

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

**1511419 ONTARIO INC., FORMERLY KNOWN AS THE
CASH STORE FINANCIAL SERVICES INC.
AND RELATED APPLICANTS**

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

May 19, 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 1511419 ONTARIO INC., FORMERLY
KNOWN AS THE CASH STORE FINANCIAL SERVICES INC.,
1545688 ALBERTA INC., FORMERLY KNOWN AS THE
CASH STORE INC., 986301 ALBERTA INC., FORMERLY
KNOWN AS TCS CASH STORE INC., 1152919 ALBERTA
INC., FORMERLY KNOWN AS INSTALOANS INC., 7252331
CANADA INC., 5515433 MANITOBA INC., AND 1693926
ALBERTA LTD DOING BUSINESS AS "THE TITLE STORE"

APPLICANTS

**SEVENTEENTH REPORT TO THE COURT
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IN ITS CAPACITY AS MONITOR**

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**") with respect to 1511419 Ontario Inc., formerly known as The Cash Store Financial Services Inc. ("**Cash Store**"), 1545688 Alberta Inc., formerly known as The Cash Store Inc., 986301 Alberta Inc., formerly known as TCS Cash Store Inc., 1152919 Alberta Inc., formerly known as 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. The Stay has been extended a number of times by order of this Honourable Court. On May 13, 2014 the Stay was extended until May 16, 2014 and was subsequently extended until May 20, 2014. On May 17, 2014 the Stay was extended until June 17, 2014. On June 16, 2014 the Stay was extended until August 15, 2014. On August 7, 2014 the Stay was extended until September 30, 2014. On September 29, 2014 the Stay was extended until November 28, 2014. On November 21, 2014 the Stay was extended until February 27, 2015. On February 11, 2015 the Stay was extended to March 6, 2015. Most recently, pursuant to the order of Regional Senior Justice Morawetz dated March 2, 2015, the Stay currently extends to June 1, 2015.
 4. The Applicants, through the CRO, have brought a motion for an order extending the stay of proceedings until September 18, 2015 (the “**Stay Extension Order**”).
 5. The Court approved three asset purchase transactions during the CCAA Proceedings, each of which has subsequently closed. On October 15, 2014 the Court granted an Order approving the transaction contemplated by the asset purchase agreement among the Applicants and National Money Mart Company (the “**Money Mart Transaction**”). On January 26, 2015, the Court granted an Order approving the transaction contemplated by the asset purchase agreement among the Applicants and easyfinancial Services Inc. (the “**easyfinancial Transaction**”). On April 10, 2015 the Court granted an Order approving the transaction contemplated by the asset purchase agreement among the Applicants

and CSF Asset Management Ltd. (the “**CSF Asset Management Transaction**”). Substantially all of the assets of the Applicants have now been sold.

6. The Monitor filed confidential appendices with the Court in respect of the Monitor’s Eleventh, Thirteenth and Sixteenth Reports containing unredacted copies of the asset purchase agreements and bid summaries relating to the Money Mart Transaction, the easyfinancial Transaction and the CSF Asset Management Transaction (the “**Confidential Appendices**”). The Confidential Appendices were sealed by court orders on October 15, 2014, January 26, 2015 and April 7, 2015, respectively.
7. The Monitor understands that the Applicants intend to disclose the purchase price and other financial information related to each of the Money Mart Transaction, the easyfinancial Transaction and the CSF Asset Management Transaction (the “**Transactions**”).
8. The Monitor has filed reports on various matters relating to the CCAA Proceedings. The purpose of this Seventeenth Report is to provide the Court with:
 - (a) the Monitor’s comments and recommendations in respect of the requested Stay Extension Order;
 - (b) a report on budget to actual results; and
 - (c) the Monitor’s comments and recommendations in respect of the Applicant’s intention to disclose the purchase price for the Money Mart Transaction, the easyfinancial Transaction and the CSF Asset Management Transaction.

TERMS OF REFERENCE

9. 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**").
10. 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.
11. The Monitor has prepared this Report in connection with the motion described in the Applicants' Notice of Motion dated May 19, 2015 and the other matters specifically referenced herein. This Report should not be relied on for other purposes (except to the extent a future Monitor's report provides otherwise).
12. 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.

