



BDO Dunwoody Limited
Financial Recovery Services

305 King Street West Suite 401
Kitchener Ontario Canada N2G 1B9
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www.bdo.ca

District of: Ontario
Division No: 08 - Waterloo
Court No: 35-1232404
Estate No: 35-1232404

FORM 92
Notice of Proposal to Creditors
(Section 51 of the Act)

In the matter of the bankruptcy of
Kids Link International Adoption Agency
of the City of Cambridge, in the Regional Municipality of Waterloo, in the Province of Ontario

Take notice that Kids Link International Adoption Agency of the City of Cambridge in the Province of Ontario has lodged with us a proposal under the Bankruptcy and Insolvency Act.

A copy of the proposal, a condensed statement of the debtor's assets, and liabilities, and a list of the creditors affected by the proposal and whose claims amount to \$250 or more are enclosed herewith.

A general meeting of the creditors will be held at The Holiday Inn, 30 Fairway S, Kitchener, ON on the 21st day of September 2009 at 10:00 o'clock AM

The creditors or any class of creditors qualified to vote at the meeting may by resolution accept the proposal either as made or as altered or modified at the meeting. If so accepted and if approved by the court the proposal is binding on all the creditors or the class of creditors affected.

Proofs of claim, proxies and voting letters intended to be used at the meeting must be lodged with us prior to the commencement of the meeting.

Dated at the City of Kitchener in the Province of Ontario, this 4th day of September 2009.

BDO Dunwoody Limited - Trustee

BDO DUNWOODY LIMITED

305 King Street West Suite 401
Kitchener ON N2G 1B9
Phone: (519) 570-4000 Fax: (519) 576-5227

FOR MORE INFORMATION VISIT:
www.bdo.ca/ImagineAdoption



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Estate No. 35-1232404

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IN THE MATTER OF THE PROPOSAL OF
KIDS LINK INTERNATIONAL ADOPTION AGENCY
o/a IMAGINE ADOPTION

OF THE CITY OF CAMBRIDGE, IN THE REGIONAL MUNICIPALITY OF WATERLOO, IN THE
PROVINCE OF ONTARIO.

REPORT TO CREDITORS

We, BDO Dunwoody Limited, Trustee of the proposal Kidslink International Adoption Agency o/a Imagine Adoption ("Imagine"), hereby report to his Creditors as follows:

That Imagine made a proposal on the 3rd day of September, 2009 and that we filed a copy of the proposal with the Official Receiver on the 4th day of September, 2009.

That we have investigated, or caused to be investigated, Imagine's property and financial affairs so as to be able to assess with reasonable accuracy the debtor's financial situation and the cause of Imagine's insolvency.

That a condensed statement of the debtor's assets, liabilities and a list of the creditors of the debtor whose claims exceed \$250 was issued at the date of bankruptcy and is therefore not attached (Section 51(1)).

That we are of the opinion that the cause or causes of the insolvency of the debtor are as follows:

Rapid growth of clientele, limited management oversight of operations and costs and possible misuse of funds.

Creditors Eligibility and Participation

To participate in this Proposal process a creditor must have filed with the Trustee a Proof of Claim in the prescribed form, along with a Schedule "A" laying out the details of the claim. Pursuant to the Act, the claim should be for the amount owing at the date of bankruptcy July 14, 2009. Enclosed herein is a Proof of Claim for completion for those who have not already done so.

Any creditor who does not file a Proof of Claim prior to the appointed time and date of the creditor's meeting is still eligible to receive dividends as prescribed under this Proposal.

To retain voting rights, a creditor **must** file their Proof of Claim in the prescribed manner with the Trustee **before the date and time set for the creditors' meeting**. A creditor may cast their vote either in favour or against the Proposal in one of the following manners:

1. By completing and submitting the enclosed "voting letter", indicating your vote either for or against;
2. By attending the creditors meeting in person to cast your vote. In the case another individual will be attending the meeting on your behalf, the attached proxy must be duly completed indicating the name of your representative intends to vote on your behalf.

At the creditor's meeting and after any discussion or questions with regard to the Proposal, the creditors shall vote on the Proposal. For the Proposal to be accepted, the resolution must have a majority of unsecured creditors in numbers voting in favour, and of that majority there must be represented 2/3 or

66.6% of the creditors in dollars. This calculation is based on only those creditors who are present either in person or by proxy or by voting letter. Any creditors who are present either in person or by general proxy who abstains from the vote would not be included in the calculation required to obtain the majority in numbers and 2/3 in dollars required to accept the Proposal.

Should the Proposal not be accepted, the bankruptcy of Imagine will be restored.

Analysis and Recommendation of the Trustee

The proposal of Imagine Adoption has been developed so that the adoption processes for the 300+ families affected by the bankruptcy of the company can continue. The payout in the proposal to the unsecured creditors and the landlord is slightly less than in a bankruptcy. However, these creditors will receive the proposal payout in early 2010. The bankruptcy payout could be many months considering the claim to trust funds and the investigations underway to possibly recover funds.

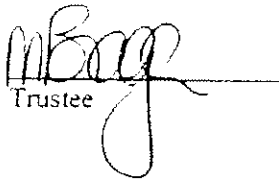
Families affected by the bankruptcy are electing to forego a dividend in hopes of generating a viable restructured company. The conclusion of these adoptions outweighs the economic recoveries from a bankruptcy from the family prospective.

	Anticipated Dividends	
	<i>Bankruptcy</i>	<i>Proposal</i>
Unsecured Creditors	7.3%	10% or \$20,000
Family Claims	7.3%	0%
Landlords	7.3%	10% or \$20,000

Dated at Kitchener, this 4th day of September, 2009.

BDO DUNWOODY LIMITED, Trustee

Per:


Trustee

ONTARIO COURT OF JUSTICE
(GENERAL DIVISION)

IN THE MATTER OF THE PROPOSAL OF
**KIDS LINK INTERNATIONAL ADOPTION AGENCY
O/A IMAGINE ADOPTION**

OF THE CITY OF CAMBRIDGE
IN THE REGIONAL MUNICIPALITY OF WATERLOO
IN THE PROVINCE OF ONTARIO

PROPOSAL

BDO Dunwoody Limited - Kitchener
Trustee in Bankruptcy of
Imagine Adoption

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EXHIBITS

A-Defined Terms

B-Bankruptcy Documents - Creditor Meeting Minutes

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F-Operating Mandate/Board of Directors/Advisory Committee/Key Staff /

Operating Premises

PROPOSAL

KIDS LINK INTERNATIONAL ADOPTION AGENCY O/A IMAGINE ADOPTION ("Imagine Adoption"), the above debtor, hereby submits the following Proposal to all of its creditors pursuant to the *Bankruptcy & Insolvency Act* (the "Act").

