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C A N A D A
DISTRICT OF ALBERTA
DIVISION No.: 02 - Calgary
COURT No.: B301-115794
ESTATE No.: 25-3115794

**IN THE MATTER OF THE BANKRUPTCY OF
SERENDIPITY MEDIA LTD.
OF THE CITY OF CALGARY
IN THE PROVINCE OF ALBERTA**

TRUSTEE'S REPORT TO CREDITORS ON PRELIMINARY ADMINISTRATION

The *Bankruptcy and Insolvency Act* provides for a first meeting of creditors. The purpose of this Report is to provide information to the creditors of the Bankrupt for consideration in advance of and/or at the first meeting of creditors.

SECTION A – BACKGROUND

Serendipity Media Ltd. ("**Serendipity**") is a private company incorporated in the Province of Alberta on March 2, 2020, and is wholly owned by the Howell Family Trust. Sarah Howell is the sole director of Serendipity. Serendipity was a Canadian film and television production and distribution company with operations in Alberta, Manitoba, and Ontario, which primarily focused on documentary series. Completed productions are exploited both nationally and world-wide through distribution partners such as Bell Media and Tubi. Deloitte understands that Ms. Howell and her spouse, Ari Taub, directed and managed the day-to-day operations of Serendipity and its subsidiary companies through various subcontractors.

Serendipity generally followed a template film production framework for each of its productions and each production is held in a subsidiary entity referred to as a single-purpose production company ("**SPC**"). Serendipity is the majority shareholder in a total of 71 SPCs.

Serendipity experienced financial difficulty due to unfinished productions, limited revenue sources, and limited collections of outstanding tax credits which are available to Canadian production companies through the federal and provincial governments. As a result, Serendipity's cash flow was negatively affected and Serendipity and/or its subsidiary SPC's and affiliates were in breach of their obligations under various credit agreements with their secured lenders, Bank of Montreal ("**BMO**"), Royal Bank of Canada ("**RBC**"), Bank of Hope ("**BOH**"), and Enlightened Private Capital Inc.

On January 3, 2024, on application by BMO, Deloitte was appointed by Order of the Ontario Superior Court of Justice (the "**ON Receivership Order**"), as receiver and manager (the "**Receiver**") without security of the undertaking and personal property of Serendipity listed at Schedule "B" to the ON Receivership Order, and all of the assets, undertakings and properties of the guarantor entities listed at Schedule "A" to the ON Receivership Order (the "**Initial Debtors**"), acquired for, or used in relation to a business carried on by the Initial Debtors (the "**Property**").

On April 11, 2024, on application of RBC, Grant Thornton Limited was appointed by Order of the Court of King's Bench of Alberta (the "**AB Receivership Order**") as receiver of Angel Three Of Ltd., Ascend Television 1 ON Ltd., Comfort Food 1 ON Ltd., One Dream 1 ON Ltd., the Devil Made Me Do It 1 ON Ltd. (collectively, the "**RBC Borrowers**") and certain undertaking and personal property of Serendipity in relation to the productions of the RBC borrowers.

On July 31, 2024, on motions by the Receiver and BOH, the ON Receivership Order was amended and restated (the "**Amended Receivership Order**") such that the Receiver has now been appointed as receiver and manager without security of:

- the undertaking and personal property of Serendipity listed at Schedule "B" and Schedule "D" of the Amended Receivership Order; and
- all of the assets, undertakings, and properties of:
 - the entities (collectively, the "**BMO Additional Debtors**") listed at Schedule "A" of the Amended Receivership Order; and
 - the entities (collectively, the "**BOH Debtors**" together with Serendipity, and the BMO Additional Debtors, the "**Debtors**") listed at Schedule "C" of the Amended Receivership Order.

Immediately following the appointments in January and July 2024, the Receiver took steps to take possession and control of the respective Debtors' and their assets.

The Amended Receivership Order also specifically authorized and empowered the Receiver to cause any of the Debtors to make an assignment in bankruptcy, and to act in the capacity of Licensed Insolvency Trustee (the "**Trustee**").

On August 13, 2024, Deloitte in its capacity as Receiver of Serendipity filed an assignment in bankruptcy and was duly appointed Trustee on August 14, 2024 (the "**Date of Bankruptcy**").

As part of its dual role as the Receiver and the Trustee and pursuant to the *Bankruptcy and Insolvency Act* (the "**BIA**"), Deloitte has requested its Counsel (as defined below) to prepare an independent legal opinion as to the validity and enforceability of any security interest granted by Serendipity relative to the unsecured creditors of Serendipity and the Trustee. This security review is currently underway and the Trustee will report on its results to the Inspectors at a meeting of the estate's Inspectors once the opinion is complete.

Further details and all documents related to the receivership and the subsequent bankruptcy of Serendipity can be found on the Trustee's website at:

<https://www.insolvencies.deloitte.ca/en-ca/pages/SerendipityMediaLtd.aspx>

In preparing this preliminary report (the "**Report**"), the Trustee has relied upon unaudited financial information prepared by Serendipity's management and agents (collectively "**Management**"), the books and records of Serendipity, and discussions with Management. The Trustee has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Trustee expresses no opinion or other form of assurance in respect of the information. The Trustee may refine or alter its observations as further information is obtained or brought to its attention after the date of this Report.

The Trustee assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of the Report. Any use, which any party makes of this Report, or any reliance or decision to be made based on the Report, it is the sole responsibility of such party.

