

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
NIAGARA FALLS CRAFT DISTILLERS LTD.  
OF THE CITY OF NIAGARA FALLS,  
IN THE PROVINCE OF ONTARIO**

**FIRST REPORT TO THE COURT  
JUNE 17, 2024**

**INTRODUCTION**

1. On May 21, 2024 (“**Date of Filing**”), Niagara Falls Craft Distillers Ltd. (“**NFCD**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), wherein MNP Ltd. was named as proposal trustee (the “**Proposal Trustee**”). A copy of the NOI is attached hereto and marked as **Appendix “A”**.
2. Notice of the NOI as prescribed by the BIA was sent on May 28, 2024 to all of NFCD’s known creditors.
3. Information regarding the NOI proceeding has been posted to the Proposal Trustee’s website at <https://mnpdebt.ca/en/corporate/corporate-engagements/niagara-falls-craft-distillers-ltd>.
4. The primary purpose of this proceeding is to provide stability to NFCD’s business while NFCD, with the assistance of the Proposal Trustee, restructures the Company and works on formulating and presenting a viable proposal to its creditors.

**RESTRICTIONS**

5. In preparing this Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information, the affidavit of Andrew Murison, sworn June 12, 2024, NFCD’s books and

records, discussions with management of NFCD and information from other third-party sources (collectively, the “**Information**”). Except as described in this Report, the Proposal 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 of the Chartered Professional Accountants of Canada.

6. The Proposal Trustee also bases its report on the Company’s cash flow projections and underlying assumptions and notes that its review and commentary thereon were performed in accordance with the requirements set out in the Canadian Association of Insolvency and Restructuring Professionals’ Standards of Professional Practice No. 9 (Cash Flow Statement). Certain of the information referred to in this report consists of financial forecasts and/or projections. An examination or review of financial forecasts and projections and procedures, in accordance with standards set by Chartered Professional Accountants Canada, has not been performed. Future oriented financial information referred to in this report was prepared based on estimates and assumptions provided by NFCD’s management. Readers are cautioned that, since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, and such variations could be material.

## **PURPOSE OF THE REPORT**

7. The purpose of this report (the “**Report**”) is to provide information to the Court with respect to the administration of the proposal proceedings, including:
  - a. the background information regarding the Company's operations and the circumstances leading to the filing of the NOI;
  - b. the financial situation of the Company as of the Date of Filing and the projected cash flow for the next 13 weeks;
  - c. the Trustee's recommendation for an order, *inter alia*:

- i. extending the time for the Company to make a proposal to its creditors to August 5, 2024; and
- ii. creating a first-ranking charge in the amount of \$125,000 on the current and future assets, undertakings and properties of the Company, in favour of the Administrative Professionals (defined below) as security for payment of the professional fees and disbursements incurred and to be incurred by the Proposal Trustee, counsel to the Proposal Trustee and counsel for the Company (collectively, the “**Administrative Professionals**”).

## **BACKGROUND INFORMATION**

8. NFCD is a Canadian company that produces and sells premium spirits, such as vodka, gin, whisky, and rum, under various brands. The Company operates a distillery from leased premises in Niagara Falls, Ontario, and distributes its alcoholic and non-alcoholic products to liquor stores, restaurants, and bars in Canada and United States and more than 160 Liquor Control Board of Ontario stores.
9. The Company was incorporated on February 25, 2016 and commenced its operations after obtaining the necessary licenses and certifications from various regulatory bodies, including various federal and provincial agencies. The Company's vision was to create high-quality spirits using locally sourced ingredients and innovative distilling techniques. The Company invested heavily in its production equipment, marketing, and distribution channels, and achieved significant growth in its revenues.
10. Notwithstanding its growth, the Company has experienced and continues to face several challenges that adversely affected its financial performance and liquidity. These challenges include:
  - a. the Company made two investments in November, 2022: a high-speed canning line (the “**Canning Line**”) and a warehouse expansion. However, the expected benefits from these investments have not yet materialized to sufficiently absorb the Company’s increased operating costs arising from these investments;

- b. the outbreak of the COVID-19 pandemic, which impacted performance due to increased costs of sanitization, health and safety measures and supply chain disruptions;
  - c. the increased competition from other craft distillers and larger liquor producers;
  - d. between 2023 and 2024, the LCBO “delisted” certain third-party products produced by the Company, which had a detrimental impact on operations and the Company’s bottom line. Additionally, the Company had certain of its own brands delisted;
  - e. the debt servicing obligations increased due to (i) increases in the interest rates that were charged for the loan facilities and the prime interest rate since March, 2022; (ii) the effect of postponing principal payments under the BMO credit facilities from February, 2022 to March, 2023, with the delayed payments being combined with the monthly principal payments starting in April, 2023; and
  - f. the Company needs to increase its revenue to survive in the long run, but its financial condition has been a barrier for doing so.
11. In order to address its financial difficulties and to preserve its going concern value, the Company decided to seek protection under the BIA and to explore the possibility of making a proposal to its creditors. The Company retained Reconstruct LLP (“**Reconstruct**”) as its legal counsel and MNP as its Proposal Trustee.

