

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

ARRRC INTERNATIONAL INC., AGRICULTURE TECHNOLOGY INCORPORATED,
2265469 ONTARIO INC., 2292760 ONTARIO INC. and 2517748 ONTARIO INC.

Respondents

APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.
B-3, and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43.

**MOTION RECORD
(RETURNABLE DECEMBER 4, 2018)**

November 22, 2018

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and properties of ARRC International Inc.,
Agriculture Technology Incorporated, 2265469
Ontario Inc., 2292760 Ontario Inc. and 2517748
Ontario Inc.

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INDEX

<u>TAB</u>	<u>DOCUMENT</u>	<u>PAGES</u>
1	Notice of Motion returnable December 4, 2018	1 – 14
2	Third and Final Report of the Receiver dated November 21, 2018	15 – 29
Appendices		
A	Appointment Order	30 – 46
B	Receiver’s First Report	47 – 63
C	Endorsement of Justice McEwen dated July 26, 2018	64 – 68
D	Receiver’s Second Report	69 – 84
E	Endorsement of Justice Hainey dated August 30, 2018	85 – 90
F	CRA’s Statement of Trust Examination	91 – 103
G	CRA’s HST Audit Statement	104 – 177
H	Redacted Copy of Secondary Debt Sale Trade Confirmation	178 – 182
I	Receiver’s Final Statement of Receipts and Disbursements	183 – 184
J	MNP Ltd. Fee Affidavit	185 – 193

<u>TAB</u>	<u>DOCUMENT</u>	<u>PAGES</u>
K	Miller Thomson LLP Fee Affidavit	194 – 208
3	Blackline to Model Discharge Order	209 – 216

TAB 1

Court File No. CV-18-595565-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

ARRRC INTERNATIONAL INC., AGRICULTURE TECHNOLOGY INCORPORATED,
2265469 ONTARIO INC., 2292760 ONTARIO INC. and 2517748 ONTARIO INC.

Respondents

APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3,
and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43.

**NOTICE OF MOTION
(RETURNABLE DECEMBER 4, 2018)**

MNP Ltd., in its capacity as Court-appointed receiver (the "Receiver") of the assets, undertakings and properties of ARRC International Inc., Agriculture Technology Incorporated, 2265469 Ontario Inc., 2292760 Ontario Inc. and 2517748 Ontario Inc. (collectively, the "Debtors") will make a motion to the Court on Tuesday, December 4, 2018, at 10:00 a.m. or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard:

- in writing under subrule 37.12.1(1) because it is on consent or unopposed or made without notice;
- in writing as an opposed motion under subrule 37.12.1(4);
- orally.

THE MOTION IS FOR:

1. an Order substantially in the form appended hereto as Schedule "A":
 - (a) if necessary, abridging the time for and validating service of this Notice of Motion and the Third and Final Report of the Receiver to the Court dated November 21,

2018 (the "Final Report") and directing that any further service of this Notice of Motion and the Final Report be dispensed with such that this motion is properly returnable on December 4, 2018;

- (b) approving the Final Report and the conduct and activities of the Receiver reported therein;
- (c) approving the Receiver's Statement of Receipts and Disbursements for the period April 18, 2018 to November 21, 2018;
- (d) approving the professional fees and disbursements of the Receiver and its legal counsel, including the estimated fees to complete the administration of the receivership;
- (e) sealing the Confidential Supplement to the Final Report;
- (f) subject to the completion of the assignment by Bank of Montreal ("BMO") to Maynbridge Capital Inc. ("Maynbridge") of the indebtedness owing to BMO by the Debtors and the security held by BMO for that indebtedness as contemplated by the Secondary Debt Sale Trade Confirmation dated November 16, 2018 between BMO and Maynbridge (the "Trade Confirmation") and the Receiver completing its administration of the receivership estate as described in the Final Report and filing a Certificate of Completion and a copy of the Final Statement of Receipts and Disbursements with this Honourable Court, discharging MNP Ltd. as receiver of the assets, undertakings and properties of the Debtors and releasing MNP Ltd. from any and all liability; and
- (g) such further and other relief as counsel may advise and this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

Approval of the Final Report and the Receiver's Activities and the Statement of Receipts and Disbursements

- (a) The Receiver has carried out its duties and responsibilities in accordance with the terms of the Appointment Order dated April 18, 2018 by which the Receiver was appointed.

Approval of Professional Fees

- (a) Pursuant to Paragraph 18 of the Appointment Order, the Receiver and counsel to the Receiver were granted a first charge on the property of the Debtor Companies as security for their professional fees, both before and after the making of the Appointment Order;
- (b) Pursuant to Paragraph 19 of the Appointment Order, the accounts of the Receiver and its legal counsel must be passed from time to time by a judge of the Commercial List of the Ontario Superior Court of Justice; and
- (c) It is the Receiver's opinion that the professional fees are fair and reasonable and justified in the circumstances and accurately reflect the work performed by the Receiver and its legal counsel in connection with the receivership proceedings.

Sealing Order

- (a) The Confidential Supplement to the Final Report contains sensitive and confidential information, the disclosure of which would be detrimental to the interests of the stakeholders.

Discharge of the Receiver

- (a) The market for the assets of the Debtors has been canvassed through an extensive sales process;
- (b) The sales process undertaken by the Receiver did not result in any viable offer being received which BMO is prepared to support in preference to the completion of the transaction contemplated by the Trade Confirmation;
- (c) BMO is the senior secured lender of the Debtors and, apart from equipment lessors and other lenders holding security in specific pieces of equipment or other chattels, is the only party with any real economic interest in the assets of the Debtors;
- (d) The discharge of the Receiver will not alter the priorities or prejudice the rights of any other creditors of the Debtors; and

- (e) Upon the completion of the transaction provided for in the Trade Confirmation, it is appropriate that the Receiver be discharged and released from any further liability.

Other

1. The Appointment Order;
2. Rules 1.04, 1.05, 2.03, 3.02(1), 16 and 37 of the *Rules of Civil Procedure*; and
3. Such further and other grounds as set forth in the Final Report and Confidential Supplement to the Final Report as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

- (a) the Final Report;
- (b) the Confidential Supplement to the Final Report; and
- (c) such further and other material as counsel may advise and this Honourable Court permit.

November 22, 2018

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TO: THE SERVICE LIST

SCHEDULE "A"

Court File No. CV-18-595565-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**THE HONOURABLE
JUSTICE)
)
)TUESDAY, THE 4TH
DAY OF DECEMBER, 2018

B E T W E E N :

BANK OF MONTREAL

Applicant

- and -

ARRRC INTERNATIONAL INC., AGRICULTURE TECHNOLOGY INCORPORATED,
2265469 ONTARIO INC., 2292760 ONTARIO INC. and 2517748 ONTARIO INC.

Respondents

APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3,
and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43.**DISCHARGE ORDER**

THIS MOTION, made by MNP Ltd. in its capacity as the Court-appointed receiver and manager (the "Receiver") of the assets, undertakings, and properties of ARRC International Inc., Agriculture Technology Incorporated, 2265469 Ontario Inc., 2292760 Ontario Inc. and 2517748 Ontario Inc. (collectively, the "Debtors") for, *inter alia*, an order,

- (a) if necessary, abridging the time for and validating service of this Notice of Motion and the Third and Final Report of the Receiver to the Court dated November 21, 2018 (the "Final Report") and directing that any further service of this Notice of Motion and the Final Report be dispensed with such that this motion is properly returnable on December 4, 2018;
- (b) approving the Final Report and the conduct and activities of the Receiver reported therein;

- (c) approving the Receiver's Statement of Receipts and Disbursements for the period April 18, 2018 to November 21, 2018;
- (d) approving the professional fees and disbursements of the Receiver and its legal counsel, including the estimated fees to complete the administration of the receivership;
- (e) sealing the Confidential Supplement to the Final Report;
- (f) subject to the completion of the assignment by Bank of Montreal ("BMO") to Maynbridge Capital Inc. ("Maynbridge") of the indebtedness owing to BMO by the Debtors and the security held by BMO for that indebtedness as contemplated by the Secondary Debt Sale Trade Confirmation dated November 16, 2018 between BMO and Maynbridge (the "Trade Confirmation") and the Receiver completing its administration of the receivership estate as described in the Final Report and filing a Certificate of Completion and a copy of the Final Statement of Receipts and Disbursements with this Honourable Court, discharging MNP Ltd. as receiver of the assets, undertakings and properties of the Debtors and releasing MNP Ltd. from any and all liability; and
- (g) such further and other relief as counsel may advise and this Honourable Court may deem just.

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Final Report and on hearing the submissions of counsel for the Receiver and all other parties present as noted on the Counsel Slip, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Julie Franchini sworn November ____, 2018, filed:

1. THIS COURT ORDERS that the Final Report and the conduct and activities of the Receiver reported therein be and the same are hereby approved.
2. THIS COURT ORDERS that the Receiver's Statement of Receipts and Disbursements for the period from April 18, 2018 to November 21, 2018 be and is hereby approved.
3. THIS COURT ORDERS that the Confidential Supplement to the Final Report shall be sealed until further order of this Court.