1. Defined Terms

In and for the purposes of this Proposal, various terms have defined meaning (Exhibit A).

2. General Intent

The purpose of this proposal is to effect a restructuring of the business and affairs of Imagine Adoption. The expectation is that all Creditors and stakeholders will derive a greater benefit than a bankruptcy proceeding.

3. Pre Proposal Operating Information

Imagine Adoption operated to arrange and conclude the adoption by Canadian families of children from various countries. It is operated by a volunteer Board of Directors that then hired staff for day to day operations.

Effective July 14, 2009, Imagine Adoption was placed into bankruptcy by a voluntary assignment executed by the Directors. BDO Dunwoody Limited is the Trustee in Bankruptcy. At the First Meeting of Creditors held on July 30, 2009, the creditors directed BDO to continue discussions related to the feasibility of filing a proposal (Exhibit B).

The Trustee in Bankruptcy, pursuant to Section 50 of the Act, may file a proposal. This is subject to Bankruptcy Inspectors' review and approval which occurred by September 4. The larger body of creditors as outlined herein has received communication since July 30 through the Bankruptcy website (Exhibit C) and /or Family Steering Committees that have been set up by the families.

This proposal consists of more than financial requirements considering the not for profit status, volunteer Directors and international/provincial licensing. The proposal terms, outlined herein below, include the following:

- Operating structure.
- Financial terms.
- Monitoring parameters for financial and other milestone priorities and events.

4. Secured Creditor Claims Status

There are no claims of secured creditors anticipated. The Trustee in Bankruptcy is aware of the following secured contracts:

- Two leased vehicle agreements. The vehicles have been returned through the Bankruptcy administration. Any obligation would be an unsecured claim should any

shortfall result from the leasing company realizations of the vehicles. Payment of such amounts to be included as ordinary creditors.

- Leased computer contracts. Assets to be returned. Any deficiency to be included as ordinary creditors. Should the new operations negotiate ongoing lease and ownership arrangements, a deficiency claim may be less.

5. Preferred Creditors Claims Status

The Trustee in Bankruptcy is aware of the following preferred creditors:

- Section 136 (1)(d) of the Act - Employee wages and vacation pay
These amounts were paid to the date of bankruptcy. No preferred claims are anticipated for wages and vacation pay.
- Section 136 (1)(f) of the Act - Landlords
There were three office space landlords. The leases were disclaimed by the Trustee in Bankruptcy following the July 30th creditor meeting and prior to the filing of this proposal.
 - The landlords would be entitled to file claims as outlined in Exhibit D and considering Section 65.2(4) and 65.21 of the Act and the disclaimed agreements.

These creditors have been separately identified for a payment from the proposal considering requirements of the Bankruptcy and Insolvency Act.

6. Ordinary Creditors Claims Status

Ordinary creditors consist of the following categories and will include contingent or unliquidated claims arising out of any transaction entered into prior to the Date of the bankruptcy or Proposal:

- Trade creditors being general suppliers of service and product to Imagine Adoption. These total \$ 103,743 for 25 creditors for claims filed in the bankruptcy as at August 21, 2009 (Exhibit E).
- Secured creditor deficiency claims. Unknown values at this time.
- International costs for affiliate licenses/accreditations, orphanage structures, employees, other contracts. These costs are unknown but expected to be assessed by the new management team. Payments for ongoing relationships will be assessed and reported for the proposal monitoring and if funding is required a summary will be prepared including any impact on the proposal.
- Families with open files for adoptions to be completed or those with completed adoptions still active for reporting and other administration. This is for any country of adoption. These total approximately 350 families. Details of the family files and status were provided to the new management team in assessing future operations and cash flow needs.

There is one group of families specifically excluded from this proposal. The Saint Anne families were identified at the date of bankruptcy of Imagine Adoption in the event they had a contingent claim against any funds realized in the Imagine Adoption bankruptcy. This proposal does not intend to provide any ongoing service for these adoption files. It also does not include any distribution to creditors of Saint Anne.

Effective August 14th, Saint Anne is bankrupt. The banking review and other investigations are on going that may affect both Imagine Adoption and Saint Anne. In the event there are recovery of funds that related to Saint Anne activity, these funds will be held by the Trustee in Bankruptcy of Saint Anne to be distributed to creditors of Saint Anne. Any funds recovered for Imagine Adoption are noted below. The creditor meeting for Saint Anne was held on September 1, 2009

7. **Proposal Terms - Day to Day Operating Structure**

Imagine Adoption ceased operations at the date of bankruptcy. The volunteer Board of Directors has been inactive since that time and all staff were terminated at or prior to the bankruptcy.

The management of any reinstated Imagine Adoption is critical to the success of any restructuring plan. The new governance and operating structure will be as follows (Exhibit F):

- Operating mandate
- Board of Directors
- Advisory Committee
- Key staff.
- Operating premises and other day to day needs

The Ontario provincial license to complete adoptions is also required. The Ministry is aware of this proposal and the proposed new management. They are aware an application will be submitted to renew the license by this new group and have not suggested concerns at the time of preparing this document. Any foreign licensing will be addressed immediately by the new management team.

8. **Proposal Terms - Creditor Dividend Payments**

From monies held by the trustee pursuant to this proposal, less the Trustee's administration fees and expenses, as referenced in paragraph 16, the following dividends shall be made:

Preferred creditors as set out in paragraph 5 hereof:

- The landlord claims to be paid pursuant to Section 65.1 of the Act total \$152,000 (Exhibit D). A voluntary reduction of the claim and dividend is being requested. A dividend from the proposal funds to be the lessor of 10% of the claims that could be filed or an aggregate of \$20,000 to be paid on a pro rata basis between the claims.
- Wage claims – none expected however payment from the proposal to comply with the Bankruptcy and Insolvency Act section 136.

Secured creditors as set out in paragraph 3 hereof:

- Should deficiency claims be filed, these will be included as Ordinary Creditors per paragraph 5 above.

Ordinary creditors (trade and secured only) as set out in paragraph 5 hereof:

- Trade and secured creditors to be paid the lessor of 10% or an aggregate of \$20,000 to be paid on a pro rata basis between all creditors in this category.

The above amounts shall be paid as proposal dividends 6 months after Court Approval of the Proposal from available monies and as outlined in paragraph 10.