### **Financial Situation**

12. As part of the NOI process, the Company listed its creditors and total debts of \$10,416,730, including amounts owing to Bank of Montreal (“**BMO**”) (\$3,135,696) and Alna Packaging Co. Ltd. (“**Alna**”) (\$3,911,234). Both BMO and Alna have secured claims on NFCD’s assets; BMO has a general security interest in NFCD’s assets and Alna has a claim on the Canning Line. The Proposal Trustee has not sought an opinion from its counsel on the validity and enforceability of BMO’s and Alna’s security. On May 9, 2024, BMO issued a demand to pay on the Company, together with a Notice of Intention to Enforce Security under s.244 of the BIA.

13. The Company's assets consist mainly of its inventory, manufacturing equipment, accounts receivable, and licenses and certificates. The Company has a 51% interest in a subsidiary corporation, Syndicate Brewing Inc., which entity has been inactive over the last few years.
14. To date, NFCD has provided the Proposal Trustee with its full co-operation and unrestricted access to its premises, and books and records.
15. In accordance with the provisions of the BIA, the Company filed with the Official Receiver a projected cash flow statement dated May 30, 2024, which was reviewed by the Proposal Trustee for reasonableness and signed by the Proposal Trustee and the Company (the “**Cash Flow Projections**”). The Cash Flow Projections cover the period starting on May 27, 2024 and ending on August 31, 2024 (the “**Projection Period**”), which projects the Company's cash inflows and outflows during the Stay period. The Cash Flow Projections shows that the Company expects to generate positive cash flow of approximately \$415,043 during the projection period. A copy of the Cash Flow Projections, and related reports, is attached hereto as **Appendix “B”**.
16. The Proposal Trustee has implemented procedures for monitoring the Company’s receipts and disbursements and has kept in close contact with NFCD’s management to ensure that operations are continuing in the normal course of business and in accordance with the Cash Flow Projections.
17. A summary of the Company’s actual receipts and disbursements as compared to the those presented in the Cash Flow Projections up to the week ended June 7, 2024 (the “**Monitored Period**”) is as follows:

	Projected (\$)	Actual (\$)	Variance (\$)
Opening cash balance	116,746	116,746	0
<b>Receipts</b>			
Sales Proceeds/ Receivable Collections	112,014	80,170	-31,844
<b>Total Receipts</b>	<b>112,014</b>	<b>80,170</b>	<b>-31,844</b>
<b>Disbursements</b>			
Payroll (including taxes and benefits)	62,316	66,379	4,064
Subcontractors	0	4,861	4,861
Occupancy Cost (including Utilities)	40,000	39,980	-20
Material and Production Cost	49,299	51,797	2,498
Car Lease and Equipment Rentals	1,094	1,245	152
Legal and Professional Fees	21,138	6,094	-15,044
Bank Charges	0	984	984
<b>Total Disbursements</b>	<b>173,846</b>	<b>171,341</b>	<b>-2,506</b>
<b>Closing cash balance</b>	<b>54,913</b>	<b>25,575</b>	<b>29,338</b>

18. Overall, NFGD realized an unfavourable net cash flow variance of approximately \$29,338.

The key components of the variance are as follows:

- a. Receipts: Actual receipts work were approximately \$31,844 lower than projected as a result of a short payment from one of NFGD's customers; and
- b. Disbursements: Overall, there was a favourable variance of \$2,506 in total disbursements, comprised of the following unfavourable variances, which is more than offset by an approximately \$15,000 variance in payment of professional fees:
  - i. Payroll – There was a \$4,064 unfavourable variance related to higher than projected benefit costs and a post-dated payroll cheque being cashed before NFGD stopped payment on it;
  - ii. Subcontractors - There was a \$4,861 unfavourable variance that is timing in nature as one of the subcontractors requested biweekly payments instead of monthly payments; and
  - iii. Materials and Production Costs – There was a \$2,498 unfavourable variance in material and production costs, with a \$12,275 purchase of materials that

was not forecast largely offset by a purchase that was delayed to a future date.

## **STATUS OF THE PROPOSAL PROCESS**

19. Since the Date of Filing, the Company, Reconstruct and the Proposal Trustee have been actively working on the development and implementation of a restructuring plan that allow the Company to restructure its debts and to continue its operations as a going concern, with a view to preserving its value and its relationships with its customers, suppliers, and employees.
20. To achieve these objectives, the Company, Reconstruct and/or the Proposal Trustee have undertaken the following steps:
  - a. Engaged with Alna, BMO, employees, customers and suppliers with the view of stabilizing the business and promoting ongoing relationships;
  - b. Undertaking review of certain operational improvements and strategic initiatives that might only be implemented through these proceedings;
  - c. Engaged in discussions with potential stalking horse bidders; and
  - d. Enhanced the sustainability of the Company by beginning work on formulating a Sale and Investment Solicitation Process (“**SISP**”) that the Company anticipates will be developed in the near term.

