts and Disbursements; and

b) authorizing the interim distributions proposed by the Receiver as described herein.

All of which is respectfully submitted this 5th day of June, 2017.

ERNST & YOUNG INC.
In its capacity as the Court-Appointed Receiver of Keller & Sons Farming Ltd. and Keller Holdings Ltd.

Per:

Joe Healey, CPA, CA, CIRP, LIT
Senior Vice President

APPENDIX A

to the Fourth Report of the Receiver

dated June 5, 2017

Canada Revenue Agency | Agence du revenu du Canada

Protected B when completed

Payroll Examination Statement of Account

Taxpayer's Name KELLER & SONS FARMING LTD.	Date 2016-11-17
Taxpayer's Address C/O ERNST & YOUNG INC. 2700 - 360 MAIN ST WINNIPEG, MB R3C 4G9	Collections Section Contact D.AWID Collections Section Telephone (780)495-7251
Account Number 120034798RP0001	Tax Services Office 1221 Winnipeg
An examination of your payroll records performed on 2016-11-04	covering the period(s) from 2013-01-01 to 2015-10-08

discloses discrepancies in your remittances as follows:

Details	Current Year 2015 $	Previous Year 2014 $	Previous Year(s) 2013 $
Total deductions and taxpayer's obligation	447,079.06		
Total credits to date	485,930.52		
Adjustments	-38,872.37	to RP0002	
Difference	20.91		
Corrections re EI and/or CPP (See PD86 attached)	0.00		
Balance	20.91		
Failure to remit penalty	0.00		
Interest	0.00		
Late remitting penalty	0.00		
Failure to deduct penalty	0.00		
Late filing penalty	0.00		
Mandatory electronic filing penalty	0.00		
Total owing	0.00		

Total arrears disclosed during examination	0.00	**Interest adjustments to follow - please refer to the Notice of Assessment for your Final Balance**
Previous arrears	91,728.60	
Adjustments (Previous arrears)	-588.89	
Interest to date on previous arrears	0.00	
Sub total	91,139.71	
Less: Current payment	0.00	
Balance due	91,139.71	

A notice of assessment will follow shortly. However, the amount owing is due and payable immediately and you are therefore required to provide the examination officer with the appropriate payment. Failure to do so may result in legal proceedings either by way of garnishee or action in the Federal Court which could result in seizure and sale of your assets.

JORDAN BIGGAR For Assistant Director, Revenue Collections Division	2016-11-04 Date	Signature for receipt only of this statement

Canada Revenue Agency | Agence du revenu du Canada

MAR 02 2016

Tax Centre
Winnipeg MB R3C 4T4

February 26, 2016

KELLER & SONS FARMING LTD.
ERNST & YOUNG INC.
2700 - 360 MAIN ST
WINNIPEG MB R3C 4G9

Account Number
12003 4798 RP0001

Dear Sir or Madam:

Re: KELLER & SONS FARMING LTD.
Account number: 12003 4798 RP0001

We have been advised that you have been appointed as receiver for the above-named. At present, there is indebtedness to Canada Revenue Agency (CRA) for source deductions amounting to $88,467.43.

Particulars of this liability are as follows:

Date of assessment (DD/MM/YYYY)	14/08/2015
Tax deductions:	$41353.08
CPP:	$19167.68
UI:	$
EI:	$8304.09
Penalties and interest:	$19642.58
Total:	$88467.43
Grand total:	$88467.43

Pursuant to the provisions of subsection 227(4) of the Income Tax Act (ITA), subsection 23(3) of the Canada Pension Plan (CPP), subsection 57(2) of the Unemployment Insurance Act (UIA), subsection 86(2) of the Employment Insurance Act (EIA), the following amounts, which are included in the above totals, are trust funds and form no part of the property, business, or estate of KELLER & SONS FARMING LTD. in receivership.

Federal income tax:	$24042.69
Provincial income tax:	$17310.39
CPP employee portion:	$9583.84
UI employee portion:	$
EI employee portion:	$3460.04

.../2

Total:	$54396.96
Grand total:	$54396.96

Payment for the total amount of this trust, namely $54396.96 should be made to the Receiver General out of the realization of any property that is subject to these statutory trusts in priority to all other creditors. Please forward payment by return mail. In the event this is not possible, please indicate when payment will be forthcoming.

Please advise when payment of the remaining balance of $34070.47 plus interest up to the date of payment will be forthcoming. Your attention is drawn to section 159 of the ITA, subsection 23(5) of the CPP, subsection 57(4.1)of the UIA and subsection 86(4) of the EIA.

This letter also serves as notice that should payment be made for any amount described in subsection 153(1) of the ITA for periods prior or subsequent to your appointment, tax deductions must be withheld and remitted in accordance with this subsection and Income Tax Regulations 101 and 108. Your attention is also directed to section 3 of the Unemployment Insurance (Collection of Premiums) Regulations, section 5 of the EIA and section 8 of the Canada Pension Plan Regulations.