9. **Proposal Terms – Family Related**

There are creditor claims by families that can be identified in the following general categories:

- Referrals completed or close to completed for various countries.
- Early stage files (with fees still due) without referrals for countries.
- Completed files with ongoing reporting required.

No funds are anticipated to be paid to the families other than amounts noted below (Section 12) as recovered from investigations.

Families are being requested to provide funds (“renewal fee payments”) and sign a renewal contract to restart the operations. These will be added to the funds seized by BDO at the date of bankruptcy to provide to the new management. The renewal fee payments are \$2,000 in 2009 and \$2,000 in March 2010.

Any fees still due according to the Imagine Adoption agreements will have to be paid at the time of service for those families identified as Early Stage files. This will be in addition to the renewal fee.

The viability of adoptions from all countries will be assessed by the restructured company. Should a program through a particular country not be available, affected families will have the option of transferring their adoption process to another country. They will maintain the same status and priority based on their application start date of their original program country.

Families with completed adoptions will not be required to enter into a new agreement nor provide any further contract fee. These families are expected to be able to manage future reporting independent of Imagine Adoption. A fee for service will be arranged and charged should further file or reporting be required by these families.

In the event by February 2010 this restructuring plan is not successful, the balance available of renewal fee payments will be returned to contributing families on a pro rata basis.

10. **Proposal Terms - Funding of the Dividend Payments**

BDO Dunwoody Limited as the Trustee of the proposal shall retain the funds required for the amounts in paragraph 8 above from the funds seized at the date of bankruptcy. In the event the new Board of Directors and/or management do not pay these amounts from regular operations at the specified dates, BDO will disburse the funds. Alternatively, BDO will release the funds to the new Board of Directors and/or management upon receiving copies of cancelled cheques for the payment of the specified creditor dividend amounts.

11. **Proposal Terms – Ongoing Funding**

The projections and cash flow of the new operations have been prepared by the new management team. These are available should creditors wish to review them. They were reviewed in detail by BDO and the Inspectors with the new management team.

The projections for the new operations include renewal fee payments as noted in Section 9 (\$2,000 plus \$2,000), possible donation activity as well as expense monitoring that will be required for the reinstated operations. There are, as always, uncertainties in projections. This is why the Monitoring Section below is critical.

12. **Proposal Terms – Recovery of funds from Investigations and Payout**

The Trustee, with a police investigation, is reviewing activity in the bank accounts of Imagine Adoption and Saint Anne. In the event there is any recovery of value from this work, the funds will be held by the Trustee in the Bankruptcy or Proposal. These funds will be distributed to creditors identified at the date of bankruptcy (July 14, 2009) on a pro-rata dividend basis. The funds would not be provided to a reinstated organization operating pursuant to this proposal.

13. **Tax Filings - Canada Customs and Revenue Agency/Ministry of Finance/Other**

Imagine Adoption will file on a current basis post proposal all returns and remittances as required by law to include specifically payroll source deduction, GST, PST, Corporate returns. Any liabilities associated with these post proposal filings shall be paid in full by Imagine Adoption and in the ordinary course as required by law.

Failure to conform to the foregoing requirements shall constitute a default under this Proposal of which Canada Customs and Revenue Agency may advise the Trustee in writing, which, if unremedied after 10 days from the date the notice is received by the Trustee, shall constitute a default under the Proposal and the Proposal shall be deemed to be in default.

Any outstanding returns at the date of bankruptcy or filing of the proposal will be prepared and filed with any amounts due to be included in the ordinary trade creditors for proposal dividend payment. There may be amounts payable in priority to ordinary creditors that will be identified and paid if required. Based on audits to date, no large amounts are expected.

14. **Monitoring**

The Trustee is hereby granted authority by Imagine Adoption and the creditors to monitor the operations as outlined herein or as modified by the Proposal Inspectors. The purpose of the ongoing monitoring is for the Trustee to review activity for compliance with the terms of this proposal. Any costs, disbursement, transaction of engagement made by Imagine Adoption, considered at the sole discretion of the Trustee to be outside the realm of ordinary operations or in the best interests of the general body of creditors, shall be reported by the Trustee to the Proposal Inspectors for consideration as default under this Proposal.

Pursuant to the Bankruptcy and Insolvency Act, the Trustee is not considered in any way to be in a capacity of controlling the operations of Imagine Adoption. The creditors hereby acknowledge that the monitoring and reporting of the Trustee shall consist of the review and questioning of the information presented by Imagine Adoption to the Trustee.

Specific milestones and priorities to be monitored include the following:

- Board meeting minutes will be made available to the required parties as per the bylaws of Imagine Adoption within 5 business days of any meetings. These may be circulated

by the organization. However, in addition, copies will be provided to the Monitor for posting on the Imagine Adoption bankruptcy web site.

- Board meetings will occur at a minimum of once every 3 weeks during the proposal period.
- Advisory Committee meetings will be circulated in the same manner as Board minutes
- There will be a required minimum number of renewal agreements and payments. This restructuring plan will fail without the majority of the 350 families renewing. The number of renewal agreements will be reported weekly following October 1, 2009 to assess if enough families are participating.
- Assessment of adoption programs for all countries to be completed as soon as possible and no later than February 2010.
- Assessment of the long term need for a transition home including related costs. To be considered by February 1, 2010.
- Assessment of orphanage relationships, ongoing needs, financial requirements and other issues. To be considered by February 1, 2010.
- Review of actual monthly costs of operations compared to projections for first three months to December 31, 2009. To be completed by January 15, 2010.
- Review of progress on family matching to be completed for first six months of operations to March 31, 2010. To be completed by April 15.

The ongoing role of the monitor will be reviewed after June 30, 2010. The operations and activities during that time should indicate if this proposal has long term feasibility. The discharge of the monitor and completion of the proposal is anticipated at that time subject to the results.

15. Inspectors

At a meeting of ordinary creditors and preferred creditors to consider this proposal, such creditors may appoint up to five Proposal Inspectors whose powers shall be

- (a) to advise the trustee from time-to-time on any matter the trustee may refer to them; and,
- (b) to approve on behalf of the creditors any decision of the Trustee relating to any matter not contained in this Proposal which the Trustee may refer to them from time-to-time, including but not limited to the foregoing, any extension of time of payment by the debtor to the Trustee or dividend to the creditors as required under this Proposal.