4. THIS COURT ORDERS that the professional fees and disbursements of the Receiver and Miller Thomson LLP, counsel to the Receiver, as set forth in the fee affidavit of Rob Smith sworn November 19, 2018 and the fee affidavit of Sherry Kettle sworn November 21, 2018 together with the MNP Fee Accrual and MT Fee Accrual, as defined in the Final Report, be and are hereby approved.

5. THIS COURT ORDERS that upon the Receiver filing a certificate certifying that the transaction contemplated by the Trade Confirmation has been completed and it has completed the administration of the receivership estate together with a copy of the Final Statement of Receipts and Disbursements, the Receiver shall be discharged as receiver of the assets, undertakings and properties of the Debtors, provided however that notwithstanding its discharge herein (a) the Receiver shall remain receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of MNP Ltd. in its capacity as Receiver.

6. THIS COURT ORDERS AND DECLARES that MNP Ltd. is hereby released and discharged from any and all liability that MNP Ltd. now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of MNP Ltd. while acting in its capacity as Receiver herein, save and except for any gross negligence or wilful misconduct on the Receiver's part. Without limiting the generality of the foregoing, MNP Ltd. is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership proceedings, save and except for any gross negligence or wilful misconduct on the Receiver's part.

7. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

BANK OF MONTREAL

and

ARRRC INTERNATIONAL INC., et al.

Court File No: CV-18-595565-00CL

Applicant

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at TORONTO

DISCHARGE ORDER

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Courtesy Copy

BANK OF MONTREAL

and

ARRRC INTERNATIONAL INC., et al.

Applicant

Respondents

Court File No.: CV-18-5955665-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**NOTICE OF MOTION
(RETURNABLE DECEMBER 4, 2018)**

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Ontario Inc., 2292760 Ontario Inc. and 2517748
Ontario Inc.

TAB 2

Court File No. CV-18-595565-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

BETWEEN:

BANK OF MONTREAL

Applicant

and

**ARRRC INTERNATIONAL INC., AGRICULTURE TECHNOLOGY INCORPORATED,
2265469 ONTARIO INC., 2292760 ONTARIO INC. and 2517748 ONTARIO INC.**

Respondents

**THIRD AND FINAL REPORT TO THE COURT SUBMITTED BY MNP LTD.,
IN ITS CAPACITY AS RECEIVER OF
ARRRC INTERNATIONAL INC., AGRICULTURE TECHNOLOGY INCORPORATED,
2265469 ONTARIO INC., 2292760 ONTARIO INC. and 2517748 ONTARIO INC.**

November 21, 2018

Table of Contents

	<u>Page</u>
1.0 Introduction and Purpose of Report	1
1.1 Introduction	1
1.2 Purpose of the Receiver's Third Report	3
2.0 Receiver's activities since the Second Report	4
2.1 Environmental – Leachate Pad and Lagoons	4
2.2 Government Accounts	4
2.3 2435895 Ontario Inc. and waste bins	5
2.4 Offshore bank account.....	6
2.5 Wage Earner Protection Program	6
3.0 Sales Solicitation Process	7
4.0 Assignment of Bank Indebtedness	8
5.0 Statement of Receipts and Disbursements	10
6.0 Receiver and its Counsel's Accounts	11
7.0 Order Sought	12

Listing of Appendices

Appendix A	-	Appointment Order
Appendix B	-	Receiver's First Report
Appendix C	-	Endorsement of Justice McEwen dated July 26, 2018
Appendix D	-	Receiver's Second Report
Appendix E	-	Endorsement of Justice Hainey dated August 30, 2018
Appendix F	-	CRA's Statement of Trust Examination
Appendix G	-	CRA's HST Audit Statement
Appendix H	-	Redacted Copy of Secondary Debt Trade Confirmation
Appendix I	-	Receiver's Final Statement of Receipts and Disbursements
Appendix J	-	MNP Ltd. Fee Affidavit
Appendix K	-	Miller Thomson LLP Fee Affidavit

1.0***Introduction and Purpose of Report*****1.1 Introduction**

1.1.1 ARRRC International Inc. (“**ARRRC**”) is a real estate holding company and sole title holder of lands municipally known as 329 County Road 34, Ruthven Ontario (the “**329 Property**”). The 329 Property is comprised of 26.42 acres of land and has been improved with multiple outbuildings, including three private residences. ARRRC leases the 329 Property exclusively to Agriculture Technology Inc. (“**ATI**”).

1.1.2 ATI’s primary business is the handling of plant materials and growing media removed from local greenhouse growers at the end of the crop cycle. Services offered by ATI include agriculture material handling, organic and substrate recycling, wood grinding and soil screening. Related businesses include plastic recycling, bio-fiber production, bio-fuel compounding and garden products.

1.1.3 2517748 Ontario Inc., operating as City Recycle (“**251**”) operates as a waste disposal, processing and recycling transfer station from leased lands municipally known as 1153 Tecumseh Rd, Windsor Ontario (“**Tecumseh Property**”).

1.1.4 2265469 Ontario Inc. o/a as AR3C (“**226**”) provides management services to ARRRC, ATI and City.

1.1.5 2292760 Ontario Inc. o/a WECO2 (“**229**”) is a non-operating company.

1.1.6 ARRRC, ATI, 251, 226 and 229 (collectively the “**Companies**”) are all related private corporations having common ownership and directors.

The directors of the Companies are:

- (i) Mr. Matthew Posthumus;
- (ii) Mr. Steve Posthumus;
- (iii) Mr. Luke Posthumus; and
- (iv) Mr. Mark Posthumus (together the “**Posthumus Family**”).

1.1.7 Bank of Montreal (“**BMO**” or the “**Bank**”) is the senior secured lender to the Companies. In aggregate, the Companies are indebted to BMO for approximately \$14,838,000, plus interest.

1.1.8 The debt owing to BMO is secured by the following:

- (i) A collateral charge registered against the Property in the principal amount of \$12,800,000;
- (ii) General security agreements from each of the Companies.

- 1.1.9** On April 3, 2018, the Companies advised BMO that the businesses were experiencing financial distress caused by the activities of the Ministry of Environment and the Town of Kingsville and, as a result, operations had effectively ceased. On April 4, 2018, BMO issued demands for payment and notices of intention to enforce security to the Companies.
- 1.1.10** On April 18, 2018, the Honourable Justice Pattillo of the Ontario Superior Court of Justice issued an Order (the “**Appointment Order**”) appointing MNP Ltd. as receiver (the “**Receiver**”) of the Companies. A copy of the Appointment Order and the endorsement of Justice Pattillo are attached as **Appendix A**. The Appointment Order is substantially in the form of the Model Receivership Order.
- 1.1.11** The Appointment Order authorized, but did not obligate, the Receiver, among other things, to do the following where the Receiver considers it necessary or desirable:
- (i) Take possession of and exercise control over the property of the Companies;
 - (ii) Manage, operate and carry on the business of the Companies;
 - (iii) Initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Companies, the Property or the Receiver, and to settle or compromise any such proceedings; and,
 - (iv) Market any or all of the property of the Companies and negotiate such terms and conditions of sale as the Receiver may deem appropriate.
- 1.1.12** The Receiver has submitted two previous reports to this Court as follows:
- (i) Report dated June 19, 2018 (the “**First Report**”) which included a confidential supplemental report to the Court. A copy of the First Report, without appendices, is attached as **Appendix B**. A copy of the Order approving the First Report and the endorsement of Justice McEwen dated July 26, 2018 approving the First Report is attached as **Appendix C** (“**McEwen Order**”).
 - (ii) Report dated August 20, 2018 (the “**Second Report**”). A copy of the Second Report, without appendices, is attached as **Appendix D**. A copy of the Order approving the Second Report and the endorsement of Justice Hainey dated August 30, 2018 is attached as **Appendix E** (“**Hainey Order**”).

1.2 Purpose of the Receiver's Third Report

1.2.1 This constitutes the Receiver's third and final report to the Court (the "**Final Report**") in this matter and is filed to:

- (i) Report on the Receiver's activities since the Second Report;
- (ii) Provide an update to the Court on the Receiver's sale solicitation process ("**SSP**");
- (i) Obtain an Order approving the Final Report and the confidential supplement thereto, along with the activities of the Receiver detailed therein;
- (ii) Obtain approval of the Receiver's Statement of Receipts and Disbursements for the period April 18, 2018 to November 21, 2018;
- (iii) Obtain approval of the fees and disbursements of the Receiver and its legal counsel, including the Fee Accrual (as defined and described herein); and
- (iv) Obtain an Order discharging MNP as Receiver and releasing MNP from all matters and liability in connection with the receivership.