## **REQUEST FOR AN EXTENSION OF TIME FOR FILING A PROPOSAL**

21. In order to allow NFCD sufficient time to stabilize its operations by, among other things, identifying a stalking horse bidder and furthering development of the SISP, NFCD seeks a forty-five (45) day extension of the time for filing of a proposal to August 5, 2024.
22. The Proposal Trustee submits that the Company’s request for an extension of time to make a proposal is necessary and appropriate, for the following reasons:

- a. The Company has acted in good faith and with due diligence in the proposal process, and has made significant progress in the development and implementation of a restructuring plan, including the SISP;
- b. The Company and the Proposal Trustee have consulted and communicated with the Company's major creditors and stakeholders, including BMO and Alna, and have obtained their support and cooperation for the proposal process;
- c. The Company has complied with its obligations under the BIA, and has filed the Cash Flow Projections;
- d. The Company has maintained its operations and its cash flow since the Date of Filing, and has met its post-filing obligations to its suppliers, employees, and tax authorities;
- e. The extension will not prejudice or harm the interests of the creditors or any other parties, and will benefit the creditors by allowing the Company to formulate a viable proposal; and
- f. The extension is consistent with the objectives and principles of the BIA, and is in the best interests of the Company, the creditors, and the stakeholders.

## **CHARGES**

23. In addition to the extension of time to file a proposal, the Company requests a creation of a \$125,000 charge in favour of the Administrative Professionals to secure payment of the professional fees and expenses of the Administrative Professionals. The Company and the Proposal Trustee submit that the creation of the charge is necessary and appropriate, for the following reasons:
  - a. The Administrative Professionals have provided and will continue to provide valuable and essential services to the Company and the Proposal Trustee in the proposal process, and have incurred and will incur reasonable and necessary fees and expenses in relation to the proposal process;



- b. The Administrative Professionals have not received and will not receive any security from the Company or any other party for their fees and expenses, except for the charge;
  - c. The charge will not prejudice or harm the interests of the creditors or any other parties, and will benefit the creditors by ensuring the continued involvement and assistance of the Administrative Professionals in the proposal process; and
  - d. The charge is consistent with the objectives and principles of the BIA, and is in the best interests of the Company, the creditors, and the stakeholders.
24. Pursuant to subsection 25(1.3) of the BIA, Proposal Trustee cannot withdraw monies from the estate trust account to pay any disbursements, including the professional fees, without the written permission of the inspectors (if appointed) or an order of the Court.
25. As there will be no inspectors appointed until a proposal is filed; in order to avoid the additional cost and expense to the estate, the Proposal Trustee also supports the relief being sought by the Company to authorize the Proposal Trustee and its counsel to apply such amounts paid to it by the Company as advances on account that are subject to taxation by the Court.

## **CONCLUSION AND RECOMMENDATION**

26. Based on the foregoing, the Proposal Trustee respectfully recommends that the Court grant an order, *inter alia*, extending the time for the filing of a proposal to August 5, 2024, creating a charge in favour of the Administrative Professionals to secure payment of the professional fees and expenses of the Proposal Trustee, its counsel and counsel for the Company, and related relief as set in the Company's Motion Record.

All of which is respectfully submitted on this 17th day of June, 2024.

**MNP Ltd.,**  
in its capacity as Trustee under  
the Notice of Intention to Make a Proposal of  
Niagara Falls Craft Distillery Inc.

Per:



---

Sheldon Title

# Appendix "A"

May 28, 2024

**To the Creditors of Niagara Falls Craft Distillers Ltd. (the “NFC D” or the “Company”), Estate # 32-3082683**

Please take notice that on May 21, 2024, the Company filed a Notice of Intention to Make a Proposal (the “NOI”) pursuant to Section 50.4(1) of Part III, Division I of the *Bankruptcy and Insolvency Act* (Canada) (the “BIA”) and MNP Ltd. was appointed as the proposal trustee (the “Trustee”). Please find enclosed the following:

1. The NOI;
2. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims (the “**Creditor Listing**”);
3. The consent of the Trustee to act in this matter; and
4. The Certificate of Filing of the NOI.

Suppliers and other service providers should contact their normal representative of NFC D with respect to the terms of payment for goods and/or services that are to be provided to the Company going forward (after May 21, 2024).

Pursuant to Section 50.4(8) of the BIA, NFC D has thirty (30) days, unless such time period is extended by the Court, to file a proposal with the Trustee. During these proposal proceedings there is a stay of proceedings, and as such:

- no person may terminate or amend any agreement with the Company, or claim an accelerated payment, or a forfeiture of the term, under any agreement with NFC D, by reason only that the Company is insolvent or by reason of the filing of the NOI, pursuant to Section 65.1(1) of the BIA; and
- no creditor has any remedy against any of NFC D or its property or shall commence or continue any action, execution, or other proceedings against the Company without leave of the Court, pursuant to Section 69(1) of the BIA.

We recognize the amounts shown as owing to you on the Creditor Listing may vary from your records. However, at this time, the Trustee does not need nor do creditors have to file a proof of claim for their claim and these proposal proceedings. At a later date and after the Company has filed a proposal, the Trustee will provide you with further information regarding these proposal proceedings, including the date for the meeting of creditors to consider the proposal and a proof of claim form, so that you may then submit and prove your claim.

