

Court File No. CV-14-10518-00CL

**THE CASH STORE FINANCIAL SERVICES INC.
AND RELATED APPLICANTS**

**FOURTEENTH REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR**

February 10, 2015

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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 COMPROMISE OR
ARRANGEMENT OF THE CASH STORE FINANCIAL
SERVICES INC., THE CASH STORE INC., TCS CASH STORE
INC., INSTALOANS INC., 7252331 CANADA INC., 5515433
MANITOBA INC., AND 1693926 ALBERTA LTD DOING
BUSINESS AS "THE TITLE STORE"

APPLICANTS

**FOURTEENTH REPORT TO THE COURT
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INTRODUCTION

1. On April 14, 2014, Regional Senior Justice Morawetz granted an Initial Order (the "**Initial Order**") (pursuant to the *Companies' Creditors Arrangement Act* (Canada), as amended (the "**CCAA**") to The Cash Store Financial Services Inc. ("**CSF**"), The Cash Store Inc., TCS Cash Store Inc., Instaloans Inc., 7252331 Canada Inc., 5515433 Manitoba Inc. and 1693926 Alberta Ltd. doing business as "The Title Store" (collectively, the "**Applicants**" or "**Cash Store**") providing protections to the Applicants under the CCAA, including a stay of proceedings until May 14, 2014 (as extended from time to time, the "**Stay**"), and appointing FTI Consulting Canada Inc. (the "**Monitor**") as CCAA monitor.
2. The Initial Order was amended and restated on April 15, 2014 (the "**Amended and Restated Initial Order**") to, among other things, appoint Blue Tree Advisors

- Inc. as Chief Restructuring Officer of the Applicants (the “**CRO**”). The proceedings commenced by the Applicants under the CCAA are referred to herein as the “**CCAA Proceedings**”.
3. On October 15, 2014 an Approval and Vesting Order was made approving the sale transaction (the “**Money Mart Transaction**”) contemplated by the asset purchase agreement among the Applicants, as vendors, and National Money Mart Company (“**Money Mart**”), as purchaser (the “**Money Mart Asset Purchase Agreement**”).
 4. On January 26, 2015 an Approval and Vesting Order was made approving the sale transaction (the “**easyfinancial Transaction**”) contemplated by the asset purchase agreement among the Applicants, as vendors, and easyfinancial Services Inc. (“**easyfinancial**”), as purchaser, to sell certain assets that were not included in the Money Mart Transaction (the “**easyfinancial Asset Purchase Agreement**”).
 5. The Stay has been extended a number of times. Pursuant to the order of Regional Senior Justice Morawetz dated November 21, 2014, the Stay currently extends until and including February 27, 2015.
 6. The Applicants, through the CRO, have brought a motion for an order extending the stay of proceedings until March 6, 2015 (the “**Stay Extension Order**”).
 7. The purpose of this Fourteenth Report is to provide the Court with:
 - (a) a brief update regarding the closing of the Money Mart Transaction and the easyfinancial Transaction, along with a brief description of the anticipated use of proceeds (a more detailed report will be provided in respect of a longer stay extension request that the Applicants are expected to make); and
 - (b) the Monitor’s comments and recommendations in respect of the requested Stay Extension Order.

TERMS OF REFERENCE

8. In preparing this 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 various parties (the "**Information**").
9. Except as described in this Report:
 - (a) the Monitor 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 Canadian Institute of Chartered Accountants Handbook;
 - (b) the Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook; and
 - (c) future oriented financial information reported or relied on in preparing this report is based on management's assumptions regarding future events; actual results may vary from forecast and such variations may be material.
10. The Monitor has prepared this Report in connection with the motion described in the Applicants' Notice of Motion dated February 10, 2015. This Report should not be relied on for other purposes (except to the extent a future Monitor's report provides otherwise).
11. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein have the meanings defined in the previous reports of the Monitor, the Initial Order, and other Orders of the Court issued in the CCAA Proceedings.