The Trustee shall notify the Proposal Inspectors of any event of default of which the Trustee becomes aware of and the Trustee shall hold a meeting of Proposal Inspectors following such notice for the purpose of obtaining the instructions of the Proposal Inspectors with respect to such event of default. Any decision, direction or act of the Proposal Inspectors may be referred to the Court by the trustee and the Court may confirm, reverse or modify the decision, direction or act of the Proposal Inspectors and make such other order as it thinks just.

16. Administration Fees and Expenses

All expenses and disbursements of the Trustee in and incidental to the proceedings arising out of the Proposal plus all fees of the trustee shall be paid in priority to all claims (Preferred Creditors, Post filing Creditors, Ordinary Creditors, Canada Customs and Revenue Agency, any others). The Trustee may draw its fees from time-to-time subject to Proposal Inspector approval or approval by taxation of such fees by the Court. In the event of any default under the terms of this Proposal, all

such fees and expenses as described herein shall remain as Trustee's fees and be paid in priority to all claims. The Trustee fees shall be based on the time expended and charged by the Trustee at its normal billing rates as set from time-to-time.

An amount of \$50,000 will be retained by the Trustee from funds held in the bankrupt estate for purposes of paying fees as outlined in this paragraph.

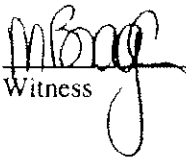
17. **BDO Dunwoody Limited**

BDO Dunwoody Limited shall be the Trustee under this proposal and upon payment of the dividends provided for in this proposal and completion of the monitoring, the Trustee will be entitled to be discharged from its obligations under the terms of this Proposal. The Trustee is acting in its capacity as Trustee under this Proposal and not in its personal capacity and shall not be responsible or liable for any obligations of Imagine Adoption.

DATED at Kitchener the 3rdth day of September, 2009.


KIDS LINK INTERNATIONAL ADOPTION AGENCY O/A IMAGINE ADOPTION

Witness



Witness

Restructuring Board Chair
Scott Farrell



BDO Dunwoody Limited
Trustee in Bankruptcy of Imagine Adoption
Susan E. Taves, CA-CIRP
Senior Vice President

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An amount of \$50,000 will be retained by the Trustee from funds held in the bankrupt estate for purposes of paying fees as outlined in this paragraph.

17. **BDO Dunwoody Limited**

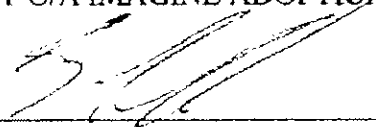
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DATED at Kitchener the 3rdth day of September, 2009.

KIDS LINK INTERNATIONAL ADOPTION AGENCY O/A IMAGINE ADOPTION



Witness



Restructuring Board Chair
Scott Farrell

Witness

BDO Dunwoody Limited
Trustee in Bankruptcy of Imagine Adoption
Susan E. Taves, CA-CIRP
Senior Vice President

EXHIBIT A

1. Defined Terms

In and for the purposes of this Proposal, the various terms have the defined meaning:

- (i) "**Act**" means the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3, as amended;
- (ii) "**Administration Fees and Expenses**" means the fees and expenses incurred by or on behalf of the Trustee, as more particularly described in paragraph 9 of this Proposal;
- (iii) "**Bankruptcy Inspectors**" means the person appointed or elected as Inspectors on July 30, 2009 or any replacement Inspector, pursuant to the Act for the Bankruptcy proceedings.
- (iv) "**Debtor**" means KIDS LINK INTERNATIONAL ADOPTION AGENCY O/A IMAGINE ADOPTION;
- (v) "**Court**" means the Ontario Court of Justice (General Division) in Bankruptcy;
- (vi) "**Date of the Proposal**" means September 4, 2009, being the date on which the Proposal is filed with the Official Receiver in accordance with the Act;
- (vii) "**Ordinary Creditors**" means those persons with unsecured claims as at the Date of the Proposal which are proven in accordance with the Act and which are not secured or preferred under or pursuant to the Act;
- (viii) "**Preferred Creditors**" means those creditors of the Debtor whose claims are entitled to be paid in priority to the claims of Ordinary Creditors as provided in Section 136 of the Act;
- (ix) "**Proposal Inspectors**" means the person appointed or elected as Inspectors pursuant to the Act in respect of this Proposal for the Debtors;
- (x) "**Secured Creditors**" means those creditors of the Debtor who hold valid and enforceable mortgages, charges, liens, security interests and other encumbrances against any of the property or assets of the Debtors;
- (xi) "**Trust Account**" means a Trust Account to be established by the Trustee forthwith following approval by the Court of their Proposal;
- (xii) "**Trustee**" means BDO Dunwoody Limited or its duly appointed successor.

District of: Ontario
Division No.: 35-1232404
Estate No.: 35-1232404

IN THE MATTER OF THE BANKRUPTCY OF:

Kids Link International Adoption Agency
DEBTOR

BDO Dunwoody Limited
TRUSTEE

ORDINARY ADMINISTRATION

Minutes of the First General Meeting of Creditors:

Date: July 30, 2009 Time: 9:30 am

Place: Holiday Inn, Kitchener, Ontario

Chairperson: Glenn Schmid Official Receiver: Glenn Schmid

ATTENDANCE

The attendance is recorded as per the attached list.

QUORUM

The chairperson examined the proof of notification, proofs of claim and established that a quorum was present.

CALL TO ORDER

The chairperson declared the meeting legally constituted and called the meeting to order.
Meeting recessed to allow creditors waiting in line by 9:30 to register and attend the meeting.

Meeting reconvened at 9:51 am.

Name: Julie Stewart Representing: Atlantic Region Creditors

Phone:

Email:

Name: Lianne Armstrong Representing:

Phone: Fax:

Email:

Name: Jo Anne Barber Representing:

Phone: Fax: n/a

Email:

Name: Bernadette Quemerais Representing:

Phone: Work Phone:

Email:

MOTION TO APPOINT NOMINATED INSPECTORS

Moved by: Ingrid Phaneuf Seconded by: Amina Mohamed

Motion accepted by majority of creditors by vote

CREDITOR OBJECTIONS

None

TRUSTEE INSTRUCTIONS

The trustee will proceed to draft a Proposal to be put forth to the creditors.

SECURITY

The security set by the Official Receiver is Nil.

OTHER BUSINESS

Organize a lunch for everyone (instigated by steering committee).

ADJOURNMENT

There being no further business, the meeting is adjourned. Time: 12:04 pm.

Moved: Cheshmak Sims Seconded: Karen Black

Motion accepted by majority of creditors by vote.