2.0 *Receiver's activities since the Second Report*

2.1 Environmental – Leachate Pad and Lagoons

- 2.1.1** As discussed in the First Report and Second Report, ATI's processing facility at the 329 Property is equipped with a 7-acre cement holding pad ("Pad") which is utilized to stockpile unprocessed agriculture by-product. The Pad and two large reservoirs ("Lagoons") collect precipitation run-off. The resulting liquid ("Leachate") is deemed by the Ministry of Environment and Climate Change ("MOE") to be 'Non-Agriculture Sourced Material' ("NASM").
- 2.1.2** Since the Second Report the Receiver organized the removal of approximately 600,000 gallons of NASM from the Ponds. NASM was applied to local farmland in accordance with protocols pursuant to the Nutrient Management Act ("NMA").
- 2.1.3** Members of the Posthumous family retained by the Receiver have continued to monitor and manage the Pad and Lagoons.
- 2.1.4** MOE officials attend the 329 Property regularly to inspect the status of the 329 Property, and specifically Pad and Lagoons Leachate levels. The MOE last visited the 329 Property on November 6, 2018 and reported Leachate levels remain below freeboard range.
- 2.1.5** Approximately one million gallons of Leachate has been removed from Lagoons between May 29 and August 24, 2018. Lagoon Leachate levels continue to rise in conjunction with area precipitation. The Receiver has been required to organize regular NASM applications to manage Leachate Levels and prevent containment breach resulting from rising levels of Leachate. NASM can only be removed and applied to approved fields when field and weather conditions permit. Present conditions are ideal to apply a further 500,000 gallons of NASM. To mitigate the risk of containment breach occurring between now and spring 2019 (when additional capacity will be required to manage spring thaw run off) the Receiver has organized a third NASM application. The third NASM application will be completed prior to December 1, 2018 being the final deadline to apply NASM in accordance with the NMA.

2.2 Government Accounts

- 2.2.1** Canada Revenue Agency ("CRA") has completed its audit of the Companies source deduction accounts and confirms the following deemed trust priority claims for unremitted source deductions:
- (i) Agriculture Technology Inc. - \$9,714
 - (ii) ARRRC International Inc. - \$7,462
 - (iii) 2265469 Ontario Inc. - \$38,206
 - (iv) 2292760 Ontario Inc. - \$55,152
 - (v) 2517748 Ontario Inc. - \$30,486

A copy of CRA's Statement of Trust Examination is attached as **Appendix F**.

2.2.2 CRA has completed a preliminary review of the Companies HST accounts and has assessed the following deemed trust priority claim for HST:

- (i) Agriculture Technology Inc. - \$317,705
- (ii) ARRRC International Inc. - \$687,680
- (iii) 2265469 Ontario Inc. – credit balance of \$31,249
- (iv) 2292760 Ontario Inc. - \$59,959
- (v) 2517748 Ontario Inc. - \$29,174

A copy of CRA's HST Audit Statement is attached as **Appendix G**.

2.2.3 The Receiver has reviewed preliminary audit results with respect to ATI and believes a detailed review of company records is necessary to confirm the reasonableness of CRA's assessment and calculation of sales and input tax credits allowances. Accordingly, the Receiver has requested the audit not be finalized before allowing ATI and the Receiver enough time to investigate CRA's assessment/reassessment of several reporting periods.

2.2.4 ATI's former accountant, Collins Barrow LLP ("Collins"), was engaged to file ATI's income tax return and final pre-receivership HST remittance. Collins is still in the process of finalizing ATI's returns; however, based on preliminary calculations the Receiver expects a corporate income tax refund of approximately \$250,000. CRA is entitled to apply (setoff) corporate income tax credits against all ATI HST and source deduction arrears. The available credit balance after setoff is then refunded to the tax debtor. As a result, the net credit refund available to ATI is contingent on the results of the HST audit.

2.3 2435895 Ontario Inc. and waste bins

2.3.1 As discussed in the Second Report, the Companies occupied leased premises at 1593 County Road 34, Kingsville, Ontario ("**1593 Property**") pursuant to terms contained in an Offer to Lease agreement between the property's owner, 2435895 Ontario Inc. ("**243**") and ATI. ATI is the owner of forty 40' roll off waste containers ("**Subject Property**"). Through the ordinary course of business, the Subject Property came to be situated at the 1593 Property. There being no economic benefit to assume the terms of ATI's tenancy, the Receiver did not occupy the 1593 Property and began coordinating a possession exercise to secure and repatriate the Subject Property. 243 refused to allow the Receiver to take possession of the Subject Property. In the Second Report the Receiver requested a Court Order compelling 243 to deliver up the Subject Property. 243 remains in possession of the Subject Property. This issue was adjourned on consent to allow 243's newly appointed legal counsel to review the issue. Since the Second Report, the Receiver and 243 have entered preliminary discussions to settle possession rights in a commercially reasonable manner; however, at the time of this report 243 and the Receiver have not agreed to mutually acceptable terms.

2.4 Offshore bank account

2.4.1 The Receiver has recently learned of the existence of an offshore bank account held at a CIBC branch located in the Turks and Caicos in which the Companies may have an interest. The Receiver understands there is approximately \$75,000 USD on deposit (“**Offshore Proceeds**”). The Receiver’s counsel has written to CIBC regarding the account and to confirm if the Offshore Proceeds constitute property of the Companies which are subject to the provisions of the Appointing Order. No response has yet been received from CIBC.

2.5 Wage Earner Protection Program

2.5.1 As set out in the First Report the Receiver initiated the claims process for former employees of the Companies under WEPP who had claims for unpaid wages, vacation, termination and severance pay (collectively “**Wages**”).

2.5.2 The Receiver is aware of the following payments made to former employees under WEPP:

- (i) Agriculture Technology Inc. - \$18,806
- (ii) 2265469 Ontario Inc. – \$10,285
- (iii) 2292760 Ontario Inc. - \$6,235
- (iv) 2517748 Ontario Inc. - \$5,479

2.5.3 Total known payments made by HRSDC to employees amount to \$40,805. HRSDC payments are in respect of termination pay outstanding only. Under the Wage Earner Protection Program Act and section 81.4 of the BIA, payments for termination pay rank as unsecured claims.

3.0

Sales Solicitation Process

- 3.1.1 Pursuant to the Initial Order, the Receiver was authorized to market any or all of the assets and operations of the Companies (the “**Assets**”), including advertising and soliciting offers and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate.
- 3.1.2 The First Report outlined the SSP undertaken by the Receiver for the Assets and undertakings of the Companies. The SSP was approved by the Court in the McEwen Order. The original deadline for the submission of proposals was 2:00 pm on July 27, 2018 (“**First Bid Deadline**”). The First Bid Deadline provided prospective bidders six weeks from the time of the Receiver’s initial contact to complete due diligence.
- 3.1.3 In its Second Report the Receiver provided the following information with respect to its actions to market the sale of Assets:
- The total number of potentially interested parties who were contacted with the opportunity and that executed confidentiality agreements;
 - A description of advertising publications; and
 - Details regarding its management of prospective purchaser queries, and information and asset viewing requests.
- 3.1 The Receiver’s marketing campaign resulted in several proposals being received by the First Bid Deadline. Having regard to the proposals received and the expressed desire of certain interested parties to conduct further due diligence, the Receiver sought Court approval for an extension to the proposal deadline from the First Bid Deadline to 2:00 pm on September 11, 2018 (“**Second Bid Deadline**”). The extension to the deadline for proposals to the Second Bid Deadline was approved by the Court in the Hainey Order. On July 31, 2018 the Receiver contacted all parties that had executed a Non-Disclosure Agreement to advise of the bid extension deadline and welcomed parties to revisit the data room dedicated to the SSP.
- 3.2 Prior to the expiry of the Second Bid Deadline the Receiver received three proposals, one of which was submitted by Mr. Matthew Posthumous, on behalf of a corporation to be formed. Each of the interested parties again expressed a need to conduct further due diligence in advance of finalizing their respective offers. Accordingly, throughout the SSP the Receiver extended the bid deadline to 2:00 pm on October 26, 2018 (“**Third Bid Deadline**”). The second extension granted offerors a further 45 days from the Second Bid Deadline to conduct additional due diligence. On September 17, 2018 the Receiver contacted the three parties which submitted proposals to advise of the bid extension deadline. The Bank supported the further extension of the bid deadline.
- 3.3 The SSP did not result in any viable en bloc, going concern offer for the Assets. Details of the offers submitted are discussed in the Receiver’s Confidential Supplemental Report to this Final Report (“**Confidential Supplement**”).

4.0

Assignment of Bank Indebtedness

- 4.1.1 Following the results of the SSP and expiry of the Third Bid Deadline, the Bank was approached by an arms-length, unrelated third party, Maynbridge Capital Inc. (“**Maynbridge**”) to purchase the Bank’s debt and security. The Bank and Maynbridge subsequently entered into a Secondary Debt Sale Trade Confirmation dated November 16, 2018 (the “**Trade Confirmation**”) under the terms of which Maynbridge agreed to purchase the indebtedness owing by the Companies to the Bank and the security held by the Bank for that indebtedness.
- 4.1.2 At the request of Maynbridge, the purchase price to be paid under the Trade Confirmation is to be kept confidential. Details of same are therefore presented to Court in the Confidential Supplement. A redacted copy of the Trade Confirmation is attached as **Appendix H**. An unredacted copy of the Trade Agreement is included in the Confidential Supplement.
- 4.1.3 The assignment of the Bank’s debt and security pursuant to the Trade Confirmation is to be completed on or before December 14, 2018. The transaction is subject to the following conditions:
- (i) Maynbridge confirming the amount owing to the Bank and its satisfactory review of the credit documents;
 - (ii) The discharge of the Receiver;
 - (iii) Approval of Maynbridge’s credit committee; and
 - (iv) Negotiation, execution and delivery of assignment agreements and transfer documentation.
- 4.1.4 The Bank wishes to complete the assignment of its debts and security pursuant to the Trade Confirmation and is not prepared to support any of the offers submitted by the Third Bid Deadline in preference to completing the assignment of its debt and security to Maynbridge.
- 4.1.5 In the event that the assignment is not completed, the receivership would remain ongoing. In that event, the Receiver will report promptly to the Service List and the Court on the further steps to be taken in the receivership. In support of the Order sought to discharge the Receiver and conclude the receivership, the Receiver notes the following:
- (i) As discussed in the Second Report, the Receiver’s counsel has provided an opinion that the Bank’s security is valid and enforceable as against the Companies, subject to the usual assumptions and qualifications;
 - (ii) A rigorous marketing process was carried out by the Receiver to optimize the realization of the Assets. The Receiver’s marketing efforts have been exhausted, with no viable proposal for the Assets being received to date;
 - (iii) The Bank is the senior lender to the Companies and is most impacted by the realization of the Assets; and
 - (iv) Other than equipment lessors and lenders which have an interest in a specific piece or pieces of equipment or chattel, the Bank is the only stakeholder which has any practical economic interest in the Assets.

