

COURT FILE NUMBER

Q.B. No. 872 of 2020

COURT

COURT OF QUEEN'S BENCH FOR SASKATCHEWAN

JUDICIAL CENTRE

SASKATOON

IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF 10100090 SASKATCHEWAN
LTD.

DOCUMENT

TRUSTEE'S FIRST REPORT TO COURT

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

TRUSTEE

The Bowra Group Inc.
1411 TD Tower, 10088 – 102 Avenue
Edmonton, AB T5J 2Z1
Attention: Kristin Gray
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**Service will be accepted by delivery, email, or fax.
No other form of service will be accepted**

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PURPOSE OF REPORT

1. On June 26, 2020, 101100090 Saskatchewan Ltd. o/a Kolibab Mechanical (the “**Company**”) filed a Notice of Intention to make a Proposal (“**NOI**”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*. The Bowra Group Inc. (the “**Proposal Trustee**”) consented to act as Licensed Insolvency Trustee in the Proposal proceedings. A copy of the Certificate of Filing from the Office of the Superintendent of Bankruptcy is attached as **Appendix A**.
2. We write this report to provide this Honorable Court with an update on the Company’s progress on filing a Proposal and to request this Honorable Court grant the Company an extension of time to file their Proposal to September 9, 2020.

COMPANY BACKGROUND

3. The Company provides plumbing, heating and mechanical services out of Saskatoon, Saskatchewan.
4. The Company’s assets include accounts receivable, inventory, and small machinery.
5. The Company ran into financial difficulty due to a large customer’s unwillingness to pay for the completion of a project, resulting in significant cash flow strain due to the need to pay subcontractor and supplier costs. This coupled with a downturn in the Saskatchewan construction industry and the COVID-19 shutdown resulted in the Company filing a NOI on June 26, 2020.
6. The Company has outstanding secured debt of approximately \$977,000 and unsecured debt of approximately \$722,082 as at June 30, 2020. The secured debt is composed of the following debts owed by the Company:

The Company's Secured Debt	Table 1 \$000's
Creditor:	
Affinity Credit Union 2013	450
Business Development Bank of Canada	277
Specific Consulting	<u>250</u>
Total	<u>977</u>

7. The purpose of formulating a Proposal is to restructure the financial affairs of the Company in order to provide its creditors the best available opportunity to recover the funds owed to them and allow the Company to continue operating.

CONTINUED EFFORTS TO FORMULATE A PROPOSAL

8. Since the filing of the NOI, the Company has been working with the Proposal Trustee to submit a Proposal to their creditors. However, the Company is not in a position to make a Proposal by July 25, 2020.
9. Accordingly, the Company has stated that they intend to seek an extension of time to file their Proposal to September 9, 2020. The Proposal Trustee supports an extension.
10. Since filing the NOI, and in preparation for its filing, the Company has been acting in good faith by organizing its affairs and investigating various options with a view to formulate and present a Proposal to its creditors. In particular, and as examples, the Company has:
 - (a) Continued discussions with new and existing customers regarding residential and individual service calls;
 - (b) Continued efforts to collect outstanding accounts receivable; and,
 - (c) Continued discussions with both secured and unsecured creditors regarding an injection of funds into the Company that would be available to creditors.

CASH FLOW

11. Management has prepared a cash flow statement for the period of June 27, 2020 to July 18, 2020 comparing the projected to actual receipts and disbursements, a copy of which is attached as **Appendix B**.
12. Attached as **Appendix C** is the Company's extended cash flow for the period June 27, 2020 to September 19, 2020 to further align with the extension requested.
13. The Trustee has reviewed the Company's cash flow projections and believes the projections are reasonable and achievable based on discussions with management.
14. The Company is up to date with all their filing and post-filing payment obligations to Canada

Revenue Agency and has continued to meet their obligations under the BIA, including filing the required cash flow statements.

CONCLUSION

15. The Proposal Trustee is of the view that a Proposal will likely result in a greater recovery to the Company's creditors than a liquidation of the Company's assets in a bankruptcy.

16. The Proposal Trustee is of the opinion:

- a. The Company continues to act in good faith and with due diligence in formulating a Proposal;
- b. If a further extension is granted, the Company will have a better opportunity to make a viable Proposal; and,
- c. No creditor will be materially prejudiced if an extension is granted.