Glenn Schmid

Chairperson

451 Talbot Street, Room 303, London, Ontario N6A 5C9 (519) 645-4034

Attendance List

Date: _____

Estate Number: _____

Debtor & Representatives:

Family names are confidential

Trustee & Representative:

Official Receiver:

Creditor Meeting and Future Activity

July 31, 2009

The creditor meeting occurred on July 30th. Thank you to all who participated to address various issues. Some specific milestones and priorities were determined as follows.

The Trustee/BDO is to continue discussions with a group looking to reactivate a Board of Directors. Their credentials appeared to fit certain requirements of operating an adoption agency. The next milestone is in 2 to 4 weeks with a report regarding a future governance structure, impact on creditor claims, family/adoption file management, business and financial requirements as well as Bankruptcy Court process.

The financial activity of the organization prior to the bankruptcy will continue to be reviewed. This will be in conjunction with any police investigations. The objective of recovering funds, where appropriate, continues to be a focus of these activities.

All funds continue to be held in the bankrupt estate by the Trustee pending the review to reactivate operations. At this time, funds are not being distributed to any creditors considering the activities during the next 2 to 4 weeks.

There were five individuals appointed as Inspectors to assist the Trustee where necessary. There was a meeting yesterday with discussions regarding office space, legal counsel, family file management and any restructuring. Minutes of these meetings will be prepared and posted as possible. There will be no significant decisions by this group without notice to all creditors/families.

Finally, families are concerned to know the status of their file or to simply get their file. We are working to have someone available to communicate with families with an update on the status of their adoption file. This will be set up within the coming week. For families who simply want their files, please provide instructions in writing as to who should get your file (yourself or agency). We will address these requests and forward files.

Update: August 14, 2009 – Since July 31st.

Friday August 14th was two weeks since the creditor meeting. There has been ongoing progress on a number of priorities and milestones. This is a summary of the activities since July 30th.

Saint Anne Corporation

This agency has been on hold since the bankruptcy of Imagine Adoption. However, there have been many discussions with families, the authorities and other stakeholders related to Saint Anne. This agency has limited funds and does not have management or a Board in place to continue any operations.

A Director's meeting was held on August 13th to consider ongoing activity of this agency related to Ecuador adoptions. A voluntary bankruptcy was signed by the one Director, Andrew Morrow, and documents filed with the Office of the Superintendent in Bankruptcy. Notices will be mailed to those creditors and posted on this web site shortly. BDO is the Trustee of that estate.

The Ontario ministry is aware of the bankruptcy. We understand that they are reviewing adoptions from Ecuador and future steps if any. We are waiting for final direction regarding the files. BDO does not anticipate a restructuring of Saint Anne similar to Imagine Adoption because of the limited funds and the files to be managed (approximately 30). However, this will be reviewed and monitored during the coming weeks.

File Transfer Requests

There continues to be the objective of maintaining privacy and security of the family files along with their ability to obtain and/or relocated their file. Since the July 30th meeting, we have received approximately 25 requests for files. We are proceeding to release these files. Please see comments below regarding a restructuring plan should families wish to leave the file with Imagine Adoption pending further reports.

File Status Requests

BDO recognizes the emotional stress given the uncertainty of a family's adoption status. We have received calls requesting updates if referrals have occurred, where a file is on the list for a referral, if all documents are in the file. We have attempted to respond through Ms. Barber the prior Imagine Adoption employee doing contract work for BDO as Trustee.

The overall status is that the files of no child matches are generally in the same position as at July 14 when the bankruptcy occurred. This would have been as last communicated to families by a case worker of Imagine Adoption. The continuation of the process will occur after an approved restructuring plan is in place (see below).

Concluded placements from transition home in Ethiopia

The paperwork, placements and travel home for children continues to proceed for children who were in the transition home at July 14th. The transition home costs continue to be funded with the Yamana Gold gift.

The following is the current status of the placements for these children since July 14th.

Travelled Home	16
Ready to Travel Home by Sept 1	18
Waiting Visas – travel expected after Sept. 1	3
Court date in August	1
Court date in October	5
Children for other Orphanages	3
Additional Child located matched for Court process in October	1
Total	47

BDO ensures well being of children in transition home

A short-term priority for BDO, as Trustee, continues to be the care of the children in the transition home. During the week of August 10th, there were parent concerns raised about care and certain children.

BDO obtained a written report, dated August 12, 2009, from the doctor in Ethiopia for the children. He confirmed that there is 24 hour nursing on site, twice weekly physical checkups, menu and nutrition monitoring. They are focused on and prioritizing proper care.

He reported on two specific case concerns being low iron and malnutrition. The iron diagnosis was already identified and considered to be “physiologic anemia of infancy”. Iron supplementing at an early age is associated with increased mortality based on their reports, studies and treatment. They encourage ongoing monitoring by the adoptive family as the child develops. The malnutrition situation was evident when the child was transferred to the transition home and was being addressed.

We will continue to monitor this as concerns are identified as the childrens’ care is a priority.

Post Adoption Reports

Families should continue to send these reports to the Imagine Adoption mailing address or to the BDO Kitchener office mailing address. The Imagine Adoption mail is being forwarded to BDO. Copies are being made for the file as well as being forwarded to the appropriate country representative.

Saint Anne families should have received other instruction as of August 14th. As confirmed by the Ministry of Children and Youth Services, these reports should be forwarded to their offices. They will be translated and sent to Ecuador.

Possible Restructuring Plan

This priority was discussed at the creditor meeting. This is the possibility to file a proposal pursuant to the Bankruptcy and Insolvency Act to allow the organization to be reinstated. A timetable of 2-4 weeks was indicated. This would end at August 28th.

Since July 30th and the creditor direction, there have been numerous discussions and meetings along with shared information to address this priority of a possible reinstatement of Imagine Adoption. The financial

needs along with family, creditor and other stakeholder requirements have been the focus of all discussions.

BDO along with the proposed new Board continues to work on this priority. We plan to provide a draft to certain stakeholders, including the Inspectors, within the next two weeks. This will keep us on track with the 2-4 week timetable originally estimated.

Ghana Families

There have been several discussions with one particular representative for the Ghana families as well as the Inspectors (see below). We have continued to discuss Ghana with the licensing Ministry and legal counsel/adoption expert. The Ghana program may be a concern given government statements during 2008/9 of possible child trafficking by the contact orphanage and the Canadian contact.