SECTION B – PRELIMINARY EVALUATION OF ASSETS AND BOOKS AND RECORDS

The reported book values of Serendipity's potential realizable assets as at July 31, 2024 were as follows:

Description	Book Value*	Estimated to produce
Inter-company receivables	\$ 59,273,213	Unknown
Investment in SPCs	4,281,187	1
Accounts receivable	755,536	Unknown
Prepaid expenses	120,000	1
Cash on hand	13,902	13,902
Computer equipment	12,769	1
Office equipment	9,431	1
Furniture and fixtures	6,226	1
Total	\$ 64,472,264	13,907

The books and records of Serendipity are kept electronically and are accessible through online subscriptions/platforms. The Receiver has taken custody and control of Serendipity's books and records and is using them to complete its statutory duties. As Deloitte is both the Trustee and Receiver, the Trustee has access to all of the Debtors' records in the Receiver's possession.

SECTION C – CURRENT STATE OF OPERATIONS

1. Conservatory and Protective Measures

The Receiver took possession of the Serendipity assets over which it was appointed on January 3, 2024, and undertook the necessary conservatory and protective measures, including confirming that insurance was in place over the assets.

Following the issuance of the Amended Receivership Order, the Receiver took possession of the Serendipity assets over which it was further appointed under that order.

On the Date of Bankruptcy, the Trustee took possession of Serendipity and its records. Thereafter the Trustee completed and issued the necessary notices pursuant to the BIA.

2. Carrying on Business

Serendipity ceased operations at the onset of the receivership proceedings; however, the Receiver is continuing operations of certain of the individual SPC's to finish productions and recover available tax credits. The Trustee does not intend to otherwise continue or re-start the Serendipity business.

SECTION D – LEGAL PROCEEDINGS

The Trustee has not commenced any legal proceedings and is not aware of any proceedings commenced against the estate since the Date of Bankruptcy. The Trustee has retained Gowling WLG (Canada) LLP as its legal counsel ("**Counsel**").

SECTION E – PROVABLE CLAIMS

At the time of preparing this Report, creditor claims have been filed against Serendipity which are being assessed by the Trustee.

SECTION F – CREDITORS

The following is a summary of Serendipity's known creditors at the Date of Bankruptcy:

Type of Claim*	Estimated Amount
Secured Claims	\$ 24,069,036
Ordinary Unsecured Claims	2,817,729
Total	\$ 26,886,765

** Estimated amounts are based on the books and records of Serendipity as at July 31, 2024.*

1. Secured Claims

Certain secured creditors have registered security interests against Serendipity. A copy of the claims register is attached hereto and forms part of this Report.

2. Preferred Unsecured Claims

None.

3. Ordinary Unsecured Claims

The ordinary unsecured claims listed above total \$2,817,729. The Trustee estimates that there will be no recovery to Serendipity's unsecured creditors.

SECTION G – TRANSACTIONS AT UNDERVALUE

The Trustee is not yet aware of any transactions at under value. The Trustee has not yet conducted a thorough analysis to determine if any such transactions occurred.

SECTION H – OTHER MATTERS

Costs of the bankruptcy administration will be funded from realizations of Serendipity's assets and/or advances from the Receiver.


An estimated statement of realization is not included with this Report as the Trustee anticipates there will be no realizations in the bankrupt estate.

There are no other reportable matters at this time.

Dated at Calgary, Alberta on the 3rd day of September, 2024.

DELOITTE RESTRUCTURING INC.

In its capacity as Licensed Insolvency Trustee
of Serendipity Media Ltd. and not in
its personal or corporate capacity.



Cassie Poon, CIRP LIT
Senior Vice-President



Jorden Sleeth, CA CPA CIRP LIT
Senior Vice-President

Deloitte Restructuring Inc.**Claims Register**

In the Matter of the Bankruptcy of
Serendipity Media Ltd.
of the District Municipality of Rocky View County, in the Province of Alberta

Insolvency Date: 14-Aug-2024
Estate Number: 25-3115794

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
Secured creditors						
1. 7032749 CANADA INC.	No	Not proved		1.00		
2. BANK OF HOPE	No	Not proved		1.00		
3. BANK OF MONTREAL	No	Not proved		19,112,224.50		
4. CONNECT FIRST CREDIT UNION LTD.	No	Not proved		1.00		
5. RBC Royal Bank / Banque Royale Attn: c/o BankruptcyHighway.com	No	Not proved		4,956,808.92		
Total : Secured creditors				24,069,036.42		
Unsecured creditors						
1. AFNET T/A ADNET MEDIA	No	Not proved		66,295.68		
2. Ally Shariff Professional Corporation	No	Not proved		23,100.00		
3. BDO Canada LLP	No	Not proved		4,927.67		
4. Cactus Tree Entertainment LLC	No	Not proved		13,811.60		
5. CRA - Tax - Prairies 74409 6678 RT0001	No	Not proved		2,551,452.01		
6. ERP Success Partners, Inc.	No	Not proved		14,112.00		
7. Fawty Four Studio Pty Ltd	No	Not proved		12,706.67		
8. HALL WEBBER LLP	No	Not proved		3,542.55		
9. Joe Packard	No	Not proved		10,500.00		
10. Leah Primeau	No	Not proved		9,379.25		
11. LevelFILM Inc.	No	Not proved		9,450.00		
12. McEwan616	No	Not proved		1,695.00		
13. Oracle Canada ULC	No	Not proved		36,201.06		
14. Platform Law Lawyers	No	Not proved		4,070.26		
15. Rights Tracker Limited	No	Not proved		4,212.54		
16. Shane Jackson	No	Not proved		1,941.19		
17. Taub Law Office	No	Not proved		27,006.39		
18. Tax and Revenue Administration Attn: Colleen Adair, Alberta Finance and Enterprise	No	Not proved		1.00		
19. Watts Entertainment Group	No	Not proved		23,323.48		
20. WORKERBEE.TV, INC.	No	Not proved		1.00		
Total : Unsecured creditors				2,817,729.35		
Grand Total:				26,886,765.77		