CLOSING OF MONEY MART AND EASYFINANCIAL TRANSACTIONS

12. As previously reported in the Monitor's Twelfth and Thirteenth Reports to the Court, the Applicants entered into the Money Mart Asset Purchase Agreement on October 8, 2014 and the easyfinancial Asset Purchase Agreement on January 16, 2015.
13. On February 6, 2015 the Money Mart Transaction was closed upon the successful completion or waiver of each of the necessary conditions to closing outlined in the Money Mart Asset Purchase Agreement and the Approval and Vesting Order dated October 15, 2014; including the delivery of the Monitor's certificate which was subsequently filed with the Court. The funds transferred under the Asset Purchase Agreement are currently being held by the Monitor in escrow.
14. On February 9, 2015 the easyfinancial Transaction was closed upon the successful completion or waiver of each of the necessary conditions to closing outlined in the easyfinancial Asset Purchase Agreement and the Approval and Vesting Order dated January 26, 2014; including the delivery of the Monitor's certificate which was subsequently filed with the Court. The funds transferred under the Asset Purchase Agreement are currently being held by the Monitor in escrow.
15. The Monitor understands that the Applicants intend to use the sale proceeds from the Money Mart Transaction and the easyfinancial Transaction to pay amounts due to the DIP Lenders, as defined in the Monitor's Thirteenth Report to the Court, and to finance the Applicants' ongoing costs and restructuring efforts, subject to the terms of the Money Mart Asset Purchase Agreement and the easyfinancial Asset Purchase Agreement requiring any funds to be held in escrow for a period of time. The Applicants described their intention to use the sale proceeds to pay amounts due to the DIP Lenders in an affidavit of William E. Aziz sworn November 18, 2014.

NAME CHANGE

16. The Money Mart Asset Purchase Agreement provides that the Applicants will immediately following the closing, change their names to a name that does not include the words “Cash Store” or “Instaloans” or any part thereof or including similar words. The Monitor is advised that there are certain restrictions in the applicable corporate statutes that limit the ability of the Applicants to change their names without a court order. The Applicants are therefore seeking the Court’s authorization and direction to change their name in order to comply with the Money Mart Asset Purchase Agreement. The Monitor notes that the Money Mart Asset Purchase Agreement permits the Applicants and the Monitor the right to use the words “Cash Store” or “Instaloans” with the qualifier “formerly known as” in connection with the CCAA proceedings and orders made pursuant thereto.

STAY EXTENSION

17. The Applicants have requested an extension of the Stay to March 6, 2015.
18. The Applicants, under the supervision and direction of the CRO, have been working with due diligence and in good faith to address numerous issues in these CCAA Proceedings, including their work to complete the Money Mart Transaction and the easyfinancial Transaction.
19. The Cashflow Forecast attached hereto as Schedule “A” demonstrates that the Applicants are projected to have sufficient liquidity to continue operations without further financing until at least the week ended March 6, 2015. As a result of the successful completion of the Money Mart Transaction and the easyfinancial Transaction, the Applicants project that they will have sufficient financial resources to continue its remaining operations and ongoing restructuring efforts for the duration of the proposed Stay extension period.

20. The proposed extension of the Stay throughout the brief Stay Extension period requested would enable the Applicants to schedule and prepare for a longer term stay extension motion in early March, 2015. A shorter extension until March 6, 2015 has been requested at this time because the Court is unavailable to hear a stay extension motion in the week leading up to February 27, 2015 (the current stay expiry date) and the Applicants have already secured Court time on March 2, 2015 for the Alberta Securities Commission privilege protocol motion. A more detailed report on the Applicants' cashflow projections and other recent activities will be provided in advance of the anticipated stay extension motion in March.
21. Accordingly, the Monitor recommends that this Court grant the Stay extension to March 6, 2015 as requested by the Applicants.
22. The Monitor respectfully submits to the Court this Fourteenth Report.

Dated this 10th day of February, 2015.