The restructuring plan involves many issues including assessing countries to continue with adoption relations. There has never been an adoption completed from Ghana by Imagine Adoption. Thus, Ghana may require an independent review of relations and possible future adoption activity given the lack of answers to the issues surrounding Ghana adoptions. This is being considered for the restructuring proposal.

Inspectors

There was a second meeting of the Inspectors during the week of August 10th. They have provided comments and direction to the Trustee in considering communication, the proposal restructuring, family considerations and other matters of this bankruptcy. We expect to post some details of these meetings to this web site shortly so that all creditors are up to date on those meetings.

Conclusion

Thank you for your continued patience. BDO was providing very frequent updates until July 31st. The past two weeks has seen few updates given the other ongoing work. We will update the website regularly as information becomes available and provide some comment by Monday August 24th.

Sincerely

BDO Dunwoody Limited
Trustee in Bankruptcy

**Landlord Proposal Claim Calculations
Section 65.2(4) of the Act**

352 Queen Street, Cambridge

Lease Term: March 1, 2007 Commencement of 5 year lease
NOTE: LANDLORD CONFIRMED NO CLAIM TO BE FILED
Lesser of:

Rent - One Year From Disclaimer	\$ 28,772.10	
15% of Rent - Remainder of Term	\$ 7,193.03	
Total	<u>\$ 35,965.13</u>	x

OR

3 Years Rent	<u>\$ 76,725.60</u>
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780 King Street, Cambridge

Lease Terms:
Lesser of:

Rent - One Year From Disclaimer	\$ 70,374.60	
15% of Rent - Remainder of Term	\$ 21,112.38	
Total	<u>\$ 91,486.98</u>	x

OR

3 Years Rent	<u>\$ 211,123.80</u>
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410 Hespeler Road, Unit 4B, Hespeler

Lease Terms: August 15, 2006 Commencement of 5 year lease
Lesser of:

Rent - One Year From Disclaimer	\$ 22,100.76	
15% of Rent - Remainder of Term	\$ 3,531.37	
Total	<u>\$ 25,632.13</u>	x

OR

3 Years Rent	<u>\$ 45,643.23</u>
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x = 152 000

Name	Proof Filed	Amount Filed (CAD)	Amount Filed (USD)	Secured/Unsecured Claim
AMS Translations	Y	1,114.42		Unsecured
Amy, Appleby & Brennan	Y	2,049.25		Unsecured
Angela Harvey	Y	350.00		Unsecured
Beryl Mercer	Y	781.20		Unsecured
Borden Ladner Gervais	Y	840.00		Unsecured
Chaggaies Enterprises Limited (LANDLORD for 780 King Street East)	Y	246,096.66		Unsecured
Computer Lynx	Y	26,696.00		Unsecured
CRA	Y	10,000.00		Unsecured
Deborah Reesor	Y	52.16		Unsecured
DHL	Y	2,512.75		Unsecured
Elizabeth Karry	Y	438.60		Unsecured
Gerry Ysinga	Y	1.00		Unsecured
Janice Smith	Y	300.00		Unsecured
Joanne Barber	Y	1.00		Unsecured
Kadros Rest Ltd (Landlord for Hespeler Road property)	Y	47,413.74		Unsecured
Karen Camara				
Karen Rybko	Y	300.00		Unsecured
Ken Plotnik	Y	1,477.92		Unsecured
Lesley Swift	Y	1,000.00		Unsecured
Marcy Lemon-Lawrence	Y	250.00		Unsecured
Mary Howlett Nero	Y	562.80		Unsecured
Pivotal Integrated HR Solutions	Y	1,225.00		Unsecured
Rosco Landscaping Ltd	Y	2,813.21		Unsecured
Sharon Sell	Y	250.00		Unsecured
Shred-It	Y	242.55		Unsecured
Swan	Y	73.60		Unsecured
Tina Bailey	Y	800.00		Unsecured
Toyota Credit	Y	49,611.74		Unsecured
TOTALS	27	397,253.60		Secured

KSS Landlord 1
 7,114.00
 246,096.00
 103,747.00

Operating Mandate and Monitoring Measures

A designated staff person, and a designated Board member will be responsible for monthly communication with the BDO trustee.

This will include not only financial information, but progress reports, as well as country information and updates.

It will encompass any information the two representatives deem necessary for the restructured agency to remain transparent and closely monitored.

Board of Directors

Martha Maslen

Martha graduated with an MSW from Dalhousie University after finishing an undergraduate degree in psychology and English. Since graduating she has worked in a number of social service settings including child protection in rural Nova Scotia and social work services to many of the schools in the Ottawa Carleton region.

For the past 25 years she has focused on adoption. Initially her role was as a private practitioner completing home studies providing counseling to birth parents placing their children for adoption. In 1996 she along with an active board resurrected the Children's Bridge, a fledgling agency that had pioneered adoptions from China for families in Ontario.

From its humble beginnings, having eight-five files overseas, a staff of two, and almost no financial reserves, under her leadership, and the assistance of excellent Boards, the agency grew to be the largest adoption agency in Canada. The agency expanded into many other countries and at the time of Martha's retirement CB was working in a dozen countries. The agency was on sound financial footing with enough in reserve to run the agency for a year without any new income. This staff had expanded to eleven.

Martha has traveled extensively to several of the countries where CB operated including Vietnam, China, South Korea and Ethiopia. In addition she worked in partnership with the Children's Bridge Foundation a charitable organization which was established to provide aid to children from the countries where the Children's Bridge worked but who probably would never be placed for adoption.

Scott Farrell

Recognized as an industry expert in combining the latest online and offline marketing opportunities with revenue management to create sustainable profit growth, Scott has been called on for speaking engagements by associations around the world including HSMIA, Eye for Travel, PhocusWright and others. As well acting as an industry reviewer for Cornell Quarterly and publishing several articles on methodologies to increase profitability through the synergy of online with offline business strategies.

As Chief Revenue Director for Canadian-based Sequel Lifestyle Hotels & Resorts, Scott works directly with each of Sequel's leadership teams to optimize all areas of revenue and profit maximization through sales, marketing, distribution channel strategies and business decisions.

Prior to joining Sequel, Scott held the position of Vice President Revenue Strategy for Travel CLICK, where he focused on implementing revenue generation best practices to maximize hotel revenue and profitability for over 4,000 properties worldwide. As a result reservations revenue grew \$15MM over a two year period. During his time with Travel CLICK Scott was an integral part of growing Travel Click's product portfolio and revenues by 300% allowing Travel CLICK to grow revenues and EBDITA by 20%+ per year for the last three years.

