Clerk's Stamp

COURT FILE NUMBER	1703-12327
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
	AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF CANADA NORTH GROUP INC., CANADA NORTH CAMPS INC., CAMPCORP STRUCTURES LTD., D.J. CATERING LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD., AND 1919209 ALBERTA LTD.
DOCUMENT	**MONITOR'S FOURTEENTH REPORT**
	April 13, 2018
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**MONITOR**

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INTRODUCTION AND PURPOSE OF THE REPORT

1. On July 5, 2017, Canada North Group Inc. ("**CNG**"), Canada North Camps Inc. ("**CNC**"), Campcorp Structures Ltd. ("**Campcorp**"), D.J. Catering Ltd. ("**DJ**"), 816956 Alberta Ltd. ("**816**"), and 1371047 Alberta Ltd. ("**137**") (hereinafter collectively referred as the "**Applicants**" or the "**Companies**" or the "**Group**") made an application before this Honourable Court requesting certain relief under the *Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended* (the "**CCAA**") and obtained, inter alia, an initial order (the "**Initial Order**"), a stay of proceedings ("**Stay**") against the Applicants for a period of 30 days up to and including August 3, 2017, and the appointment of Ernst & Young Inc. ("**EYI**" or the "**Monitor**") as monitor of the Applicants. In addition to the appointment of the Monitor, the Initial Order also included the appointment of R.e.l. group inc. as Chief Restructuring Officer ("**CRO**").

2. Prior to the application noted above, on June 26th, 2017, each of CNG, CNC, Campcorp, and DJ filed a Notice of Intention to Make a Proposal ("**NOI**") pursuant to Section 50.4(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3 ("BIA") and EYI consented to act as Trustee in each instance. These NOI proceedings commenced by CNG, CNC, Campcorp and DJ under the BIA were taken up and continued under the CCAA.

3. On July 27, 2017, the Applicants made an application to the Court for an extension of the Stay and to add 1919209 Alberta Ltd. ("**1919**") as an applicant to the CCAA Proceedings. The relief sought by the Applicants at this application was granted by the Court, and for the purposes of this report, 1919 will be included in the defined term Applicant, unless otherwise noted.

4. Over the Course of these CCAA proceedings, the Applicants have made a number of applications to this Court requesting various relief and corresponding extensions of the Stay. To date, the Monitor has filed thirteen reports with the Court and issued three unfiled Confidential Supplements in relation to its Eleventh, Twelfth Report and Thirteenth Report. Copies of all filed Monitor's reports, materials filed by the Applicants, application materials and previous Orders of the Court can be accessed on the Monitor's website as noted in the disclaimer section of this report below.

5. The purpose of this brief report (the "**Fourteenth Report**") is to provide the Court and the Applicants' stakeholders with a snapshot update in relation to the current values associated with the following balance sheet items as at April 7, 2018, in advance of the Court application set for April 20, 2018:

   a) Cash on Hand;

   b) Accounts Receivable; and

c) Accounts Payable.

6. The Monitor advises that given the stage of the CCAA proceedings currently, the short timeframe within which this report was prepared and its limited purpose, although some comments in relation to the balances reported are provided, the Monitor has not delved into a detailed discussion of all of the factors contributing to the balances reported herein.

DISCLAIMER

7. In preparing the Fourteenth Report, the Monitor has relied upon unaudited financial information of the Applicants, the Applicants' books and records, certain financial information prepared by the Applicants and discussions with the Applicants' management ("**Management**"). The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information provided. Accordingly, the Monitor expresses no opinion or other form of assurance on the information contained in this report or relied upon in its preparation. Future oriented financial information reported or relied on in order to prepare this report is based on Management's assumptions regarding future events; actual results will vary from forecast, and such variations may be material.

8. This report should be read in conjunction with all previously filed affidavits and reports, as well as Court Orders previously issued in these proceedings all of which, save for items directed to be sealed for confidentiality purposes, are available on the Monitor's website established for these proceedings that is located at *http://documentcentre.eycan.com/Pages/Main.aspx?SID=1410*. In addition, this report should be read in conjunction with any new materials filed with the Court by the Applicants (if any) prior to the date set for the application as set out in this report.

9. Unless otherwise stated, all references to monetary amounts contained herein are expressed in Canadian currency. Capitalized terms used herein not otherwise defined are as defined in the previous reports of the Monitor and other materials filed in connection with these CCAA proceedings to date.