You can find copies of notices, reports of the Trustee and other relevant publicly available information concerning these proposal proceedings on the Trustee’s website at: <https://mnpdebt.ca/en/corporate/corporate-engagements/niagara-falls-craft-distillers-ltd>.


If you have any questions concerning the foregoing or require any additional information, please contact Chahna Nathwani at (647) 475-8331 or by email at [Chahna.Nathwani@mnp.ca](mailto:Chahna.Nathwani@mnp.ca).

Yours truly,

**MNP LTD.**

In its capacity as the Trustee in re the Proposal of Niagara Falls Craft Distillers Ltd,  
and not in its personal or corporate capacities

Per:



---

Sheldon Title, CPA, CA, CIRP, LIT

Encl.

District of:  
Division No.  
Court No.  
Estate No.

- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)  
In the Matter of the Proposal of  
Niagara Falls Craft Distillers Ltd.  
of the City of Niagara Falls  
in the Province of Ontario

Take notice that:

1. I, Niagara Falls Craft Distillers Ltd., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. MNP Ltd. of 1900 - 1 Adelaide Street East, Toronto, ON, M5C 2V9, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the City of Toronto in the Province of Ontario, this 21st day of May 2024.

e-Signed by Larry Innanen  
2024-05-21 20:18:03:03 EDT

e-Signed by Andrew Murison  
2024-05-21 20:18:59:59 EDT

---

Niagara Falls Craft Distillers Ltd.  
Insolvent Person

To be completed by Official Receiver:

---

Filing Date

---

Official Receiver

District of:  
 Division No.  
 Court No.  
 Estate No.

- FORM 33 -  
 Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
 Niagara Falls Craft Distillers Ltd.  
 of the City of Niagara Falls  
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
2M Architects inc.	115 Lake Street St. Catharines ON L2R 5X7		1,216.39
Air Liquide	1700 Steeles Ave E Brampton ON L6T 1A6		47,669.04
Alna Packaging Ltd.	11411 Bridgeview Dr. Surrey BC V3T 5X3		14,715.88
Alna Packaging Ltd.	11411 Bridgeview Dr. Surrey BC V3T 5X3		3,911,234.69
Alpha 3 Logistics Inc	800 Dierking Ter Elk Grove Village IL 60007 USA		5,065.00
AM Ingredients (2021) Inc	2 Automatic Road, Unit 116 Brampton ON L6S 6K8		85,256.43
Amplex Chemical Products Ltd.	4235 Sheppard Ave E Scarborough ON M1S 1T7		613.59
Anderson Advanced Ingredients	430-2030 Main Street Irvine CA 92614 USA		82,690.66
Anton Paar Canada Inc	4920 Place Olivia Montreal QC H4R 2Z8		486.49
Apex Global Logistics inc.	100 Toryork Drive North York ON M9L1X6		894.00
Applied Food Sciences Inc	8708 S Congress Avenue suite B290 Austin TX 78745 USA		58,454.05
B&B Lift Truck	1783 Allenport Road Allenport ON L0S 1A0		6,985.80
Bank of Montreal; Special Accounts Management Unit	First Canadian Place, 100 King St West, 19th Floor, Toronto ON M5X 1A1	Operating Loan, Loan 1 to 4 and MasterCard	3,135,696.08
Barton Air Compressor Sales & Service	76 Biggar Ave Hamilton ON L8L 3Z4		1,315.68

District of:  
 Division No.  
 Court No.  
 Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
 Niagara Falls Craft Distillers Ltd.  
 of the City of Niagara Falls  
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Borderline Systems (Niagara ) Inc.	140 CUSHMAN RD St. Catharines ON L2M 6T6		2,423.85
Bureau Veritas Canada	Bureau Veritas Canada (2019) Inc.,C/OTH0069C P.O. Box 4269, Postal Station A Toronto ON M5W 5V2		2,376.10
Canada BW Logistics Inc	8699 Stanley Avenue Niagara Falls ON L2G 0E1		63,496.21
Canadian Canning	101 Dartnall Rd Unit 2 Hamilton ON L8W 3N1		24,000.00
Carleton, Inc.	30 S. Sand Road New Britain PA 18901 USA		4,745.02
Castle Mechanical	4-23 Seapark Drive St. Catharines ON L2M 6S6		17,511.54
CHEP Canada Inc.	C/O TH1203 - PO Box 4290, Stn A Toronto ON M5W 0E1		5,040.83
Christina Jeffries	1716 Concession 6 Niagara-On-The-Lake ON L0S 1T0	Shareholder Loan and Expenses	50,657.91
City of St Catharines - Water	50 Church St. PO Box 3012. St. Catharines ON L2R 7C2		340.97
Codi Manufacturing Inc	14352 W. 44th Ave Golden CO 80403 USA		4,114.33
CODI Manufacturing Inc.	14352 W. 44th Avenue Golden CO 80403 USA		76,646.57
Coleman Associates Consulting Ltd	6073 Forestglen Cres Ottawa ON K1C 5N6		8,634.60
Consolidated Fastfrate Inc	9701 HWY 50 WOODBIDGE ON L4H 2G4		708.23
CRA - Tax - Ontario	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	781830898 RP0001	117,784.29



District of:  
 Division No.  
 Court No.  
 Estate No.