All of which is respectfully submitted this 20th day of July 2020.

The Bowra Group Inc.

Licensed Insolvency Trustee in the Matter of the Notice of Intention to File a Proposal for 101100090 Saskatchewan Ltd.

Per: 

Kristin Gray, CPA, CA, CIRP, LIT

APPENDIX A

CERTIFICATE OF FILING

JUNE 26, 2020



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Saskatchewan
Division No. 02 - Saskatoon
Court No. 23-2654754
Estate No. 23-2654754

In the Matter of the Notice of Intention to make a
proposal of:

101100090 SASKATCHEWAN LTD.

Insolvent Person

THE BOWRA GROUP INC.

Licensed Insolvency Trustee

Date of the Notice of Intention: June 26, 2020

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: June 29, 2020, 10:59

E-File/Dépôt Electronique

Official Receiver

123 2nd Avenue S, 7th Floor, Saskatoon, Saskatchewan, Canada, S7K7E6, (877)376-9902

Canada

APPENDIX B

ACTUAL CASH FLOW STATEMENT FOR THE PERIOD OF
JUNE 27, 2020 TO JULY 18, 2020.

**101100090 SASKATCHEWAN LTD.
PROJECTED VS. ACTUAL CASH FLOW
JUNE 27, 2020 - JULY 18, 2020**

	PROJECTED				ACTUAL	VARIANCE
	Week 1 27/Jun/20	Week 2 4/Jul/20	Week 3 11/Jul/20	Week 4 18/Jul/20	Weeks 1 - 4	
Receipts						
Interim financing (note 3)	150,000	-	-	-	150,000	-
Collection of AR	37,658	18,500	3,200	2,500	67,937	(6,079)
Collection of holdbacks	-	-	-	-	-	-
Misc. receipts (note 4)	-	2,500	2,500	2,500	158	7,342
Total Receipts	187,658	21,000	5,700	5,000	218,095	1,263
Disbursements						
Payroll		18,000	-	18,000	29,067	6,933
Payroll remittance	-	4,000	-	4,000	5,192	2,808
Management fees (note 5)	2,500	2,500	2,500	2,500	1,000	9,000
GST remittances	1,700	1,700	1,700	1,700	-	6,800
PST remittances	450	450	450	450	-	1,800
Supplier purchases (note 6)	3,200	7,000	3,500	2,200	20,664	(4,764)
Telephone	200	200	200	200	489	311
Automobile expenses	625	625	625	625	2,714	(214)
Project costs (note 7)	800	800	800	800	-	3,200
Office expense	250	250	250	250	150	850
Rent	1,250	1,250	1,250	1,250	5,000	-
Insurance	750	750	750	750	1,233	1,767
WCB	-	-	-	-	-	-
Professional fees (note 8)	-	-	-	55,000	55,000	-
Leases	297	297	297	297	-	1,188
Contingency (note 9)	1,500	1,500	1,500	1,500	-	6,000
Total Disbursements	13,522	39,322	13,822	89,522	120,509	35,679
Cash Flow for the Period	174,136	(18,322)	(8,122)	(84,522)	97,587	(34,417)
Opening Cash Balance**	6,000	180,136	161,814	153,692	6,000	
Ending Cash Balance	180,136	161,814	153,692	69,170	103,587	

[a]

[a] Ending Cash Balance

W Law Group/Bowra Group In trust	95,000
Company's deposit account	8,587
	<u>103,587</u>

APPENDIX C

PROJECTED CASH FLOW STATEMENT FOR THE PERIOD OF
JUNE 27, 2020 TO SEPTEMBER 19, 2020.