STATUS OF CASH ON HAND, ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE AS AT APRIL 7, 2018

10. On April 11, 2018, in accordance with the weekly reporting provided by the Applicants to the Monitor, the Applicants provided detailed reporting with respect to the cash on hand, accounts

receivable and accounts payable as at the week ended April 7, 2018. The specifics in relation to the amounts reported along with any comments of the Monitor at this time are outlined in the paragraphs that follow. The Monitor has not included any of the detailed documents provided by the Applicants in relation to these items with this report as the Monitor considers the information contained therein sensitive in nature and should remain confidential and not be made available to the public at this time. However, such information can be made available to the Court at any time if required, or to the Applicants' stakeholders subject to a confidentiality undertaking as deemed acceptable to the Monítor.

Cash on Hand

11. The Applicants have advised that the ending cash balance as at April 7, 2018 is $785,095. This figure is better than the projected figure as at the same date by $901,846 (the projected balance as at this same date from the most recent projections was anticipated to be -$116,751). Further, the cash on hand as at April 7, 2018 has increased from the amount previously reported to the Court as at March 3, 2018 (as per the Eleventh Report) of $232,595. These amounts exclude any amounts owed to CWB in line with previous reporting.

12. Having regard to the above, the Monitor advises that the Applicants did make significant payments towards post-CCAA payables over the past month (discussed later); however, outstanding professional fees remain significantly overdue and are estimated to be at approximately $950,000 currently. The Monitor advises that the Applicants have made some payments towards professional fees over the course of the past month; however, such payments have fallen significantly short of the Monitor's expectations in this regard.

Accounts Receivable

13. Attached as **Schedule** A to this report is an analysis prepared by the Monitor outlining the change in the Applicants' accounts receivable from July 15, 2017 to April 7, 2018 (which was prepared based on the information provided by the Applicants). In line with the rationale and previous reports of the Monitor, the accounts receivable as at these dates were adjusted by the Monitor.

14. As per the attached Schedule, the analysis suggests that:

a) The adjusted total collectible accounts receivable for the Applicants are $3,022,073;

b) The adjusted total collectible receivables have increased from July 15, 2017 by $259,990;

c) The most significant increase in relation to receivables relates to CNC, with an increase of \$498,335; however, the receivables for DJ have decreased by \$246,047; and

d) There does not appear to have been any material erosion of total accounts receivable since July 15, 2017, which is roughly the onset of these CCAA proceedings.

15. In comparison of the April 7, 2018 receivables figures to the accounts receivable amounts reported by the Monitor in the Eleventh Report (as at March 3, 2018), the Monitor advises the following:

   a) Total adjusted accounts receivables have decreased from \$3,927,436 by \$905,363 to \$3,022,073;

   b) The decrease stems primarily from significant collections of certain receivables in CNC and DJ;

   c) Related Party receivables (which have been adjusted out by the Monitor) have increased by \$116,872 to \$245,532.

16. The Monitor has enquired into the reasons for the increase in the Related Party receivables with the Applicants and was advised that the increase was due to "payroll rebills/allocations to the partnerships". The Applicants further advised that the amounts in question would be reversed for the April 14th reporting. The Monitor advises that it has not had the opportunity to ascertain an understanding of the explanation provided or the rationale for the current treatment/recording and future reversal of these payroll amounts. The Monitor continues to follow up with the Applicants for further information in this regard.

Accounts Payable

17. Similar to the Monitor's Eleventh Report, the Monitor has compiled a listing of post-CCAA accounts payable at April 7, 2018, based on information provided by the Applicants and discussions with Management. Based on the information provided, there is a total of \$1,264,206 owing to creditors for the post-CCAA period amongst CNC, DJ and CampCorp. The majority of this amount relates to CNC (\$1,228,918) with the balance owed solely by DJ of \$35,288. The Applicants are reporting that CampCorp has no post-CCAA payables currently. Close to half of these post-CCAA payables have been incurred within the last 30 days, with \$580,223 being current, and \$633,211 being aged between 31 - 60 days. Ignoring the amounts owed by DJ, and looking only at the payables in CNC, the total payables owed by CNC is comprised mainly of the following:

i. Professional fees: $672,384;

ii. Utilities, cable and internet service providers: $62,153;

iii. Vehicle repairs: $52,721

iv. Independent Contractors: $242,873; and

v. Hotel Tax: $83,642

18. Since the date of the Eleventh Report, the Applicants have paid down older trade payables previously reported at that time; however, given the amount of payables incurred by the Applicants within the past 30 days, the total accounts payable as at April 7, 2018 have only decreased by $122,667.

19. In addition to the above, the Monitor reaffirms that the professional fees shown as payable above do not reflect the total professional fees owing as at April 7, 2018 as there remains unbilled fees from various professional firms at this time.