- FORM 33 -  
 Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
 Niagara Falls Craft Distillers Ltd.  
 of the City of Niagara Falls  
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
CRA - Tax - Ontario	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	781830898 RT0001	7,084.13
Credifax	417 Exeter Rd Suite 201 London ON N6E 2Z3		3,406.33
Danchuk Consulting	59 Parkview Place Brampton ON L6W 2G2	Shareholder Loan and Professional Services	382,418.20
Dave Connors	3378 Sheppard Crescent Niagara Falls, ON Niagara Falls ON L2J 2Y1	Shareholder Loan and Expenses	20,660.11
Excise Duty Regional Manager - Atlantic Region Excise Duty Division	PO Box 638 Stn Central Halifax NS B3J 2T5	RD0001	76,699.22
Express Employment Professionals	P.O. Box 9245 Postal Station A Toronto ON M5W 3M1		29,662.88
Falls Electric Inc	4508 Francesco Ave Niagara Falls ON L2H 3H5		61,659.18
Fil Delivery Inc.	5650 Timberlea Blvd. Mississauga ON L4W 4M6		556.06
Flavorcan International Inc	145 Dynamic Dr Scarborough ON M1V 5L8		1,102.56
FlavorSum	919 Kamato Rd Mississauga ON L4W 2R5		3,427.12
Frain Industries	245 E North Ave. Carol Stream IL 60188 USA		68,226.00
Freight Forward	732 Tully Cres Peterborough ON K9K 0A8		3,854.87
FXDM Inc. - Tim Herbert	195 King Street St. Catharines ON L2R 3J6		150,000.00

District of:  
 Division No.  
 Court No.  
 Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
 Niagara Falls Craft Distillers Ltd.  
 of the City of Niagara Falls  
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
GLS Logistics Systems Canada Ltd	173 Advance Blvd. Brampton ON L6T 4Z7		5,201.90
Greenview Bookkeeping Inc	77 HILLVIEW ROAD St. Catharines ON L2S 1S8		59,102.35
Hamill Machine Shop	4727 Kent Ave Niagara Falls ON L2H 1J3		3,853.30
Hygiena Canada Ltd	3750a Laird Rd #11 Mississauga ON L5L 0A2		716.91
Ian Chambers	121 Digby Rd Oakville ON L6J 6B7	Shareholder Loan	22,000.00
IMGK Investment	13 Norris Place St. Catharines ON L2R 2X1	Shareholder Loan	201,652.48
InnSpire Inc.	1701 Rhode Island Avenue Northwest Washington DC 20036 Ukraine		78,000.00
John Leahy Industrial Parts Niagara	Tomken Rd Brampton ON L6T 5B1		267.80
Kawartha Ethanol	6830 Highway 7 Havelock ON K0L 1Z0		19,596.46
Kinsbrae Packaging	125 Vondrau Dr Unit 1 Cambridge ON N3E 1A8		5,360.65
Krones Canada	6285 Northam Dr #108 Mississauga ON L4V 1X5		33,071.51
Krones Inc	29065 network Pl Chicago IL 60673 USA		8,238.81
Kwala Industries - AP	56 Bradgate Drive Markham ON L3T 7L7		3,616.00
LCBO	55 Lakeshore Blvd. East Toronto ON M5E 1A4		354,840.78

District of:  
 Division No.  
 Court No.  
 Estate No.

- FORM 33 -  
 Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)  
 In the Matter of the Proposal of  
 Niagara Falls Craft Distillers Ltd.  
 of the City of Niagara Falls  
 in the Province of Ontario

<b>List of Creditors with claims of \$250 or more.</b>			
Creditor	Address	Account#	Claim Amount
Logicology Logistics Inc.	7271 NELSON RD Richmond BC V6W 1G3		9,023.90
M.R. Fast Freight Ltd.	366 Parkhill Road Peterborough ON K9L 1C3		7,825.25
Manitoulin Transport Inc	154 Hwy 540B PO Box 390 Gore Bay ON P0P 1H0		1,083.86
Mike Scarrow	7346 Sandhurst Dr Mississauga ON L5N 7G7		15,362.60
Ministry of Finance	33 King Street West PO BOX 620 Oshawa ON L1H 8E9	EHT	17,291.60
Niagara Analytical Inc.	5805 Progress St. Niagara Falls ON L2G 0C1		689.30
Niagara Pallett & Recyclers Ltd	PO Box 910 2906 South Grimsby Road 8 Smithville ON L0R 2A0		5,901.99
Novalogix Automation Inc	38A Bigwin Road, Unit 2 Hamilton ON L8W3R4		2,270.93
Oakville Customs Brokerage	2406 Speers Road Oakville ON L6L5M2		21,710.18
Ontario Safety Training	4536 Dorchester Rd Niagara Falls On L2E 6N5		1,225.00
Patrick's CO2	46-48 Page St St. Catharines ON L2R 4A7		305.10
Penn Refridgeration Ltd	18 Seapark Dr Unit 5 St Catharines ON L2M 6S6		49,656.74
Qualimpex Inc.	130 Sandcherry Court Pickering ON L1V 6S8		3,174.00
Recipe	199 Four Valley Dr Vaughan ON L4K 0B8	LCBO	23,428.87