101100090 SASKATCHEWAN LTD.
 PROJECTED CASH FLOW
 JUNE 27, 2020 - SEPTEMBER 19, 2020

	Week 1 27/Jun/20	Week 2 4/Jul/20	Week 3 11/Jul/20	Week 4 18/Jul/20	Week 5 25/Jul/20	Week 6 1/Aug/20	Week 7 8/Aug/20	Week 8 15/Aug/20	Week 9 22/Aug/20	Week 10 29/Aug/20	Week 11 5/Sep/20	Week 12 12/Sep/20	Week 13 19/Sep/20	TOTAL 13 Weeks
Receipts														
Interim financing (note 3)	150,000	-	-	-	-	-	-	-	-	-	-	-	-	150,000
Collection of AR	37,658	18,500	3,200	2,500	52,000	2,800	1,500	1,500	1,200	120,000	7,500	7,500	15,000	270,858
Collection of holdbacks	-	-	-	-	-	-	-	-	5,000	5,000	-	-	-	10,000
Misc. receipts (note 4)	-	2,500	2,500	2,500	2,500	3,500	4,500	4,000	4,500	1,500	3,000	2,500	4,000	37,500
Total Receipts	187,658	21,000	5,700	5,000	54,500	6,300	6,000	5,500	10,700	126,500	10,500	10,000	19,000	468,358
Disbursements														
Payroll	-	18,000	-	18,000	-	18,000	-	18,000	-	18,000	-	18,000	-	108,000
Payroll remittance	-	4,000	-	4,000	-	4,000	-	4,000	-	4,000	-	4,000	-	24,000
Management fees (note 5)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	32,500
GST remittances	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	22,100
PST remittances	450	450	450	450	450	450	450	450	450	450	450	450	450	5,850
Supplier purchases (note 6)	3,200	7,000	3,500	2,200	8,500	8,500	18,000	2,000	3,500	14,000	8,500	6,500	3,500	88,900
Telephone	200	200	200	200	200	200	200	200	200	200	200	200	200	2,600
Automobile expenses	625	625	625	625	625	625	625	625	625	625	625	625	625	8,125
Proect costs (note 7)	800	800	800	800	800	800	800	800	800	800	800	800	800	10,400
Office expense	250	250	250	250	250	250	250	250	250	250	250	250	250	3,250
Rent	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	16,250
Insurance	750	750	750	750	750	750	750	750	750	750	750	750	750	9,750
WCB	-	-	-	-	7,000	-	-	-	-	7,000	-	-	-	14,000
Professional fees (note 8)	-	-	-	55,000	-	5,000	5,000	-	-	30,000	-	-	5,000	100,000
Leases	297	297	297	297	297	297	297	297	297	297	297	297	297	3,861
Contingency (note 9)	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,000	1,000	2,500	2,500	1,500	1,500	20,500
Total Disbursements	13,522	39,322	13,822	89,522	25,822	45,822	33,322	33,822	13,322	84,322	19,822	38,822	18,822	470,086
Cash Flow for the Period	174,136	(18,322)	(8,122)	(84,522)	28,678	(39,522)	(27,322)	(28,322)	(2,622)	42,178	(9,322)	(28,822)	178	(1,728)
Opening Cash Balance**	6,000	180,136	161,814	153,692	69,170	97,848	58,326	31,004	2,682	60	42,238	32,916	4,094	6,000
Ending Cash Balance	180,136	161,814	153,692	69,170	97,848	58,326	31,004	2,682	60	42,238	32,916	4,094	4,272	4,272

Schedule A
Assumptions for Projected Cash Flow

This cash flow assumes that 101100090 Saskatchewan Ltd. (the “Company”) continues to operate the business:

1. This statement of Projected Cash Flow of 101100090 Saskatchewan Ltd. is prepared in accordance with Section 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with The Trustee’s Report on Cash Flow Statement. Management of the Company has prepared the Projected Cash Flow based on probable and hypothetical assumptions detailed in notes below. Readers are cautioned that since forecasts are based on assumptions about future events and conditions that are not ascertainable, the actual results may vary from projections, even if the assumptions materialize, and the variations could be significant. The information contained in the cash flow forecast is not intended to be relied upon by any parties in any transaction with the Company.
2. The Company is in the business of providing Saskatoon and the surrounding areas with mechanical services for commercial and residential customers.
3. Interim Financing is provided by one or more private lenders.
4. Miscellaneous receipts pertain to receipts from servicing and maintenance calls.
5. Management fees are in relation to Management compensation during the NOI and Proposal period in lieu of dividends.
6. Supplier purchases include all costs for direct purchases from suppliers on projects.
7. Includes all costs other than direct purchases from suppliers on projects.
8. Estimated professional fees of the Company’s counsel (W Law Group LLP), the Proposal Trustee (The Bowra Group Inc.) and counsel to the Proposal Trustee.
9. Contingencies include emergency repairs and unexpected purchases and other costs.