Previous to this, Scott held the positions of Corporate Director of Distribution and Revenue Management at Fairmont Hotels and Resorts. In this role, Scott co-developed the company's proprietary Revenue Maximization program. He worked closely with all hotels to drive sales

through revenue strategies and tactical plans. Scott also has extensive experience in hotel acquisitions and transitions, and in the implementation of hotel business systems including central reservations and property management systems.

Scott holds a B.A. in Hospitality and Tourism Management from Ryerson University in Toronto, Ontario. He also holds a Certified Revenue Management Executive certification from HSMIA, as well as a Revenue Management and Asset Management Certification from Cornell University.

Rob Eagleson

Rob is a Branch Manager with a full service financial institution in Southwestern Ontario. He has over 16 years of experience in the financial sector.

Rob is actively involved in the community. He has been on the Membership Committee for the Sarnia Lambton Chamber of Commerce, as well as on the Grant Review Team for the United Way. Rob has also been actively involved in Junior Achievement in Sarnia Lambton, currently holding the position of Finance Chair on the Board of Directors, and Vice Chair on the Executive Team.

Rob also has extensive involvement in fundraising campaigns.

John Hamilton

John brings over 20 years experience in organization leadership, business development and corporate finance. John has held senior roles in commercial, corporate and investment banking. John served as VP Finance for a major Canadian bank and later assumed broader corporate development responsibilities where he participated in strategy design, resource allocation, proprietary acquisitions and divestitures and led major restructurings and cost reduction initiatives.

John has successfully led a wide range of performance management and change management initiatives involving business alignment and structuring, business recovery and transformation, client acquisitions, building management teams and financing.

In addition to his business dealings, John has participated as an active volunteer and advisor for various not-for-profit organizations involved in third world development programs including medical clinics, feeding programs, education and microfinance programs in Nicaragua, Bangladesh, Malawi, Zambia and South Africa. John also serves as a Board member and Treasurer for an international charitable foundation.

Kelly Cussons

Kelly holds a dual degree in Business and Social Sciences from the University of Guelph. As a national award winning entrepreneur she owned two of her owned multimillion dollar businesses then sold them both to raise a family.

When she became a parent, Kelly stepped away from the world of business and consulting work where she won Canadian awards for her business achievements. Kelly has experience creating and implementing training, development, fundraising and educational events in the private and non-profit sectors. Kelly is a well-informed and highly insightful adoptive parent who offers information and personal experiences that are based on good common sense and her realistic approach to parenting.

Now active as a PRIDE co-trainer, Kelly continues to help families become inspired and motivated as they broaden their knowledge required to become a successful adoptive parent.

Samuel Getachew

Samuel was born and raised in Ethiopia but have lived and visited close to 30 countries on his way to Canada. An experience that complements Canada's rich diversity, he has a varied experience in government, a few years as a member of the Canadian Naval Reserves and also in the volunteer sector.

Samuel currently run a small NGO called Friends of Ethiopia, www.freindsofethiopia.ca, which aims to help Ethiopians become self sufficient and independent by sending them practical everyday tools such as ambulances, books and medical equipments. He also serves as a Vice President and Board Member of Swansea Town Hall, a City of Toronto agency. Samuel has been a Board Member with Citizens Advocacy Ottawa, a United Way agency, a member of an Ottawa Police Committee on diversity, a member of an IMPACT committee with the United Way. Samuel is currently taking a leadership course with The Maytree Foundation.

Lianne J. Armstrong

Lianne is an associate at Cohen Highley LLP in London, Ontario. She was called to the Ontario Bar in 1998, having graduated from Queen's Law in 1996. She has an honours bachelor of arts degree, majoring in criminology and psychology.

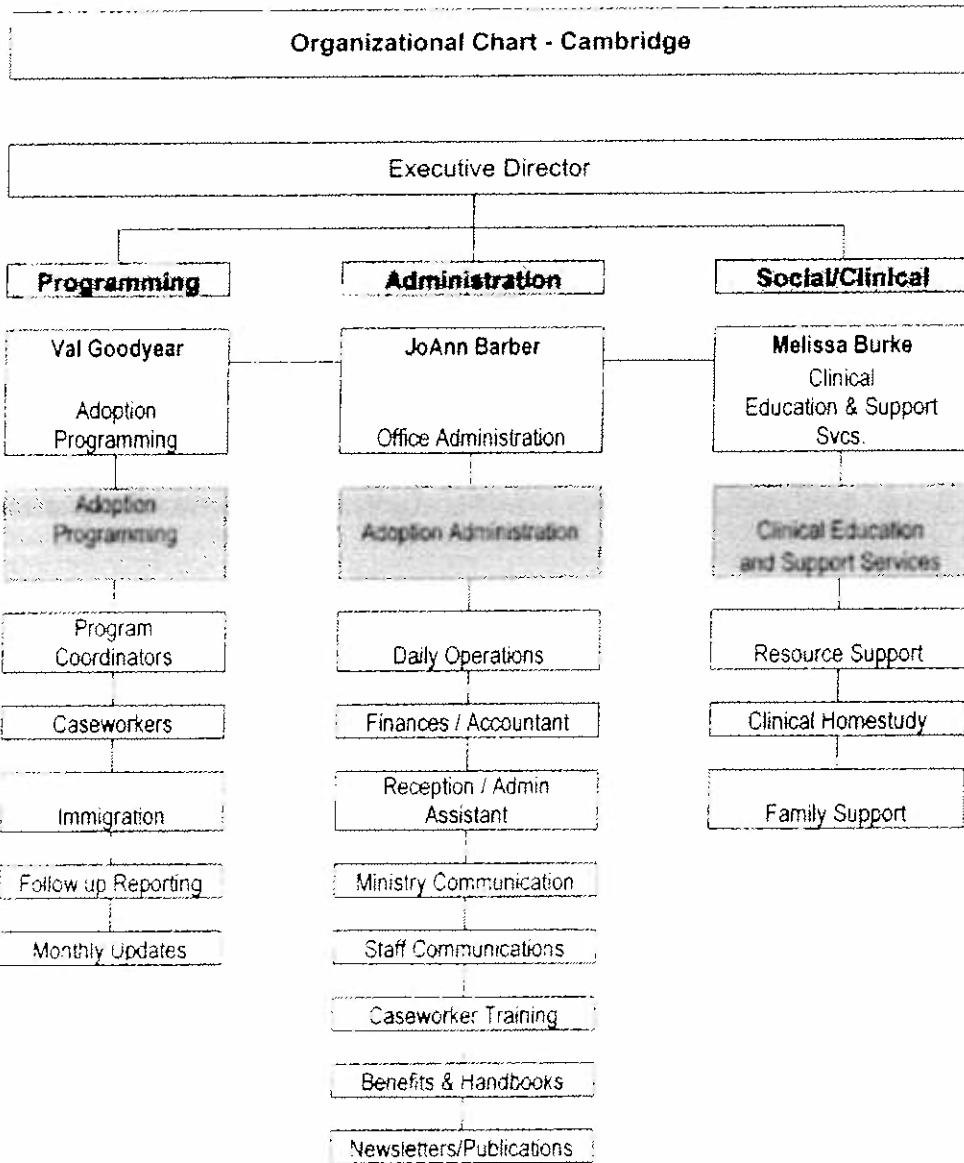
Lianne practices in the areas of insolvency and commercial litigation. She is a Trustee of the Middlesex Law Association. Lianne is active in her community including being a former member of the Board of Directors of Heritage London and committee member for Aids Walk London and Mission Services of London. She is also an executive member of the London Chapter of Business Professional Women's Club.