District of:  
 Division No.  
 Court No.  
 Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
 Niagara Falls Craft Distillers Ltd.  
 of the City of Niagara Falls  
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Richard Waugh	40 King Street West, Suite 4801 Toronto, ON Toronto ON M5H 3Y2	Shareholder Loan	66,482.50
Rychiger Canada Inc., Rychiger Canada Inc., O/A Nuspark	400 Steeprock Drive North York ON M3J2X1		2,932.82
Saltam Beverages Inc.	241 Cherryhill road Oakville ON L6L 3E3	Shareholder Loan and Professional Services	494,571.38
Saltshaker Media	1100 Windsor Ave Bristol TN 37620 USA	Shareholder Loan	197,859.96
Smartway Trailer Rentals Inc.	195 Elgin Street North Colborne Bradford ON L3Z 2K8		13,136.25
StarGas 04457	528 Eastchester Ave E St. Catharines ON L2M 7P3		19,325.40
Stephen Waugh	260 Poplar Plains Road Toronto ON M4V 2P1	Shareholder Loan	38,982.50
Timax Inc	2844 Bristol Circle Oakville ON L6H 6G4		6,534.07
Waste Connections of Canada - 59629	DEPT 400172 PO BOX 4375 STN A TORONTO ON M5W 0J3		12,325.96
WSIB CSPAAT Ontario	PO Box 4115 Station A Toronto ON M5W 2V3		70,580.15
<b>Total</b>			<b>10,416,730.15</b>

e-Signed by Larry Innanen  
 2024-05-21 20:18:24 EDT

e-Signed by Andrew Murison  
 2024-05-21 20:19:15 EDT

---

Niagara Falls Craft Distillers Ltd.  
 Insolvent Person

- Proposal Consent -

In the Matter of the Proposal of  
Niagara Falls Craft Distillers Ltd.  
of the City of Niagara Falls  
in the Province of Ontario

To whom it may concern,

This is to advise that we hereby consent to act as trustee under the Bankruptcy and Insolvency Act for the proposal of Niagara Falls Craft Distillers Ltd..

Dated at the City of Toronto in the Province of Ontario, this 21st day of May 2024.

MNP Ltd. - Licensed Insolvency Trustee

Per:



---

Sheldon Title - Licensed Insolvency Trustee  
1900 - 1 Adelaide Street East  
Toronto ON M5C 2V9  
Phone: (416) 596-1711 Fax: (416) 323-5242



Industry Canada  
Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada  
Bureau du surintendant  
des faillites Canada

District of Ontario  
Division No. 07 - Hamilton  
Court No. 32-3082683  
Estate No. 32-3082683

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

**Niagara Falls Craft Distillers Ltd.**

Insolvent Person

**MNP LTD / MNP LTÉE**

Licensed Insolvency Trustee

---

Date of the Notice of Intention:

May 21, 2024

---

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: May 22, 2024, 07:25

E-File/Dépôt Electronique

Official Receiver

Federal Building - Hamilton, 55 Bay Street N, 9th Floor, Hamilton, Ontario, Canada, L8R3P7, (877)376-9902

**Canada**

## **Appendix “B”**

Niagara Falls Craft Distillers Ltd.  
Statement of Projected Cash Flow  
For the fourteen week period ending August 31, 2024

Currency: CAD		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14
Week Beginning	Notes	27-May-24	03-Jun-24	10-Jun-24	17-Jun-24	24-Jun-24	01-Jul-24	08-Jul-24	15-Jul-24	22-Jul-24	29-Jul-24	05-Aug-24	12-Aug-24	19-Aug-24	26-Aug-24
Opening cash balance		157,599.91	116745.55	6389.15	81,022.01	184,185.71	167,504.53	314,639.31	280,772.20	309,199.77	271,698.94	373,928.44	336,788.98	334,548.15	399,202.47
<b>Receipts</b>															
Sales Proceeds/ Receivable Collections		59664.49	63489.98	114,857.94	182,456.45	57,583.42	262,301.26	-	142,204.48	45,300.00	145,825.14	62,000.00	64,874.38	147,860.04	64,974.00
<b>Total Receipts</b>		59664.49	63489.98	114,857.94	182,456.45	57,583.42	262,301.26	0	142,204.48	45300	145,825.14	62000	64,874.38	147,860.04	64974
<b>Disbursements</b>															
Payroll (including taxes and benefits)		63648.52	62315.59	0	48119.13	18697.11	52284.89	18697.11	48119.13	18697.11	48119.13	22862.87	48119.13	18697.11	48119.13
Subcontractors		13482.5	0	0	0	33335	-3835	0	0	33335	-3835	0	0	33335	-3835
Occupancy Cost (including Utilities)		4025.94	40000	13000	0	0	53000	0	0	0	(6,097.35)	53,000.00	-	-	(6,097.35)
Material and Production Cost		10215.17	49299.2	5000	8000	2250	1485	5000	51256.8	8000	(5,142.38)	1,485.00	5,000.00	8,000.00	754.42
Car Lease and Equipment Rentals			1093.54	1232	404.89	1000	1093.54	0	1636.89	0	1,404.89	1,093.54	1,232.00	404.89	1,000.00
Legal and Professional Fees		5000	21138.05	10170	10170	10170	11138.05	10170	10170	10170	11,138.05	11,138.05	10,170.00	10,170.00	10,170.00
Sales, Advertisement and Marketing			0	0	8500	0	0	0	0	8500	(977.88)	-	-	8,500.00	(977.88)
Quality Assurance			0	8229	0	8812.5	0	0	0	0	(1,013.83)	-	-	-	-
Insurance		4098.72	0	2594.08	4098.72	0	0	0	2594.08	4098.72	0	0	2594.08	4098.72	0
Bank Charges		48	0	0	0	0	0	0	0	0	0	9560	0	0	0
HST Payments															
<b>Total Disbursements</b>		100518.85	173846.38	40225.08	79292.74	74264.61	115166.48	33867.11	113776.9	82800.83	43,595.65	99139.46	67115.21	83205.72	49,133.33
<b>Closing cash balance</b>		116745.55	6389.15	81,022.01	184,185.71	167,504.53	314,639.31	280,772.20	309,199.77	271,698.94	373,928.44	336,788.98	334,548.15	399,202.47	415,043.13