Dated at Edmonton, this 13th day of April, 2018.

Ernst & Young Inc.
In its capacity as Monitor of
Canada North Group Inc.; Canada North Camps Inc.;
CampCorp Structures Ltd.; D.J. Catering Ltd.;
816956 Alberta Ltd.; 1371047 Alberta Ltd.; and
1919209 Alberta Ltd.
and not in its personal or corporate capacity

Per:

Matt McCulloch, CPA, CA, CIRP, Licensed Insolvency Trustee
Senior Vice-President

Schedule A

SCHEDULE A

Canada North Group Inc. et al - CCAA

Analysis of Change in Accounts Receivable

(July 15, 2017 to April 7, 2018)

	Canada North Camps Inc	D.J. Catering Ltd.	Campcorp Structures	Totals	
A/R ANALYSIS AS AT JULY 15, 2017					
Opening A/R Balance at July 15, 2017	12,128,207	821,428	3,426,659	16,376,294	
Adjustments as per Monitor's First Report:					
Less: Items to be Removed from A/R:					
Room Guarantees	1,765,034	-	-	1,765,034	
Grande Rapids Pipeline LP/HLCNG LP	7,440,462	-	-	7,440,462	
Doubtful Account	409,798	-	-	409,798	
Less: Related Party Receivables	1,291,787	-	65,968	1,357,755	
Balance as per Monitor's First Report	1,221,125	821,428	3,360,691	5,403,245	
Additional Revisions:					
Add back: Receivable Incorrectly Identified as Related Party	17,933			17,933	**Note 1**
Less: Receivable Incorrectly Not Identified as Related Party			233	233	**Note 2**
Revised Balance Prior to Adjustments Noted in Monitor's Second Report as at July 15, 2017	1,239,058	821,428	3,360,458	5,420,944	
Less: Pre-billed, not legally binding receivables:					
Construction Receivable Adjustment		132,825		132,825	**Note 3**
University Receivable			397,058	397,058	**Note 4**
Less: Uncertain Receivables:			2,128,978	2,128,978	**Note 5**
Adjusted Collectible A/R at July 15, 2017	1,239,058	688,603	834,422	2,762,083	
A/R ANALYSIS AS AT APRIL 7, 2018					
Opening A/R Balance at April 7, 2018	1,982,925	442,557	3,397,148	5,822,630	
Less: Room Guarantees Not Removed from A/R	-	-	-	-	
Less: Pre-billed, not legally binding receivables:					
University Receivable			397,058	397,058	**Note 4**
Less: Related Party Receivables	245,532	-	28,989	274,521	
Less: Uncertain Receivables:			2,128,978	2,128,978	**Note 5**
Adjusted Collectible A/R at April 7, 2018	1,737,393	442,557	842,123	3,022,073	
Net Increase/(Decrease) in A/R	**498,335**	**(246,047)**	**7,702**	**259,990**	

Note 1 During the preparation of Monitor's First Report, this balance was identified by Management as a related party balance when it actually was not a related party balance. The balance was excluded from the final collectible balance in the report. To correct this in the current report, the amount was added back to adjust the opening accounts receivable balance as at July 15, 2017.

Note 2 During the preparation of Monitor's First Report, this balance was not identified by Management as a related party balance when it actually was a related party balance. The balance was included in the final collectible balance in the report. To correct this in the current report, the amount was excluded to adjust the opening accounts receivable balance as at July 15, 2017.

Note 3 Based on the Monitor's discussion with the Group as discussed in the Monitor's Second Report, the opening balance of accounts receivable has been adjusted for this amount. The Group overbilled a customer by this amount. Since July 15, 2017, the entire original receivable balance was reversed and a new invoice was reissued for the correct amount.

SCHEDULE A

Canada North Group Inc. et al - CCAA

Analysis of Change in Accounts Receivable

(July 15, 2017 to April 7, 2018)

Note 4 Based on Monitor's discussion with the Group, the opening balance, as well as the closing balance of accounts receivable have been adjusted for this amount. The Group has billed the customer for some equipment which has not been delivered yet, nor has the transaction been confirmed in writing between the parties.

Note 5 As noted in the Monitor's previous reports, two receivables from one customer totalling $2,128,977.98 were included in the books of Campcorp. Management believes this amount is due and owing, and the pursuit of the collection of this balance is an ongoing matter being dealt with by the Group and its corporate legal counsel. As at April 7, 2018, these receivables remain uncollected and outstanding, and as such the Moniitor has reclassified the amount owed as "Uncertain".