- 4.1.6** Subject to the completion of the assignment by the Bank of its debt and security pursuant to the Trade Confirmation, the Receiver is seeking a full and final discharge of its duties and obligations under the Appointment Order. Upon discharge, the receivership administration will end and the Assets and undertakings of the Companies will revert back to the Companies and their secured creditors. The completion of the assignment and discharge of the Receiver will not alter the priorities or prejudice the rights of the equipment lessors and those lenders having an interest in a specific piece of pieces of equipment or other chattel.
- 4.1.7** The conclusion of the receivership also leaves open the possibility of the business carried on by the Companies being salvaged and providing continuing employment, rather than the Assets being liquidated and dispersed.

5.0

Statement of Receipts and Disbursements

- 5.1.1** Appendix I, attached, is a summary of the Receiver's Final Statement of Receipts and Disbursements for the period April 18 to November 21, 2018.
- 5.1.2** In addition to advances from the Bank under Receiver Certificates totalling \$185,000, the Receiver has generated receipts of \$154,997, primarily from the sale of inventory and collection of accounts receivable.
- 5.1.3** The Receiver has made disbursements to date of \$288,553, primarily for:
- (i) draining the Lagoon Leachate levels in accordance with NASM Plan;
 - (ii) Contract labour wages paid to the Posthumous Family;
 - (iii) Legal fees paid to Wilms & Shier Lawyers LLP for assistance the MOE Environmental Review Tribunal, as discussed in the First Report;
 - (iv) Retainer paid to Barrow to finalize the 2017 financial statements and prepare a corporate tax return; and
 - (v) Utilities and other occupancy costs.
- 5.1.4** The Receiver has included provisional costs ("**Final Costs**"), including costs incurred but not yet paid for, plus costs yet to be incurred to finalize the administration of this estate. The estimated Final Costs are as follows:
- (i) Costs to remove approximately 500,000 gallons of Leachate from the Lagoon totalling \$60,000;
 - (ii) Real property holding costs for insurance and utilities of \$26,980;
 - (iii) Pro-rata equipment lease obligations of \$15,000;
 - (iv) Professional fees owing for tax preparation of \$9,000;
 - (v) Professional fees as discussed in Section 6 of this report of \$285,363. Of this amount \$202,262 was approved in the Second Report. The Receiver is seeking approval of the remaining \$59,602 in this Final Report.
 - (vi) Professional fee accrual to finalize administration as discussed in section 6 of this report \$23,500.
- 5.1.5** These are the known Final Costs, totalling \$396,343, as of the date of this report. There may yet be additional costs that arise which the Receiver is obligated to pay.
- 5.1.6** The Bank has agreed to fund the Final Costs after the Debt Assignment.

6.0***Receiver and its Counsel's Accounts***

- 6.1.1** As required in the Initial Order, the Receiver is seeking the approval of its accounts and the accounts of its legal counsel for the receivership period to date.
- 6.1.2** The Receiver has submitted one invoice since the Second Report, for the period August 1, 2018, November 15, 2018 in the amount of \$40,000 inclusive of disbursements and before HST. The invoice, together with the Receiver's affidavit of verification of fees, is attached as **Appendix J**.
- 6.1.3** The Receiver will incur further fees and disbursements to finalize the administration of this estate, including, without limitation, returning possession and control of the assets and records to the Companies, filing of all final HST returns, preparing and lodging the Receiver's Notice to Creditors pursuant to section 246 of the BIA, and all other final administrative matters. The Receiver estimates that these further fees and disbursements will total \$10,000, excluding disbursements and taxes (the "**Receiver Fee Accrual**").
- 6.1.4** Miller Thomson LLP ("MT"), the Receiver's legal counsel, has submitted three invoices since the Second Report as follows:

Invoice Date	Period	Amount (exclusive of HST)
August 22, 2018	July 1, 2018 to July 31, 2018	9,061.82
September 30, 2018	August 1, 2018 to September 30, 2018	8,200.06
October 31, 2018	October 1, 2018 to October 31, 2018	<u>2,340.00</u>
		<u>19,601.88</u>


- 6.1.5** MT will incur further fees and disbursements to finalize the administration of this estate, including, without limitation, filing and attending on the motion for approval of the Final Report and the filing of the Discharge Certificate in connection with the Discharge Order. MT estimates that these further fees and disbursements will total \$13,500, excluding disbursements and taxes (the "**MT Fee Accrual**"). The aforementioned invoices, together with MT's affidavit of verification of fees, are attached as **Appendix K**.
- 6.1.6** It is the Receiver's opinion that the Professional Fees are fair and reasonable and justified in the circumstances and accurately reflect the work done by the Receiver and MT in connection with the receivership during the relevant periods. The Receiver recommends approval of the Professional Fees, including the Receiver Fee Accrual and MT Fee Accrual, by the Court.

7.0***Order Sought***

- 7.1 We submit this Final Report to this Honourable Court and respectfully requesting this Honourable Court to make an order:
- (i) Approving the Final Report and the confidential supplement thereto, along with the activities of the Receiver detailed therein;
 - (ii) sealing the Confidential Supplement;
 - (iii) Approving the Receiver's Statement of Receipts and Disbursements for the period August 14, 2018 to November 21, 2018;
 - (iv) Approving the fees and disbursements of the Receiver and its legal counsel, including the Receiver Fee Accrual and MT Fee Accrual; and
 - (v) Subject to the completion of the assignment by the Bank of its debt and security pursuant to the Trade Confirmation, discharging MNP as receiver and releasing MNP from all matters and liability in connection with the receivership.

All of which is respectfully submitted this 21st day of November 2018.

**MNP Ltd. in its capacity as Receiver of
ARRRC International Inc., Agriculture Technology Incorporated, 2265469 Ontario Inc., and
not in its personal capacity**



Per: Robert W. Smith CPA, CA, CIRP, LIT
Senior Vice President

APPENDIX “A”

Court File No. CV-18-595565-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

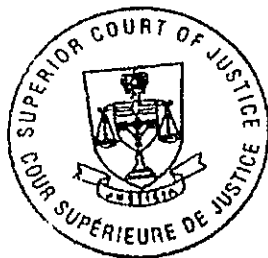
THE HONOURABLE *Mf.*) WEDNESDAY, THE
JUSTICE *PATILLO*)
) 18th DAY OF APRIL, 2018

BETWEEN:

BANK OF MONTREAL

Applicant

- and -



ARRRC INTERNATIONAL INC., AGRICULTURE TECHNOLOGY INCORPORATED,
2265469 ONTARIO INC., 2292760 ONTARIO INC. and 2517748 ONTARIO INC.

Respondents

APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C 1985, c. B-3,
and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43.

ORDER
(Appointing Receiver)

THIS APPLICATION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing MNP Inc. as receiver (in such capacity, the "Receiver") without security, of all of the assets, undertakings and properties of each of ARRC International Inc., Agriculture Technology Incorporated, 2265469 Ontario Inc., 2292760 Ontario Inc. and 2517748 Ontario Inc.

- 2 -

(collectively the “Debtors”) acquired for, or used in relation to businesses carried on by the Debtors, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Athol Hall sworn April 10, 2018 and the Affidavit of Amy Casella sworn April 17, 2018, and on hearing the submissions of counsel for Bank of Montreal, no one appearing for the Debtors although duly served,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, MNP Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtors, or any one of them, acquired for, or used in relation to businesses carried on by the Debtors, including all proceeds thereof (the “Property”).

RECEIVER’S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent

- 3 -

security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

- (c) to manage, operate, and carry on the businesses of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtors;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the businesses of the Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby

- 4 -

conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$50,000, provided that the aggregate consideration for all such transactions does not exceed \$100,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause or, in the opinion of the Receiver, court approval is otherwise necessary or desirable regardless of the value of the transaction;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply;

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

- 5 -

- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being “Persons” and each being a “Person”) shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

- 6 -

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of

- 7 -

the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

8. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtors are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtors' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. THIS COURT ORDERS that all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in

- 9 -

respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in

- 10 -

pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the “Receiver's Borrowings Charge”) as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule “A” hereto (the “Receiver's Certificates”) for any amount borrowed by it pursuant to this Order.

24. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

25. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the “Protocol”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service->

- 12 -

protocol/) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol.

26. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

27. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

28. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.

29. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

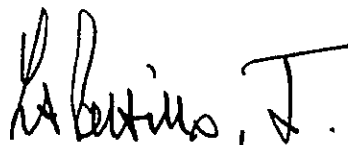
30. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located,

- 13 -

for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

31. THIS COURT ORDERS that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtors' estates with such priority and at such time as this Court may determine.

32. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

APR 18 2018

PER / PAR:



SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that MNP Ltd., the receiver (the "Receiver") of the assets, undertakings and properties of ARRRC International Inc., Agriculture Technology Incorporated, 2265469 Ontario Inc., 2292760 Ontario Inc. and 2517748 Ontario Inc. (collectively the "Debtors"), acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of _____, 20__ (the "Order") made in an action having Court file number ___-CL-_____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver

- 2 -

to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

MNP Ltd., solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

BANK OF MONTREAL

Applicant

and

ARRRC INTERNATIONAL INC. ET AL

Respondents

Court File No. CV-18-595565-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

ORDER

CHATONS LLP
5000 Yonge Street, 10th Floor
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Fax: 416-218-1847

Lawyers for the Applicant

APPENDIX “B”

Court File No. CV-18-595565-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

BETWEEN:

BANK OF MONTREAL

Plaintiff

and

**ARRRC INTERNATIONAL INC., AGRICULTURE TECHNOLOGY INCORPORATED,
2265469 ONTARIO INC., 2292760 ONTARIO INC. and 2517748 ONTARIO INC.**

Defendants

**FIRST REPORT TO THE COURT SUBMITTED BY MNP LTD.,
IN ITS CAPACITY AS RECEIVER OF
ARRRC INTERNATIONAL INC., AGRICULTURE TECHNOLOGY INCORPORATED,
2265469 ONTARIO INC., 2292760 ONTARIO INC. and 2517748 ONTARIO INC.**

June 19, 2018

Table of Contents

	<u>Page</u>
1.0 Introduction and Purpose of Report	1
1.1 Introduction	1
1.2 Purpose of the Receiver's First Report	2
2.0 Initial Receiver Activities	3
2.1 Possession	3
2.2 Operations	3
2.3 Environmental – Leachate Pad and Lagoons	3
2.4 Environmental – MOE Order	5
2.5 Environmental – Pre-Trial re 2016 Spill	6
2.6 Environmental – Lagoon Appeal	6
2.7 Tecumseh Property	6
2.8 1593 Property	7
2.9 Appraisals	7
2.10 Accounts Receivable	7
2.11 Pre-Receivership Payments	7
2.12 Inventory Liquidation	8
2.13 Employees	8
2.14 CRA	9
2.15 Accountant	9
2.16 Insurance	9
2.17 Third Party Assets	9
2.18 Cash and Banking	9
2.19 Receiver's Certificate	10
2.20 Notice	10
2.21 Independent Counsel Security Opinion	10
3.0 Marketing and Sale of Assets	11
4.0 Order Sought	13

Listing of Appendices

Appendix A	-	Appointment Order
Appendix B	-	MOE Settlement Agreement
Appendix C	-	Receiver Certificate
Appendix D	-	Receiver's Section 245 Notices
Appendix E	-	Interested Parties
Appendix F	-	Invitation for Proposals
Appendix G	-	Confidentiality Agreement
Appendix H	-	Confidential Information Memorandum (Redacted)

1.0 Introduction and Purpose of Report

1.1 Introduction

- 1.1.1** ARRRC International Inc. (“ARRRC”) is a real estate holding company and sole title holder of lands municipally known as 329 County Road 34, Ruthven Ontario (the “**329 Property**”). The 329 Property is comprised of 26.42 acres of land and has been improved with multiple outbuildings, including three private residences. ARRRC leases the 329 Property exclusively to Agriculture Technology Inc. (“ATI”).
- 1.1.2** ATI’s primary business is the handling of plant materials and growing media removed from local greenhouse growers at the end of the crop cycle. Services offered by ATI include agriculture material handling, organic and substrate recycling, wood grinding and soil screening. Related businesses include plastic recycling, bio-fiber production, bio-fuel compounding and garden products.
- 1.1.3** 2517748 Ontario Inc., operating as City Recycle (“**251**”) operates as a waste disposal, processing and recycling transfer station from leased lands municipally known as 1153 Tecumseh Rd, Windsor Ontario (“**Tecumseh Property**”).
- 1.1.4** 2265469 Ontario Inc. o/a as AR3C (“**226**”) provides management services to ARRRC, ATI and City. AR3C operates from rented premises at 1593 County Road 34, Kingsville Ontario (“**1593 Property**”).
- 1.1.5** 2292760 Ontario Inc. o/a WECO2 (“**229**”) is a non-operating company.
- 1.1.6** ARRRC, ATI, 251, 226 and 229 (collectively the “**Companies**”) are all related private corporations having common ownership and directors.
- The directors of the Companies are:
- (i) Mr. Matthew Posthumus;
 - (ii) Mr. Steve Posthumus;
 - (iii) Mr. Luke Posthumus; and
 - (iv) Mr. Mark Posthumus (together the “**Posthumus Family**”).
- 1.1.7** Bank of Montreal (“BMO”) is the senior secured lender to the Companies. In aggregate, the Companies are indebted to BMO for approximately \$14,600,000. BMO holds a mortgage over the Property together with General Security Agreements from each of the Companies.
- 1.1.8** On April 3, 2018, the Companies advised BMO that the businesses were experiencing financial distress caused by the activities of the Ministry of Environment and the Town of Kingsville and, as a result, operations had effectively ceased. On April 4, 2018, BMO issued demands for payment and notices of intention to enforce security to the Companies.
- 1.1.9** On April 18, 2018, the Honourable Justice Pattillo of the Ontario Superior Court of Justice issued an Order (the “**Appointment Order**”) appointing MNP Ltd. as receiver (the “**Receiver**”) of the

Companies. A copy of the Appointment Order and the endorsement of Justice Pattillo are attached as **Appendix A**. The Appointment Order is substantially in the form of the Model Receivership Order.

1.2 Purpose of the Receiver's First Report

1.2.1 This constitutes the Receiver's First Report to the Court (the "**First Report**") in this matter and is filed to:

- Provide an overview of the Receiver's activities since the date of its appointment and seek approval of those activities; and;
- Report to the Court with respect to the Receiver's sale solicitation process ("**SSP**") for the Companies' assets and seek approval of same.

2.0

Initial Receiver Activities

2.1 Possession

- 2.1.1 Upon its appointment the Receiver attended the 329 Property to serve the Companies' principals with a copy of the Appointment Order and to take possession.
- 2.1.2 The 329 Property is occupied by ATI and the Posthumus Family. The Receiver changed the locks to certain of the outbuildings, but not the private residences which continue to be occupied by members of the Posthumus Family.
- 2.1.3 The Receiver photographed the 329 Property, equipment and inventory to document the condition at the time of the Receiver's appointment. With the assistance of ATI's principals, the Receiver conducted a physical inventory of ATI's rolling stock and fixed assets. Raw material inventory is comprised of bulk coconut husk, rock-wool and separated plastic bales. Given its form, the Receiver consulted ATI's principals to estimate material volumes based on the dimension of material stockpiles.
- 2.1.4 The Receiver took possession of limited books and records of the Companies stored at the 329 Property. The Companies electronic records, including email and accounting software were kept securely offsite with a data service provider, Bolton Smith ("**Bolton**"). The Receiver engaged Bolton to image and create a back up of the Companies' server. Additionally, the Receiver obtained login credentials to have unfettered remote online access to all the Companies electronic records.

2.2 Operations

- 2.2.1 ATI and 226's operations ceased on or around March 23, 2018.
- 2.2.2 251's operations ceased in March 2018 due to grievances with the Tecumseh Property landlord.

2.3 Environmental – Leachate Pad and Lagoons

- 2.3.1 Before its operations ceased, ATI accepted and processed significant volumes of end of crop agricultural materials comprised primarily of discarded greenhouse substrate. ATI's processing facility at the 329 Property is equipped with a 7-acre cement holding pad ("**Pad**") which was utilized to stockpile unprocessed material. The Pad and two large reservoirs ("**Lagoons**") collect precipitation run-off. The resulting liquid ("**Leachate**") is deemed by the Ministry of Environment and Climate Change ("**MOE**") to be 'Non-Agriculture Sourced Material' ("**NASM**").
- 2.3.2 The MOE requires NASM materials be contained and handled in accordance with the Nutrient Management Act ("**NMA**").
- 2.3.3 Should Lagoon capacities be exceeded, Leachate will flow into the local environment. Following overflows from the Lagoon in 2013 and 2016, ATI implemented environmental protocols to mitigate the risk of future environmental impact ("**Protocols**"). Protocols include periodically pumping out Lagoons and applying the materials to area farm lands in accordance with a MOE approved NASM Development Plan ("**NASM Plan**").