The projected statement of cash flow for the period from May 27, 2024 to August 31, 2024 has been prepared pursuant to the requirements of section 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the attached Trustee's Report on Cash-Flow Statement by the Person Making the Proposal.

MNP LTD.,  
Trustee acting in re the Proposal of  
Niagara Falls Craft Distillers Ltd.



Per:  
Sheldon Title, CPA, CA, CIRP, LIT

Niagara Falls Craft Distillers Ltd.

e-Signed by Larry Innanen  
2024-05-31 15:49:52:52 EDT

e-Signed by Andrew Murison  
2024-05-31 15:43:09:09 EDT

Per:  
Larry Innanen  
Chairman

Per:  
Andrew Murison  
Director



District of: Ontario  
Division No. 07 - Hamilton  
Court No. 32-3082683  
Estate No. 32-3082683

\_ FORM 29 \_  
Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Proposal of  
Niagara Falls Craft Distillers Ltd.  
of the City of Niagara Falls  
in the Province of Ontario

The attached statement of projected cash flow of Niagara Falls Craft Distillers Ltd., as of the 30th day of May 2024, consisting of projected cash flow statement for the period commencing May 27, 2024 and the Notes to the projected cash flow statement, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by:  the management and employees of the insolvent person or  the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by:  management or  the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

(a) the hypothetical assumptions are not consistent with the purpose of the projection;

(b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or

(c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto in the Province of Ontario, this 31st day of May 2024.

MNP Ltd. - Licensed Insolvency Trustee



---

1900 - 1 Adelaide Street East  
Toronto ON M5C 2V9  
Phone: (416) 596-1711 Fax: (416) 323-5242

District of: Ontario  
Division No. 07 - Hamilton  
Court No. 32-3082683  
Estate No. 32-3082683

\_FORM 29\_ - Attachment  
Trustee's Report on Cash-flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Proposal of  
Niagara Falls Craft Distillers Ltd.  
of the City of Niagara Falls  
in the Province of Ontario

Purpose:

Niagara Falls Craft Distillers Ltd. (the "Company") filed a Notice of Intention to Make a Proposal on May 21, 2024 (the "Date of Filing"). The purpose of this Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of the Company for the period May 27, 2024 to August 31, 2024 for the purpose of complying with Part III of the Bankruptcy and Insolvency Act.

The Statement of Projected Cash Flow has been prepared by management on May 30, 2024, based on available information at that date in accordance with s. 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on the Cash Flow Statement. Readers are cautioned that this information may not be appropriate for other purposes.

Projection Notes:

The projections are based on hypothetical and/or probable assumptions.

Hypothetical Assumptions

Hypothetical assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that assume a set of economic conditions or courses of action that are not necessarily the most important in the insolvent person's judgment, but are consistent with the purpose of the Statement of Second Revised Projected Cash-flow.

Probable Assumptions

Probable assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that the Insolvent Person believes reflects the most probable set of economic conditions and planned courses of action, are suitably supported, consistent with the plans of the Insolvent Person and provide a reasonable basis for the Statement of Second Revised Projected Cash-flow.

Assumptions:

4. The Statement of Projected Cash Flow Includes the following Hypothetical and/or Probable Assumptions:

Projected Cash Receipts

- The projected cash receipts reflect receipts from new revenues and collections of existing accounts receivable.
  - The projected cash receipts on new revenues are reflected net of ad valorem taxes, commissions and costs of goods sold.
  - The projected cash receipts are estimated by management, based upon: (i) the collection experience with existing customers; and (b) purchase orders received and anticipated to be received from existing and new customers and having regard to the seasonality of the business.
- The Company has placed a number of older accounts receivable in collection with a third party collection agency. The Company has assumed that there will be no collections from this source during the period of the projection. Any funds collected will be paid to the collection agency before being disbursed to the Company.