FTI Consulting Canada Inc.
The Monitor of
The Cash Store Financial Services Inc.
and Related Applicants



Greg Watson
Senior Managing Director

Schedule "A" – Cashflow Forecast

The Cash Store Financial Services, Inc.
Weekly Cash Forecast
(CAD 000's)

Week Ended	2/6/2015	2/13/2015	2/20/2015	2/27/2015	3/6/2015	Total
RECEIPTS:						
Loan Repayments - Direct Portfolio	\$ 3,375	\$ 2,336	\$ 467	\$ 573	\$ 45	\$ 6,797
Loan Repayments - Broker Portfolio	-	-	-	-	-	-
Loan Fees - Broker Portfolio	-	-	-	-	-	-
Other Income Receipts	22	64	58	189	12	346
Non-Operating Receipts	-	235	235	235	254	960
Asset Sale Proceeds	-	6,000	-	-	-	6,000
TOTAL RECEIPTS	3,397	8,636	760	998	312	14,103
OPERATING DISBURSEMENTS:						
Loan Disbursements - Direct Portfolio	4,009	961	-	-	-	4,970
Loan Disbursements - Broker Portfolio	-	-	-	-	-	-
Payroll and Benefits	32	792	174	934	88	2,019
Operating Expenses	177	405	270	498	71	1,420
Rent	127	438	-	311	-	875
Transfer to UK	-	-	-	-	-	-
Utility Deposits/Miscellaneous	-	-	-	-	-	-
Critical Vendors	-	-	-	-	-	-
TOTAL OPERATING DISBURSEMENTS	4,345	2,595	444	1,742	159	9,285
OPERATING CASH FLOW	\$ (948)	\$ 6,041	\$ 317	\$ (744)	\$ 153	\$ 4,818
NON-OPERATING DISBURSEMENTS:						
Professional Fees - Restructuring	404	390	585	571	210	2,160
Branch Closure Costs	-	-	-	185	-	185
Employee Related Restructuring Costs	-	850	-	-	-	850
Other Income Pass-Through	-	-	-	-	-	-
Credit Facility Interest	-	-	-	125	-	125
DIP Interest and Related Fees	-	2,467	-	-	-	2,467
Third Party Lender Payment	-	-	-	-	-	-
Capex	-	-	-	-	-	-
TOTAL NON-OPERATING DISBURSEMENTS	404	3,707	585	881	210	5,787
BoP Cash	\$ 9,707	\$ 8,355	\$ 10,689	\$ 10,421	\$ 8,795	\$ 9,707
Total Cash Flow	(1,352)	2,334	(268)	(1,625)	(57)	(969)
EoP Cash Before New Borrowing	\$ 8,355	\$ 10,689	\$ 10,421	\$ 8,795	\$ 8,738	\$ 8,738
BoP DIP Loan						
DIP Draw	\$ 19,351	\$ 19,351	\$ 0	\$ 0	\$ 0	\$ 19,351
Funding From Asset Sale Proceeds ⁽⁸⁾	-	19,351	-	-	-	19,351
DIP Paydown	-	(19,351)	-	-	-	(19,351)
EoP DIP Loan	\$ 19,351	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
BoP Senior Credit Facility						
Draw	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
Paydown	-	-	-	-	-	-
EoP Senior Credit Facility	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
EoP Cash After New Borrowing						
Less: Non-Ontario Restricted Cash	\$ 8,355	\$ 10,689	\$ 10,421	\$ 8,795	\$ 8,738	\$ 8,738
Less: Ontario Restricted Cash	(3,250)	(3,250)	(3,250)	(3,250)	(3,250)	(3,250)
Less: Cash Minimum	(1,931)	(1,931)	(1,931)	(1,931)	(1,931)	(1,931)
Less: Tax Refund	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
EoP Cash After Restricted Cash	\$ 174	\$ 2,508	\$ 2,240	\$ 614	\$ 557	\$ 557

Notes:

- [1] The purpose of this cash flow forecast is to determine the liquidity requirements of the Applicants during the forecast period.
- [2] Receipts from operations are forecast based on existing Consumer Loan Receivables and Accounts Receivable, forecast lending volumes and other revenues, and customer payment terms.
- [3] Forecast disbursements from operations are forecast based on existing Accounts Payable, forecast loan volumes and operating expenses, and payment terms.
- [4] Post-petition non operating expenses include professional fees associated with the Applicants restructuring and payments made to Third Party Lenders. Forecast professional fee disbursements are based on advisor level estimates of fees that may be incurred during the forecast period.
- [5] Credit Facility Interest includes interest associated with the \$12 million in secured loans provided by the Senior Lenders.
- [6] DIP Interest and Related Fees includes interest and transaction fees associated with the DIP financing.
- [7] DIP Proceeds include anticipated draws from the DIP facility.
- [8] DIP will be paid directly from funds held in Monitor's account.