- 2.3.4** At the time of possession, the Receiver confirmed that the Pad and Lagoons were approaching freeboard capacity. Principals for ATI advised that the company's financial state prevented it from complying with the Protocols. The Receiver understands that the Protocols were last deployed in September or October of 2017.
- 2.3.5** Principals for ATI confirmed that Mr. Luke Posthumus ("**Luke**") historically managed the Protocols, including pumping Leachate from the Pad to the Lagoons. The Receiver immediately engaged Luke on a contract basis to manage the Pad and Lagoons.
- 2.3.6** ATI suggested that the Receiver speak with Mr. Rick Faber ("**Faber**"), a MOE NASM plan developer, to carry out the NASM Plan.
- 2.3.7** The Receiver contacted Faber to confirm requirements and procedures under the NMA, including:
- (i) Obtaining water samples and undergoing lab testing of same to confirm the Leachate qualifies as NASM materials;
 - (ii) Organizing with land owners in the local area to apply NASM materials on MOE approved lands; and
 - (iii) Organizing MOE approved transportation and handling contractors to apply NASM materials.
- 2.3.8** The Receiver immediately obtained water samples from the Lagoons and engaged Caducean Environmental to analyze the Leachate. Results confirmed that the Leachate qualified as NASM material.
- 2.3.9** On April 18, 2018 the Receiver advised the MOE of the Receivership.
- 2.3.10** On April 23, 2018 the Receiver met with MOE officials at the 329 Property to inspect the premises. The MOE advised its immediate concern relative to the Leachate levels of the Pad and Lagoons. The Receiver discussed its preliminary understanding and proposed action plan to manage the overflow risk.
- 2.3.11** Due to the volume of area precipitation and potential for additional precipitation, the Receiver began investigating alternate overflow risk management strategies to reduce Leachate levels. The Receiver consulted multiple environmental engineers/consultants and began organizing a contingency plan in the event the existing NASM Plan could not be carried out before the Lagoons overflowed from additional precipitation.
- 2.3.12** The Receiver obtained the MOE's approval to begin applying Leachate from the Lagoons to approved farm land under the NASM Plan. However, the pre-approved farm lands were saturated from the Spring thaw and ongoing precipitation and the Receiver was required, by both the MOE and the land owners, to wait until the land dried sufficiently. The Lagoon levels continued to fill as the Receiver waited and there was an imminent risk of overflow.
- 2.3.13** As a short term fix to prevent an overflow, the Receiver moved water from one reservoir to the other, which still had some capacity, and began pumping water from the Lagoons back onto the Pad. This spread the water over a greater area and reduced the amount contained in the Lagoons. The Receiver also had the irrigation company fill tankers with water and keep them onsite until the Leachate could be pumped onto the fields.

2.3.14 Eventually field conditions improved and on May 29, 2018 application of Leachate to designated fields commenced and concluded on June 1, 2018.

2.3.15 Although a significant quantity of Leachate was removed in accordance with the NASM Plan, pad and Lagoon Leachate levels remain high. Notwithstanding, the Receiver, with MOE concurrence, confirm the immediate threat of overflow has been effectively managed.

2.3.16 Inspections are conducted daily to monitor Pad and Lagoon Leachate levels. The Receiver communicates frequently with MOE officials to provide updates on the status of the Pad and Lagoons.

2.4 Environmental – MOE Order

2.4.1 In November 2016 the MOE issued a Provincial Officer's Order in response to complaints from neighbors of odours emanating from the 329 Property. Following an appeal by ATI from the Provincial Offer's Order, a Director's Order ("**MOE Order**") was issued confirming the Provincial Officer's Order.

2.4.2 The MOE Order imposed significant requirements, including:

- Engagement of a consultant to complete an application for an Environmental Compliance Approval to the MOE regarding all air discharges at the 329 Property;
- No waste products (i.e. agricultural waste from greenhouses) were to be accepted at the 329 Property without approval of the MOE;
- Installation of a mesh fence around the Pad;
- Installation of comprehensive odour control measure for the Lagoons, including permanent covers, odour suppression systems and air bubbler systems;
- Various other directions regarding where and how waste material was to be stored.

2.4.3 ATI appealed the MOE Order to the Environmental Review Tribunal ("**ERT**") and requested certain requirements contained therein be eliminated or altered.

2.4.4 Prior to the Receivership, on March 22, 2018, ATI and the MOE executed a settlement (the "**MOE Settlement Agreement**") whereby all requirements of the MOE Order were to be withdrawn and replaced with the single stipulation that restricted only vine material (e.g. tomato, cucumber and pepper plants) from being received on the 329 Property without the approval of the MOE. The MOE Settlement Agreement was binding on all parties and subject only to the approval of the ERT. A copy of the MOE Settlement Agreement is attached at **Appendix B**.

2.4.5 A hearing before the ERT was held on May 2, 2018 to consider whether to approve the Settlement Agreement. The Receiver retained Wilms Shier LLP, ATI's environmental lawyers who negotiated the MOE Settlement Agreement with the MOE, to attend the ERT hearing.

2.4.6 The ERT approved the Minutes of Settlement and has issued a new Order to document same.

2.5 Environmental – Pre-Trial re 2016 Spill

- 2.5.1** In November 2017 ATI was charged with offences under the *Ontario Water Resources Act* arising from the discharge of Leachate from the Lagoons into a nearby municipal drain on April 15, 2016.
- 2.5.2** A pre-trial was scheduled for May 16, 2016. As the proceeding is stayed under paragraph 9 of the Appointment Order, the MOE Prosecutor requested the Receiver consent to a lifting of the stay to allow this matter to proceed. The Receiver provided this consent on the basis that any fine which may be levied against ATI, in the event that a conviction is entered, would be an unsecured claim in the receivership estate.

2.6 Environmental – Lagoon Appeal

- 2.6.1** On January 23, 2014 the MOE issued an Environmental Compliance Approval (“ECA”) approving the Lagoons as storm water management ponds (“SWMP”) included in an existing Sewage Works ECA.
- 2.6.2** On September 29, 2016 ATI requested an amendment to the ECA to remove the Lagoons from the Sewage Works. ATI was concerned about MOE regulations and restrictions surrounding SWMPs.
- 2.6.3** On April 5, 2018 the MOE issued a notice that the ATI request was denied based on ATI’s failure to provide the required information in support of its application.
- 2.6.4** ATI appealed the MOE refusal to amend the ECA. The Receiver has opted not to pursue the appeal as there is no information available that supports the position that the Lagoons are not SWMPs.

2.7 Tecumseh Property

- 2.7.1** 251 leased warehouse space at 1153 Tecumseh Road, Windsor Ontario from Dutton Development Corporation (“Dutton”). According to 251 representatives, the premises were vandalized sometime in March 2018 and deemed unsafe for entry. The Receiver understands 251 made several requests of Dutton to repair reported damages caused by the vandalism; however, 251 representatives advise that Dutton failed to act. Due to the receivership no further action was taken by 251 against Dutton.
- 2.7.2** 251 representatives confirm operations were limited to waste transfer and separating. Accordingly, equipment was minimal and comprised primarily of a waste processing/separation line and office equipment.
- 2.7.3** On April 23, 2018 the Receiver attended the Tecumseh Property to inspect and photograph its condition and confirm assets located therein.
- 2.7.4** The Receiver has communicated with Dutton’s legal counsel to confirm the status of 251’s commercial lease and to seek clarification regarding the condition and events leading to 251’s refusal to enter the premises.
- 2.7.5** The Receiver understands the Tecumseh Property has MOE Environmental Compliance Approval (“ECA”) to operate as a waste collection facility. ECA is site specific and transferable subject to MOE approval. The Receiver is assessing its ability and potential economic benefit, if any, of assuming or assigning the commercial lease and associated ECA designation.

2.8 1593 Property

2.8.1 229 occupied combined office and warehouse space at 1593 County 34, Kingsville Ontario from 2435895 Ontario Limited ("243"). 229 occupied the 1593 Property under terms of an unsigned lease offer. Counsel for 243 and 229 confirm no lease was ever executed.

2.8.2 243 terminated 229's occupancy on April 5, 2018.

2.8.3 The unsigned lease offer included an option for 229 to purchase the 1593 Property; however, the Receiver is unable to locate a signed version and management of 229 cannot provide any written documentation from 243 acknowledging the purchaser option. The Receiver has reviewed this potential option with its independent legal counsel (as discussed below), who has confirmed that it is not enforceable without a written acknowledgement from 243.

2.9 Appraisals

2.1 The Receiver commissioned Infinity Asset Solutions to appraise rolling stock and fixed assets.

2.2 The Receiver commissioned Metrix Realty to appraise the 329 Property.

2.10 Accounts Receivable

2.10.1 The consolidated book value of the Companies accounts receivable at the date of receivership was \$306,028 (net of intercompany account balances).