STAY EXTENSION

13. The Applicants have requested an extension of the Stay to September 18, 2015.
14. 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, the easyfinancial Transaction, the CSF Asset Management Transaction and requirements under the Money Mart Transition Services Agreement. The Applicants have also used the Stay Period to participate in discussions with relevant stakeholders regarding the claims asserted in an Ontario consumer class action proceeding brought against Cash Store (among others) and a related motion brought in these CCAA Proceedings which motion is subject to a case management conference on May 20th, 2015.
15. The Cashflow Forecast attached hereto as Schedule “A” demonstrates that the Applicants are projected to have sufficient liquidity to fund their activities without further financing until at least the week ended September 18, 2015. Existing cash and other receipts are estimated to exceed disbursements for the proposed Stay extension period.
16. The Cashflow Forecast indicates that funding for the period would come from proceeds held in the Monitor’s trust account from the various sale transactions concluded by the Company.
17. The proposed extension of the Stay throughout the Stay Extension period requested would, among other things, enable the Applicants to complete final adjustments, reconciliations, and transition matters relating to the Money Mart, easyfinancial and CSF Asset Management transactions. Extending the Stay until September 18, 2015 would also provide the Applicants with the additional time required to continue their consultations with stakeholders with a view to developing a plan of arrangement for the distribution of the remaining assets of the estate.

18. In the upcoming months the Applicants intend to continue their efforts to collect outstanding tax refunds, close down remaining warehouses, finalize the settlement of the securities class action, continue discussions with the Ontario regulatory authorities regarding the collection of certain costs of borrowing (as discussed in the Monitor's Twelfth, Thirteenth and Fifteenth Reports) and deal with various other estate matters as they arise. The Monitor believes that the length of the requested extension is appropriate.
19. Accordingly, the Monitor recommends that this Court grant the Stay extension to September 18, 2015 as requested by the Applicants.

BUDGET TO ACTUAL

20. A summary of the actual receipts and disbursements of the Applicants as compared to the projections for the period from November 1, 2014 to May 1, 2015 (the "**Budget to Actual**") is attached as Scheduled "B". A previous summary of the actual receipts and disbursements for the Applicants for the period April 14, 2014 to October 31, 2014 was contained in the Monitor's Twelfth Report.
21. The Budget to Actual demonstrates that the forecasted cash flow amount exceeded the actual cash flow amount by approximately \$0.25 million. Significant factors in the variance include the following items:
 - (a) Loan repayments and loan disbursements for the direct lending portfolio were below forecast by approximately \$4.0 million and \$2.5 million respectively due to lower loan volumes and non-payment of amounts owed from a business service provider;
 - (b) Other income and receipts, which consist of revenue from ancillary services such as insurance and commission from card sales and money transfers, was below forecast by approximately \$0.67 million. This appears to result from lower volumes and regulatory changes;

- (c) Salary and benefits were above forecast by approximately \$1.48 million due to delayed branch closings and the completion review process the company undertook in the sale of the business to National Money Mart;
- (d) Rent was below forecast by approximately \$0.96 million due to the recovery of more rental deposits than expected;
- (e) Branch closure costs were below forecast by approximately \$1.13 million due to actual closure costs being less than originally forecasted; and
- (f) DIP interest and related fees were below forecast by approximately \$2.03 million as certain interest and related fees were paid directly out of the Monitor's Trust Account.

DISCLOSURE OF PURCHASE PRICES

- 22. The Applicants intend to disclose the purchase price and other financial information related to the Transactions.
- 23. In the Monitor's Eleventh, Thirteenth and Sixteenth Reports to the Court, the Monitor recommended that the Confidential Appendices be sealed to protect the integrity of the ongoing sales process in the event that one or more of the transactions did not close. At this point in time each of the Transactions has been successfully completed and the relevant appeal period has expired.
- 24. The schedules to the asset purchase agreements contained in the Confidential Appendices include sensitive personal information relating to former Cash Store employees, including names, addresses, contact information, salaries and social insurance numbers which ought to remain confidential.
- 25. The Monitor recognizes that the purchase price for each of the Transactions is important to a number of stakeholders in the CCAA Proceedings and is of the opinion that it is no longer necessary for this information to be kept confidential.

26. Given these considerations, the Monitor recommends that this Honourable Court permit the Applicants to disclose the purchase price details for each of the Transactions and allow the Confidential Appendix sealing orders to remain in effect to protect former Cash Store employees' sensitive personal information.
27. The Monitor respectfully submits to the Court this Seventeenth Report.

