

District of Ontario  
Division No.: 09 - Toronto  
Estate No. 31-2360746  
Court No. 31-2360746

IN THE MATTER OF THE BANKRUPTCY OF  
MY CLASS NEEDS FOUNDATION / FOUNDATION POUR MA CLASSE  
OF THE CITY OF TORONTO,  
IN THE PROVINCE OF ONTARIO

**Trustee's Preliminary Report to the Creditors**

**BACKGROUND**

1. MY CLASS NEEDS FOUNDATION / FOUNDATION POUR MA CLASSE ("MCN") is a registered charity that helped to connect deserving K-12 classroom projects with interested donors through a crowdfunding website. Certified teachers working in Canadian publicly-funded schools submitted a proposal through the MCN website. MCN enabled donors to support classrooms using a funding approach that provided an immediate connection to the needs of Canadian students.

2. MCN was established in October, 1999 and operated from the offices of Curriculum Services Canada / Services Des Programmes D'Études Canada ("CSC") located at 150 John Street, Toronto. MCN had only one employee.

Causes of Insolvency

3. MCN relied on the support of CSC. When CSC indicated that it would be filing an assignment in bankruptcy, the Board of MCN concluded that MCN's operations could not continue without CSC's support as MCN would no longer be able to meet its obligations generally as they fell due. The Board authorized MCN to make an assignment in bankruptcy in accordance with the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") by March 30, 2018.

4. On March 28, 2018, MCN filed an Assignment in Bankruptcy. On March 29, 2018, the Office of the Superintendent of Bankruptcy issued a Certificate of Appointment in which (i) the date of bankruptcy was set as March 29, 2018, and (ii) RSM Canada Limited ("RSM") was appointed as the trustee in bankruptcy of MCN (the "Trustee") subject to affirmation at the First Meeting of Creditors.

**SECTION A: PRELIMINARY EVALUATION OF ASSETS**

5. According to MCN's Statement of Affairs, the assets of MCN as at the date of bankruptcy consist of the following:

Cash on hand	\$12,735.18
Accounts receivable	39,616.07
Funds held by Trustee	5,000.00
Short term investment	<u>30,000.00</u>
Total assets	<u>\$87,351.25</u>

Trustee's Preliminary Report

Re: MCN

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a) Cash

On March 29, 2018, the Trustee wrote to TD Canada Trust ("TD") where MCN's bank accounts were held, to notify TD of the bankruptcy, request that TD freeze the MCN accounts and arrange for the transfer of the balance in MCN's accounts to the Trustee. The Trustee was informed by TD that the balance in the MCN bank accounts was \$14,308.39 the date of bankruptcy. As of the date of this report, the funds on account have not yet been transferred to the Trustee.

b) Accounts Receivable

According to MCN's Statement of Affairs, MCN's accounts receivable as of the date of bankruptcy consisted of the following:

	Book Value	Collectible
Accounts receivable	\$16,000.00	\$ 0.00
HST receivable	<u>23,616.07</u>	<u>23,616.07</u>
	<u>\$39,616.07</u>	<u>\$23,616.07</u>

The Trustee is reviewing the books and records of MCN to determine to which period the HST refund pertains and whether the return was filed by MCN.

c) Other Property

Other property included on the Statement of Affairs consists of the following:

- i. Funds held by Trustee - In addition to the funds held in MCN's accounts at TD, the Trustee is in possession of \$5,000 which was provided to RSM by MCN on March 22, 2018 pending the filing of the assignment in bankruptcy. These funds have been transferred to the estate bank account in respect of MCN; and
- ii. Short term investment held at TD. TD has confirmed that the amount of the investment is \$30,027.30 as of the date of bankruptcy. MCN has advised that the short term investment is held as security against MCN's VISA account, which TD has advised currently has a balance of \$28,951.02.

The Trustee will discuss these assets further with the Inspectors to be elected at the First Meeting of Creditors.

**SECTION B: CONSERVATORY AND PROTECTIVE MEASURES**

Cash In Bank

6. As set out earlier in this report, the Trustee advised TD to freeze MCN's bank account.

Mail Redirection

7. The Trustee has arranged for the redirection to the Trustee's office of MCN's mail for a period of one year.

Books and Records

8. The Trustee has arranged for the boxing of MCN's paper records and termination of access to its electronic records stored on the Cloud. The Trustee will review the disposition of MCN's records with the Inspectors.

Third Party Property

9. The Trustee has contacted Pitneyworks in respect of a Pitney Bowes postage meter on the leased premises and has requested that Pitneyworks provide supporting documentation to the Trustee to substantiate its ownership of the postage meter.

**SECTION C: LEGAL PROCEEDINGS**

10. The Trustee is not involved in any legal proceedings at this time.

**SECTION D: PROVABLE CLAIMS**

11. The claims filed by creditors as of 9:00 a.m. on April 16, 2018, are as follows:

	Per Statement of Affairs	Filed as of April 16, 2018
Secured	\$28,951.02	\$ -
Preferred	-	-
Unsecured	\$53,977.95	-
<u>Total</u>	<u>\$82,928.97</u>	<u>\$ -</u>

12. The Trustee will review the differences between the amounts set out in the Proofs of Claim filed and the amounts included in the SOA.

**SECTION E: SECURED CREDITORS**

13. No creditors were identified by a search conducted of the Personal Property Security Act Registration System ("PPSA") as having a secured interest in certain equipment as at the date of bankruptcy.

**SECTION F: ANTICIPATED REALIZATIONS AND PROJECTED DISTRIBUTION**

14. Based on the SOA and the possibility that TD Canada Trust may claim a security interest in the assets of MCN, the Trustee is unable, at this time, to estimate the amount, if any, that may be available for distribution to MCN's creditors.

**SECTION G: TRANSFERS AT UNDERVALUE AND PREFERENCE PAYMENTS**

15. The Trustee has conducted a preliminary review of MCN's bank statements for the period March 2017 to February 2018. The Trustee will review this matter further with the Inspectors.

**SECTION H: OTHER MATTERS**

16. The Trustee has no other matters to report.

Dated at Toronto, Ontario, this 16<sup>th</sup> day of April, 2018.

**RSM CANADA LIMITED**, in its capacity as Trustee of the Estate of My Class Needs Foundation / Foundation Pour Ma Classe, a bankrupt, and not in its personal capacity



Per: Daniel Weisz, CPA, CA, CIRP, CFF, LIT  
Senior Vice President