2.10.2 The Receiver has processed outstanding invoices and communicated with customers to collect outstanding accounts.

2.10.3 The Receiver has collected \$5,375 in accounts receivable to date.

2.11 Pre-Receivership Payments

2.11.1 BMO identified large payments out of the accounts of ARRC and ATI in the weeks preceding the receivership and requested the Receiver investigate same. The Receiver wrote to Miller Canfield LLP ("Miller Canfield"), ATI's pre-receivership legal counsel to request an explanation. The following is a summary of the payments and the Receiver's actions to date:

Payment	Payee	Date	Explanation from Miller Canfield	Status to Date
<i>ARRC</i>				
\$70,000	Luke Posthumus	March 22, 2018	Repayment of trust funds advanced to ATI from Luke's children	Requested return of these funds. Miller Canfield has advised \$26,000 was paid into an RRSP, \$11,000 was used to pay down debt and the balance was paid into a trust account for Luke's children. No further action by the Receiver.
\$20,000	Steven Posthumus	March 23, 2018	Reimbursement to Steven for payroll expenses he personally covered after the business shut down	Requested return of these funds. Miller Canfield has advised the funds were used to pay down a personal line of credit and some were taken as cash. No further action by the Receiver.

<i>ATI</i>				
\$16,950	Geoff Owen	May 21, 2018	No explanation received	
\$15,000	Wilms and Shier LLP	May 22, 2018	Payment on account to environmental legal counsel, unpaid fees of \$130,000 remain outstanding after this payment	No action taken by Receiver
\$19,038.85	J.R. Filliter Investigative Services	May 22, 2018	Payment for private investigative services, retainer of \$9,730.00 and the balance to pay off account	J.R. Filliter has returned the retainer with proceeds deposited to the Receiver's trust account on May 28, 2018.
\$65,000	Miller Canfield LLP	May 22, 2018	Payment on account of \$12,053.00 and the balance as retainer	Miller Canfield acted as counsel to the Companies prior to the receivership and has advised the retainer funds should remain available to represent the directors. The Receiver has advised Miller Canfield the retainer funds can be used only to advise the directors in matters relating to their role as directors of the Companies (i.e. not in respect of their personal liabilities). The Receiver will request an accounting of the retainer funds and return of any unused portion at the end of the receivership.
\$60,000	Steven Posthumus	March 23, 2018	Reimbursement to Steven for payroll expenses he personally covered after the business shut down	Requested return of these funds. Miller Canfield has advised the funds were used to pay down a personal line of credit and some were taken as cash. No further action by the Receiver.

2.12 Inventory Liquidation

2.12.1 The book value of raw material, at the date of receivership was \$3,099,816.

2.12.2 The Receiver has engaged the Posthumus Family on a contract basis to assist in realizing certain of ATI's inventory including bulk coconut husk and plastic bales. Sales are ongoing and conducted on an "as-is/where-is" basis with no representations or warranties by the Receiver. Expenses relative to inventory realization is limited as customers are responsible for all logistical costs.

2.12.3 The Receiver has sold \$72,428 in inventory post receivership.

2.13 Employees

2.13.1 Prior to the receivership, the Companies collectively had approximately 36 employees. All employees were laid off on or around March 23, 2018.

2.13.2 The Companies delivered Records of Employment to all employees. Post-receivership operations are limited to the sale of bulk inventory. Accordingly, employees will not be required, and the Receiver has notified employees of their termination as at the date of the Receiver's appointment.

2.13.3 In lieu of termination notice, employees may be entitled to termination pay. The Receiver has relied on the Companies' records to calculate employee claims for termination pay. Claims for termination pay are eligible under the Wage Earner Protection Program ("WEPP"). The Receiver has initiated the claims process and has notified former employees of their eligibility to claim amounts in accordance with the WEPP legislation.

2.14 CRA

2.14.1 Following its appointment, the Receiver requested that CRA perform an audit of the Company's source deduction account up to the date of receivership. CRA has not yet scheduled the audit.

2.14.2 The Receiver requested a new HST account to be opened for the Receiver's reporting and remitting purposes.

2.15 Accountant

2.15.1 The Receiver has engaged the Companies former accountant, Collins Barrow LLP ("Collins"), to complete ATI's 2017 corporate income tax return to optimize unrealized income tax refunds.

2.16 Insurance

2.16.1 The Receiver requested copies of the Companies' insurance policies in respect of its assets and operations. The Receiver was provided copies of the policies and sent notice to the respective insurers to confirm continuance of coverage and requested to be added as an additional named insured.

2.16.2 The insurer has confirmed the Receiver has been added as an additional named insured.

2.16.3 The Receiver is reviewing policy limits to determine coverage deficiencies or potential reductions. Certain of the Companies' policies expire July 1, 2018. The Receiver has consulted an alternate insurance provider to quote new insurance terms as the current insurer has indicated it may be unwilling to renew the current policies.

2.17 Third Party Assets

2.17.1 The Receiver is aware of multiple property claims and is working with claimants to verify ownership rights.

2.17.2 Upon confirmation of ownership, the Receiver has released fuel tanks owned by Jack Smith Fuels and Dowler-Karn.

2.18 Cash and Banking

2.18.1 Subsequent to its appointment, the Receiver notified BMO and requested all ARRC and ATI accounts be placed on deposit only status.

2.18.2 The Receiver arranged to have a new account set up with BMO to facilitate future receipts and disbursements with respect to the receivership administration.

2.19 Receiver's Certificate

2.19.1 The Receiver borrowed \$100,000 from BMO to fund activities to date, including possession issues, consulting fees and pumping the Lagoon. Receiver Certificate number 001 was issued to BMO for this advance. A copy of Receiver Certificate 001 is attached as **Appendix C**.

2.20 Notice

2.20.1 The Receiver prepared and issued combined notices pursuant to Section 245(1) and 246(1) of the Bankruptcy and Insolvency Act to the Office of the Superintendent of Bankruptcy and to all known creditors of the Companies (the "Receiver's Notice"). Copies of the Receiver's Notices are attached hereto at **Appendix D**.

2.20.2 The Receiver has setup a page on it's website at mnpdebt.ca to publicly post all relevant receivership documents, including the Appointment Order.

2.21 Independent Counsel Security Opinion

2.21.1 The Receiver has retained Miller Thomson LLP ("MT") as independent counsel to provide an opinion to the Receiver on the validity and enforceability of the security held by BMO and other secured creditors and to provide legal advice to the Receiver during the course of the receivership.

2.21.2 MT is undertaking a review of all leases entered into by the Companies for various assets to assess the validity and enforceability of same.

2.21.3 The Receiver will provide an update and further report to the Court on this issue once the MT legal opinion is received.

3.0

Marketing and Sale of Assets

- 3.1 Pursuant to the Appointment Order, the Receiver is authorized to market any or all of the property of the Companies, including advertising and soliciting offers and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate.
- 3.2 The tangible assets of the Companies consist of the following:
- i) The 329 Property;
 - ii) Fixed assets (owned and leased);
 - iii) Rolling stock (owned and leased);
 - iv) Unprocessed inventory (rock-wool, coconut husk and organic vines);
 - v) Processed Inventory (bulk coconut husk and plastic); and
 - vi) The Companies right, title and interest in intellectual property and the Tecumseh Property.
- (collectively the “Assets”)
- 3.3 The Assets are specialized, and their use limited to the Companies operations and manufacturing processes. Recognizing the specialized nature of the Companies business and Assets, the Receiver consulted primary stakeholders including the Companies, the Bank and MNP Corporate Finance to develop the SSP described herein. The Bank’s has approved the Receiver’s SSP.
- 3.4 Working with MNP Corporate Finance, the Receiver identified and developed a list of 215 parties (“**Interested Parties**”) potentially interested in purchasing the Assets and undertakings of the Companies. Interested Parties include domestic and international competitors, other industry participants, equity investment firms and liquidators. Attached as **Appendix E** is a summary of the list of Interested Parties contacted with the sale opportunity.
- 3.5 An Invitation for Proposals describing the Assets, outlining the process to submit a bid and inviting recipients to express their interest (“**Invitation for Proposals**”) was sent to Interested Parties on June 8, 2018. The form of Invitation for Proposals is attached as **Appendix F**.
- 3.6 Prospective purchasers wishing to obtain detailed information about the Companies are required to execute a form of Confidentiality Agreement (“**CA**”). The form of CA is attached as **Appendix G**.
- 3.7 Upon execution of a CA, prospective purchasers are provided access to the Receiver’s virtual data room dedicated to the sale of Assets and a copy of the Receiver’s Confidential Information Memorandum (“**CIM**”). The CIM provides a brief overview of the Companies’ operations and assets and the terms and conditions of sale. A version of the CIM with all confidential information redacted is attached at **Appendix H**. Due to the confidential nature of the CIM, the Receiver is disclosing the full unredacted version to the Court via a supplementary report, which the Receiver requests that the Court keep sealed until following the completion of the sale of the Assets.

- 3.8** The Receiver advertised the Invitation for Proposals in the financial section of the national edition of the Globe & Mail on Saturday June 16, 2018.
- 3.9** The Receiver has promoted the sale of Assets through national business magazine publisher, Greenhouse Canada (“GC”). GC is published exclusively for the Canadian commercial greenhouse sector and has a subscribership of 3,000 plus industry professionals. The Invitation for Proposal has been published on GC’s website for a period of one-month effective June 21, 2018 and has been promoted through a mail-blast to GC subscribers.
- 3.10** The Receiver provided a copy of the Invitation for Proposals to Clean Farms Ontario for distribution to its membership. Clean Farms Ontario is group of Ontario farmers dedicated to practising and promoting clean farming practises.
- 3.11** The Receiver notified more than 650 MNP partners across Canada of the SSP and provided a copy of the Invitation for Proposals for distribution to MNP clients that may be interested in the opportunity.
- 3.12** The Receiver published a notice of the SSP in the Insolvency Insider, a weekly email publication that is circulated within the national insolvency industry.
- 3.13** The deadline to submit offers has been established as 2:00 p.m. on Friday, July 27, 2018. The deadline has provided prospective bidders approximately six weeks to complete their due diligence and prepare an offer. The Receiver has pre-arranged Asset viewings on June 15, 20, 26, 27 and July 7, 2018.
- 3.14** The SSP has commenced and the Receiver is presently communicating with multiple prospective purchasers.