Dated this 19th day of May, 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

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

Week Ended	5/22/2015	5/29/2015	6/5/2015	6/12/2015	6/19/2015	6/26/2015	7/3/2015	7/10/2015	7/17/2015	7/24/2015	7/31/2015	8/7/2015	8/14/2015	8/21/2015	8/28/2015	9/4/2015	9/11/2015	9/18/2015	Total	
RECEIPTS:																				
Non-Operating Receipts	\$ -	\$ -	\$ 700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,500	\$ 4,200
Asset Sale Proceeds	700	-	-	-	200	200	200	200	200	200	200	300	300	-	600	100	-	-	-	3,400
TOTAL RECEIPTS	700	-	700	-	200	200	200	200	200	200	200	300	300	-	600	100	-	-	3,500	7,600
OPERATING DISBURSEMENTS:																				
Payroll and Benefits	75	-	75	-	55	-	55	-	55	-	35	-	35	-	35	-	35	-	-	455
Operating Expenses	84	84	35	8	15	8	10	36	10	10	10	36	10	10	10	36	13	13	13	435
Rent	70	-	20	-	-	-	-	20	-	-	-	15	-	-	-	15	-	-	-	140
TOTAL OPERATING DISBURSEMENTS	229	84	130	8	70	8	65	56	65	10	45	51	45	10	45	51	48	13	1,030	
OPERATING CASH FLOW	\$ 471	\$ (84)	\$ 570	\$ (8)	\$ 130	\$ 193	\$ 135	\$ 144	\$ 135	\$ 190	\$ 155	\$ 249	\$ 255	\$ (10)	\$ 555	\$ 49	\$ (48)	\$ 3,487	\$ 6,570	
NON-OPERATING DISBURSEMENTS:																				
Professional Fees - Restructuring	156	154	395	154	154	154	154	154	154	154	154	154	154	154	154	123	123	123	123	2,920
Credit Facility Interest	-	125	-	-	-	-	125	-	-	-	125	-	-	-	125	-	-	-	-	500
TOTAL NON-OPERATING DISBURSEMENTS	156	279	395	154	154	154	279	154	154	154	279	154	154	154	279	123	123	123	123	3,420
BoP Cash	\$ 2,228	\$ 2,543	\$ 2,180	\$ 2,355	\$ 2,193	\$ 2,169	\$ 2,208	\$ 2,064	\$ 2,054	\$ 2,036	\$ 2,072	\$ 1,949	\$ 2,044	\$ 2,146	\$ 1,982	\$ 2,259	\$ 2,185	\$ 2,014	\$ 2,228	\$ 2,228
Total Cash Flow	315	(363)	175	(162)	(24)	39	(144)	(10)	(19)	37	(124)	96	102	(164)	277	(74)	(171)	3,364	3,150	
EoP Cash Before New Borrowing	\$ 2,543	\$ 2,180	\$ 2,355	\$ 2,193	\$ 2,169	\$ 2,208	\$ 2,064	\$ 2,054	\$ 2,036	\$ 2,072	\$ 1,949	\$ 2,044	\$ 2,146	\$ 1,982	\$ 2,259	\$ 2,185	\$ 2,014	\$ 5,378	\$ 5,378	
EoP Cash After New Borrowing	\$ 2,543	\$ 2,180	\$ 2,355	\$ 2,193	\$ 2,169	\$ 2,208	\$ 2,064	\$ 2,054	\$ 2,036	\$ 2,072	\$ 1,949	\$ 2,044	\$ 2,146	\$ 1,982	\$ 2,259	\$ 2,185	\$ 2,014	\$ 5,378	\$ 5,378	
Less: Ontario Restricted Cash	(1,928)	(1,928)	(1,928)	(1,928)	(1,928)	(1,928)	(1,928)	(1,928)	(1,928)	(1,928)	(1,928)	(1,928)	(1,928)	(1,928)	(1,928)	(1,928)	(1,928)	(1,928)	(1,928)	(1,928)
EoP Cash After Restricted Cash	\$ 615	\$ 252	\$ 427	\$ 265	\$ 241	\$ 280	\$ 136	\$ 127	\$ 108	\$ 145	\$ 21	\$ 117	\$ 218	\$ 54	\$ 331	\$ 257	\$ 86	\$ 3,450	\$ 3,450	

- Notes:
- [1] The purpose of this cash flow forecast is to determine the liquidity requirements of the Applicants during the forecast period.
 - [2] Non-operating receipts represents reimbursement estimates from National Money Mart and tax refunds.
 - [3] Forecast disbursements from operations are forecast based on existing Accounts Payable and operating expenses.
 - [4] Post-petition non operating expenses include professional fees associated with the Applicants restructuring.
 - [5] Forecast professional fee disbursements are based on advisor level estimates of fees that may be incurred during the forecast period.
 - [6] Credit Facility Interest includes interest associated with the \$12 million in secured loans provided by the Senior Lenders.
 - [7] Use of asset sale proceeds will be used to fund the estate during this forecast period.
 - [8] DIP Exit Fee is expected be paid directly out of Monitor's trust account.
 - [9] The company has submitted a claim for a tax refund. CRA is auditing the claim and verification of any payment has not been made by CRA to date.