Christine Starr

Christine is a Critical Incident Management Consultant and Trauma Counselor. She has 15 years of experience working in both the not-for-profit and private sectors both in Canada and Internationally, including working as a Global Account Executive responsible for the implementation and management of service delivery in over 90 cities and 50 countries across, Europe, the Middle East and Africa. She is also a certified mediator in Alternative Dispute Resolution. Christine holds a Masters degree in International Relations from the London School of Economics.

Proposed Staff – see organizational chart

Executive Director - TBD
 JoAnn Barber – full time
 Valerie Goodyear – full time
 Melissa Burke – 3 days per week
 Becky Barker – as needed
 Shauna Courtney – CMA – once per week for book keeping



Advisory Committee

Ted Giesbrecht

Ted is the senior partner in the law firm which he founded in April of 1981 upon his call to the bar. He completed his undergraduate studies at the University of Waterloo and University of Mannheim in West Germany. Ted obtained his law degree from Queen's University at Kingston, Ontario, in 1979.

Ted enjoys practising in the areas of adoption, wills, estates, residential real estate, and elder law. He has an international clientele and can conduct business in the German language. Ted is a frequent speaker at seminars on issues relating to legal matters. Ted has served and continues to serve on many Boards of Directors generally dealing with social justice and affordable housing issues. Ted was presented with the Ontario Adoption Award by the Adoption Council of Ontario and the Outstanding Volunteer Award of the Province of Ontario. Ted published the adoption chapter in Canadian Child Welfare Law in 2004. This text is used across Canada to teach law students and social work students about legal issues affecting children.

Since 1999, Ted has been appointed by the Ministry of Children and Youth Services to serve as a Director. In his role as a Director, he has adjudicated hearings between the Children's Aid Society and foster families regarding the placement of children into prospective adoptive families.

Ted has been called upon by the Province of Ontario to assist in drafting legislation relating to Adoption Law and with respect to establishing Provincial standard and guidelines used to regulate and improve adoption practices in Ontario.

Kim Fletcher

Kim currently serves on Tyndale University College & Seminary's Board of Governors and is chair of the Tyndale Board Marketing Advisory Committee. Kim also serves on the Muskoka Bible Conference Board of Directors.

Previously Kim worked as a Marketing Director at Microsoft Canada for six years and Advertising Manager for Procter & Gamble for six years and she now works as a part-time marketing strategy constant from home as she cares for her two children. Kim holds both an Undergraduate and Graduate Business degree.

Susan Crawford

- MSW - University of Toronto, RSW
- Project lead - Transracial Parenting Initiative (funded by Ontario Trillium Foundation) 2007 - 2010
- More than 6 years experience educating families adopting and fostering transracially
- TAPE Continuing Education Online course instructor - Transracial Adoption Practice issues for professionals (September 2009)
- Organizational diversity trainer (Halton Regional Police Services)
- Anti-discrimination trainer for students and teachers - Halton Catholic and District school boards
- NACAC Adoption Activist Award recipient - August 2009

Shelley Green

- Executive Director of the Alzheimer Society of Oxford for 16.5 years
- Manage 12 staff
- Oversee the management of 250 volunteers
- Work with and accountable to a board of directors
- Work with Standing Committees and Task Forces of the board
- Ensure risk management for the organization (e.g. financial, volunteers management, staff policies, property, etc.)
- Media spokesperson
- Donor relations
- Experience with development of fundraising campaigns
- Experience planning and implementing staff restructuring
- Financial reporting

Jeanie Oud

Jeanie has a BSc and BEd. She has been teaching elementary school for 10 years. She also provides early literacy and numeracy training to select groups of educators.

Jeanie adopted her daughter from Ethiopia in 2006/07. As a result of her adoption experience she became an active member of the adoption community. In 2008, Jeanie became a PRIDE co-trainer that provides the opportunity to share knowledge and experience with other prospective adoptive parents. Jeanie has also had the opportunity to take on the role of birth counsellor in a domestic adoption situation. She is passionate about adoption and is continually building skills and knowledge as an adoptive parent.

Barbara Insley

Barbara Insley is Director, Compliance & Disclosure, TSX Venture Exchange. She leads the Compliance & Disclosure team nationally, providing regulatory oversight of TSX Venture issuers and their Directors and Officers. Prior to joining TSX Venture in 2000, Barbara practiced securities and corporate/commercial law as issuers' and underwriters' counsel.

Barbara pursued a joint major in Finance and Economics at Simon Fraser University and obtained her LL.B at the University of British Columbia in 1993. She was called to the British Columbia Bar in 1994. She became a CFA charterholder in 2003.

Barbara is a member of the CFA Institute's Professional Conduct Program Hearing Panel Pool and an incoming member of the CFA Institute's Disciplinary Review Committee. She is also a Board member of the Public Dreams Society, a Vancouver based not-for-profit arts organization.

(ADVISORY COMMITTEE REVISED SEPTEMBER 8, 2009 – The above list is complete and had inadvertently not been updated in the past 2 weeks.)

Operating Premises

The Board has secured property at 382 Queen Street West in Cambridge at a reduced rental rate. The space is currently vacant and will be available when needed.

The office space is approximately 1800 square feet and in move-in condition only requiring phone and internet connections to be activated.

It has been proposed that the existing furnishings and computers currently owned by Imagine will be available for the restructured company. Should an agreement with the previous landlord not be reached budgets for computers and office furnishings have been accounted for in the proposal forecasts.