If you require further information, please contact the undersigned at 1-204-983-3914.

Yours truly,

Phil Cowan (1221)
Collection Officer

APPENDIX B

to the Fourth Report of the Receiver

dated June 5, 2017

In the Matter of the Receivership of Keller & Sons Farming Ltd.

Schedule of Professional Fees

Summary of Invoices issued by Ernst & Young Inc.

Invoice #	Date	Total Hours	Fees	Expenses	Total (excl. GST)	
CA0189975685	12-Nov-15	478.3	$ 118,729.00	$ 10,685.61	$ 129,414.61	
CA12C500000602	28-Jun-16	1,005.6	294,201.00	-	294,201.00	
CA12C500001078	30-Nov-16	194.6	52,369.50	-	52,369.50	
Total			$ 465,299.50	$ 10,685.61	$ 475,985.11	A

Summary of Invoices issued by Thompson Dorfman Sweatman LLP

Invoice #	Date	Total Hours	Fees	Expenses / PST	Total (excl. GST)	
486082	03-Nov-15	19.6	$ 6,214.50	$ 302.57	$ 6,517.07	
490281	21-Dec-15	27.2	8,568.00	763.69	$ 9,331.69	
493284	02-Feb-16	27.1	7,805.50	772.50	$ 8,578.00	
495074	03-Mar-16	26.4	9,863.50	971.69	$ 10,835.19	
497268	30-Mar-16	28.1	6,056.50	564.59	$ 6,621.09	
499173	29-Apr-16	95.0	35,707.50	3,953.25	$ 39,660.75	
501530	30-May-16	47.6	16,618.00	1,533.68	$ 18,151.68	
503953	29-Jul-16	54.5	19,990.50	2,814.75	$ 22,805.25	
505699	26-Jul-16	11.3	3,672.50	401.05	$ 4,073.55	
507818	30-Aug-16	31.6	6,990.00	758.77	$ 7,748.77	
510639	29-Sep-16	3.0	835.00	305.05	$ 1,140.05	
515017	30-Nov-16	6.3	2,107.00	232.01	$ 2,339.01	
520214	30-Jan-17	8.3	2,724.50	272.96	$ 2,997.46	
521995	27-Feb-17	2.2	737.00	66.96	$ 803.96	
Total			$ 127,890.00	$ 13,713.52	$ 141,603.52	B

Total Professional Fees as reported on the Statement of Receipts and Disbursements	$ 617,588.63	A + B

APPENDIX C

to the Fourth Report of the Receiver

dated June 5, 2017

IN THE MATTER OF THE RECEIVERSHIP OF KELLER & SONS FARMING LTD.
AND KELLER HOLDINGS LTD.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

	(Reporting Period) For the period July 28, 2016 to May 29, 2017	(CUMULATIVE) For the period October 8, 2015 to May 29, 2017
RECEIPTS		
Receiver's borrowing certificate proceeds	$ -	$ 750,000.00
Pre-receivership bank account proceeds	-	$ 124,527.59
Sale of equipment	-	$ 2,561,110.00
Sale of land and buildings	302,139.54	$ 20,030,469.61
Life insurance proceeds	-	$ 124,833.78
Recovery of operational expenses from Shilo Farms Ltd.	-	$ 19,034.09
Interest earned	31,523.62	$ 36,868.49
Insurance and WCB refunds	33,170.16	$ 113,874.64
Miscellaneous other receipts	31,024.93	$ 34,144.96
Total receipts	$ 397,858.25	$ 23,794,863.16
DISBURSEMENTS		
Filing fees	-	$ 70.00
Future crop input purchases	-	$ 316,545.35
Insurance	-	$ 183,844.53
Appraisal fees	-	$ 24,995.00
Auction commission and expenses	-	$ 219,816.43
Professional fees (receiver and legal)	71,472.30	$ 617,588.63
Repayment of Receiver's certificates and interest thereon	-	$ 768,553.83
Utilities and telephone	-	$ 36,632.98
Property tax	-	$ 166,811.49
Payroll and related source deductions	4,924.22	$ 62,543.91
Site operational expenses and repairs	-	$ 60,218.42
GST/HST/PST and miscellaneous	3,486.85	$ 48,475.45
Payment to secured creditors	20,562,412.30	$ 20,562,412.30
Total disbursements	$ 20,642,295.67	$ 23,068,508.32
Excess of receipts over disbursements before distributions	$ (20,244,437.42)	$ 726,354.84
Comprised of:		
Receivership estate trust bank account		$ 637,480.76
Separate trust account - proceeds of certain equipment plus accrued interest		$ 88,874.08
		$ 726,354.84