Schedule "B" Budget to Actual

Week Ended	Cumulative			
	Actual 5/1/2015	Forecast 5/1/2015	Variance \$ 5/1/2015	Variance % 5/1/2015
RECEIPTS:				
Loan Repayments - Direct Portfolio	\$ 79,403	\$ 83,394	\$ (3,990)	-4.8%
Loan Repayments - Broker Portfolio	354	281	73	26.1%
Loan Fees - Broker Portfolio	-	-	-	0.0%
Other Income Receipts	2,455	3,128	(673)	-21.5%
Non-Operating Receipts	2,589	1,637	952	58.1%
Asset Sale Proceeds	2,500	8,500	(6,000)	-70.6%
TOTAL RECEIPTS	87,301	96,940	(9,639)	-9.9%
OPERATING DISBURSEMENTS:				
Loan Disbursements - Direct Portfolio	67,012	69,541	2,529	3.6%
Loan Disbursements - Broker Portfolio	-	-	-	0.0%
Payroll and Benefits	14,645	13,167	(1,478)	-11.2%
Operating Expenses	5,632	5,448	(184)	-3.4%
Rent	4,514	5,469	955	17.5%
TOTAL OPERATING DISBURSEMENTS	91,803	93,625	1,822	1.9%
OPERATING CASH FLOW	\$ (4,502)	\$ 3,315	\$ (7,816)	235.8%
NON-OPERATING DISBURSEMENTS:				
Professional Fees - Restructuring	6,100	8,562	2,462	28.8%
Branch Closure Costs	100	1,239	1,139	91.9%
Employee Related Restructuring Costs	790	910	120	13.1%
Bond Interest	-	-	-	0.0%
Credit Facility Interest	744	750	6	0.8%
DIP Interest and Related Fees	437	2,467	2,030	82.3%
Third Party Lender Payment	-	-	-	0.0%
Capex	-	6	6	100.0%
TOTAL NON-OPERATING DISBURSEMENTS	8,171	13,934	5,763	41.4%
BoP Cash	14,386	12,586	1,800	14.3%
Total Cash Flow	(12,672)	(10,619)	(2,053)	-19.3%
EoP Cash Before New Borrowing	\$ 1,713	\$ 1,967	\$ (253)	12.9%

Variance Explanations:

1) Operating Cash Flow Variance:	\$ (7,816)		
Direct Loan Repayments		(3,990)	Lower than forecast primarily due to lower loan volumes and non-payment from business service provider
Broker Loan Repayments		73	Higher than initially forecast due to better customer repayment activity
Broker Loan Fees and Other Income		(673)	Lower than forecast due to lower loan volume activity and fewer card product sales
Non-Operating Receipts		952	Due to lower than forecast transition costs and related reimbursement
Direct Loan Disbursements		2,529	Direct loan disbursements lower than forecast primarily due to lower volumes
Broker Loan Disbursements		-	
Salary and Benefits		(1,478)	Higher than forecast due to delayed branch closings
Operating Expenses		(184)	Higher than forecast due to delayed branch closings
Rent		955	Lower than forecast due to rental deposit recoveries
Transfer to UK		-	
Asset Sale Proceeds		(6,000)	Lower use of asset sale proceeds for operations - certain amounts paid from Monitor's Trust Account
Total Variance Description		\$ (7,816)	
2) Non-Operating Disbursement Variance:	\$ 5,763		
Professional Fees - Restructuring		2,462	Professional fees lower than forecast due to timing
Branch Closure Costs		1,139	Lower than forecast due to reduced cost per branch to close
Employee Related Restructuring Costs		120	Lower than forecast due lower vacation and KERP payouts
Credit Facility Interest		6	Lower due to rounding
DIP Interest and Related Fees		2,030	Lower than forecast as certain DIP interest was paid out of Monitor's account
Capex		6	
Total Variance Description		\$ 5,763	
3) Cash Balance Variance:	\$ (253)		
Operating Cash Flow		(7,816)	Described Above
Non-Operating Disbursements		5,763	Described Above
Beginning Cash Balance		1,800	Difference in beginning cash balance
Total Cash Balance Variance		\$ (253)	