Projected Cash Disbursements

- In calculating the cost of goods sold, the Company has estimated the purchases of inventory required to support the projected revenues.
- Projections assume most payments for goods and services to be made on COD terms.
- Payroll and source deductions are assumed to continue in the ordinary course and paid bi-monthly
- Operations will be conducted from the Company's current location.
- Receipts are reflected net of HST. The Company intends on amending the cash flow projection to include the HST collected and remitted on its cash receipts
- No provision for income taxes has been made.
- Pursuant to Section 69(1) of the Act, all creditors' claims are subject to a stay of proceedings.
- No provision has yet been made for payments to creditors as at the Date of Filing, with the exception of remittance of source deductions.

Dated at the City of Toronto in the Province of Ontario, this 31st day of May 2024.

MNP Ltd. - Licensed Insolvency Trustee



---

1900 - 1 Adelaide Street East  
Toronto ON M5C 2V9  
Phone: (416) 596-1711 Fax: (416) 323-5242

District of: Ontario  
Division No. 07 - Hamilton  
Court No. 32-3082683  
Estate No. 32-3082683

FORM 30  
Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the Matter of the Proposal of  
Niagara Falls Craft Distillers Ltd.  
of the City of Niagara Falls  
in the Province of Ontario

The Management of Niagara Falls Craft Distillers Ltd., has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 30th day of May 2024, consisting of projected cash flow statement for the period commencing May 27, 2024 and the Notes to the projected cash flow statement.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Niagara Falls in the Province of Ontario, this 31st day of May 2024.

e-Signed by Larry Inanan      e-Signed by Andrew Murison  
2024-05-31 15:49:59:59 EDT      2024-05-31 15:43:13:13 EDT  
\_\_\_\_\_  
Niagara Falls Craft Distillers Ltd.  
Debtor

\_\_\_\_\_  
Larry Inanan; Chairman  
Name and title of signing officer

\_\_\_\_\_  
Andrew Murison; Director  
Name and title of signing officer

District of: Ontario  
Division No. 07 - Hamilton  
Court No. 32-3082683  
Estate No. 32-3082683

FORM 30 - Attachment  
Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the Matter of the Proposal of  
Niagara Falls Craft Distillers Ltd.  
of the City of Niagara Falls  
in the Province of Ontario

Purpose:

Niagara Falls Craft Distillers Ltd. (the "Company") filed a Notice of Intention to Make a Proposal on May 21, 2024 (the "Date of Filing"). The purpose of this Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of the Company for the period May 27, 2024 to August 31, 2024 for the purpose of complying with Part III of the Bankruptcy and Insolvency Act.

The Statement of Projected Cash Flow has been prepared by management on May 30, 2024, based on available information at that date in accordance with s. 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on the Cash Flow Statement. Readers are cautioned that this information may not be appropriate for other purposes.

Projection Notes:

The projections are based on hypothetical and/or probable assumptions.

Hypothetical Assumptions

Hypothetical assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that assume a set of economic conditions or courses of action that are not necessarily the most important in the insolvent person's judgment, but are consistent with the purpose of the Statement of Second Revised Projected Cash-flow.

Probable Assumptions

Probable assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that the Insolvent Person believes reflects the most probable set of economic conditions and planned courses of action, are suitably supported, consistent with the plans of the Insolvent Person and provide a reasonable basis for the Statement of Second Revised Projected Cash-flow.

Assumptions:

4. The Statement of Projected Cash Flow Includes the following Hypothetical and/or Probable Assumptions:

Projected Cash Receipts

- The projected cash receipts reflect receipts from new revenues and collections of existing accounts receivable.
  - The projected cash receipts on new revenues are reflected net of ad valorem taxes, commissions and costs of goods sold.
  - The projected cash receipts are estimated by management, based upon: (i) the collection experience with existing customers; and (b) purchase orders received and anticipated to be received from existing and new customers and having regard to the seasonality of the business.
- The Company has placed a number of older accounts receivable in collection with a third party collection agency. The Company has assumed that there will be no collections from this source during the period of the projection. Any funds collected will be paid to the collection agency before being disbursed to the Company.

Projected Cash Disbursements

- In calculating the cost of goods sold, the Company has estimated the purchases of inventory required to support the projected revenues.
- Projections assume most payments for goods and services to be made on COD terms.
- Payroll and source deductions are assumed to continue in the ordinary course and paid bi-monthly
- Operations will be conducted from the Company's current location.
- Receipts are reflected net of HST. The Company intends on amending the cash flow projection to include the HST collected and remitted on its cash receipts
- No provision for income taxes has been made.
- Pursuant to Section 69(1) of the Act, all creditors' claims are subject to a stay of proceedings.
- No provision has yet been made for payments to creditors as at the Date of Filing, with the exception of remittance of source deductions.

Dated at the City of Niagara Falls in the Province of Ontario, this 31st day of May 2024.

e-Signed by Larry Innanen  
2024-05-31 15:50:06:06 EDT

e-Signed by Andrew Murison  
2024-05-31 15:43:18:18 EDT

---

Niagara Falls Craft Distillers Ltd.