4.0***Order Sought***

- 4.1** We submit this **First Report** to this Honourable Court in support of our Motion respectfully requesting this Honourable Court to:
- (a) Approve the First Report of the Receiver and the activities of the Receiver described herein;
 - (b) Approve the SSP described in Section 3.0 of this First Report; and,
 - (c) Approve the sealing of the Supplement to the First Report and its contents.

All of which is respectfully submitted this 19th day of June, 2018.

**MNP Ltd. in its capacity as Receiver of
ARRRC International Inc., Agriculture Technology Incorporation, 2265469 Ontario Inc.,
2292760 Ontario Inc. and 2517748 Ontario Inc.
and not in its personal capacity**


Per: Robert W. Smith CPA, CA, CIRP, LIT
Senior Vice President

APPENDIX “C”

Court File No. CV-18-595565-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE *MC*)
JUSTICE *T. McGowan*)

THURSDAY, THE 26TH
DAY OF JULY, 2018



BANK OF MONTREAL

Applicant

- and -

ARRRC INTERNATIONAL INC., AGRICULTURE TECHNOLOGY INCORPORATED,
2265469 ONTARIO INC., 2292760 ONTARIO INC. and 2517748 ONTARIO INC.

Respondents

APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3,
and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43.

ORDER

THIS MOTION, made by MNP Ltd.. in its capacity as the Court-appointed receiver (the "Receiver") of the assets, undertakings and properties of ARRC International Inc., Agriculture Technology Incorporated, 2265469 Ontario Inc., 2292760 Ontario Inc. and 2517748 Ontario Inc. (the "Debtors") for an order,

- (a) if necessary, abridging the time for and validating service of this Notice of Motion and the First Report of the Receiver to the Court dated June 19, 2018 (the "First Report") and directing that any further service of this Notice of Motion and the First Report be dispensed with such that this motion is properly returnable on July 26, 2018;

- (b) approving the First Report and the conduct and activities of the Receiver reported therein;
- (c) approving the sales process described in section 3.0 of the First Report;
- (d) sealing the Confidential Supplement to the First Report; and
- (e) such further and other relief as counsel may advise and this Honourable Court may deem just.

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the First Report and on hearing the submissions of counsel for the Receiver, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Julie Franchini sworn June 27, 2018, filed:

1. THIS COURT ORDERS that the time for and method of service of the Motion Record, including the Notice of Motion and the First Report, are hereby abridged and validated, as necessary, such that this motion is properly returnable today and hereby dispenses with further service thereof;
2. THIS COURT ORDERS that the First Report and the activities and conduct of the Receiver described in the First Report are hereby approved.
3. THIS COURT ORDERS that the sale process for the property of the Debtors as described in section 3.0 of the First Report is hereby approved.
4. THIS COURT ORDERS that the Confidential Supplement to the First Report shall be sealed until the earlier of a) the completion of the sale of the assets of the Debtor, and b) further order of this Court.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JUL 26 2018

PER / PAR: RW

BANK OF MONTREAL

and

ARRRC INTERNATIONAL INC., et al.

Applicant

Respondents

Court File No: CV-18-595565-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at TORONTO

ORDER

**MILLER THOMSON LLP
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Lawyers for MNP Ltd., the Court-appointed Receiver of the assets, undertakings and properties of ARRC International Inc., Agriculture Technology Incorporated, 2265469 Ontario Inc., 2292760 Ontario Inc. and 2517748 Ontario Inc.

Applicant

Respondents

26 July 18

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 No one opposes - Acton
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McE

July 26/18

ONTARIO
 SUPERIOR COURT OF JUSTICE
 COMMERCIAL LIST

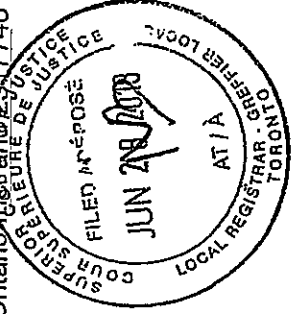
Proceeding commenced at TORONTO

MOTION RECORD
 (RETURNABLE JULY 26, 2018)

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 appointed Receiver of the assets,
 undertakings and properties of ARRC
 International Inc., Agriculture Technology
 Incorporated, 2265469 Ontario Inc., 2292760
 Ontario Inc. and 2517748 Ontario Inc.



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APPENDIX “D”

Court File No. CV-18-595565-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

BETWEEN:

BANK OF MONTREAL

Applicant

and

**ARRRC INTERNATIONAL INC., AGRICULTURE TECHNOLOGY INCORPORATED,
2265469 ONTARIO INC., 2292760 ONTARIO INC. and 2517748 ONTARIO INC.**

Respondents

**SECOND REPORT TO THE COURT SUBMITTED BY MNP LTD.,
IN ITS CAPACITY AS RECEIVER OF
ARRRC INTERNATIONAL INC., AGRICULTURE TECHNOLOGY INCORPORATED,
2265469 ONTARIO INC., 2292760 ONTARIO INC. and 2517748 ONTARIO INC.**

August 20, 2018

Table of Contents

	<u>Page</u>
1.0 Introduction and Purpose of Report.....	1
1.1 Introduction.....	1
1.2 Purpose of the Receiver’s Second Report.....	2
2.0 Receiver’s activities since the First Report.....	3
2.1 Environmental – Leachate Pad and Lagoons.....	3
2.2 Government Accounts	3
2.3 Accounts Receivable.....	3
2.4 Inventory Liquidation	4
2.5 Insurance.....	4
2.6 Third Party Assets.....	4
2.7 Independent Security Opinion	4
3.0 Sales Solicitation Process	5
4.0 2435895 Ontario Inc. and Subject Property.....	7
5.0 Statement of Receipts and Disbursements.....	10
6.0 Receiver and its Counsel’s Accounts.....	11
7.0 Order Sought.....	12

Listing of Appendices

Appendix A	Initial Order
Appendix B	First Report
Appendix C	Order and Endorsement Approving First Report
Appendix D	MT Security Opinion
Appendix E	243 Notice of Termination
Appendix F	Statement of Receipts and Disbursements
Appendix G	MNP Fee Affidavit
Appendix H	Miller Thomson Fee Affidavit

1.0

Introduction and Purpose of Report

1.1 Introduction

- 1.1.1 ARRRC International Inc. (“**ARRRC**”) is a real estate holding company and sole title holder of lands municipally known as 329 County Road 34, Ruthven Ontario (the “**329 Property**”). The 329 Property is comprised of 26.42 acres of land and has been improved with multiple outbuildings, including three private residences. ARRRC leases the 329 Property exclusively to Agriculture Technology Inc. (“**ATI**”).
- 1.1.2 ATI’s primary business is the handling of plant materials and growing media removed from local greenhouse growers at the end of the crop cycle. Services offered by ATI include agriculture material handling, organic and substrate recycling, wood grinding and soil screening. Related businesses include plastic recycling, bio-fiber production, bio-fuel compounding and garden products.
- 1.1.3 2517748 Ontario Inc., operating as City Recycle (“**251**”) operates as a waste disposal, processing and recycling transfer station from leased lands municipally known as 1153 Tecumseh Rd, Windsor Ontario (“**Tecumseh Property**”).
- 1.1.4 2265469 Ontario Inc. o/a as AR3C (“**226**”) provides management services to ARRRC, ATI and City.
- 1.1.5 2292760 Ontario Inc. o/a WECO2 (“**229**”) is a non-operating company.
- 1.1.6 ARRRC, ATI, 251, 226 and 229 (collectively the “**Companies**”) are all related private corporations having common ownership and directors.
- The directors of the Companies are:
- (i) Mr. Matthew Posthumus;
 - (ii) Mr. Steve Posthumus;
 - (iii) Mr. Luke Posthumus; and
 - (iv) Mr. Mark Posthumus (together the “**Posthumus Family**”).
- 1.1.7 Bank of Montreal (“**BMO**” or the “**Bank**”) is the senior secured lender to the Companies. In aggregate, the Companies are indebted to BMO for approximately \$14,600,000.
- 1.1.8 The debt owing to BMO is secured by the following:
- (i) A collateral charge registered against the Property in the principal amount of \$12,800,000;
 - (ii) General security agreements from each of the Companies.
- 1.1.9 On April 3, 2018, the Companies advised BMO that the businesses were experiencing financial distress caused by the activities of the Ministry of Environment and the Town of Kingsville and, as

a result, operations had effectively ceased. On April 4, 2018, BMO issued demands for payment and notices of intention to enforce security to the Companies.

1.1.10 On April 18, 2018, the Honourable Justice Pattillo of the Ontario Superior Court of Justice issued an Order (the "**Appointment Order**") appointing MNP Ltd. as receiver (the "**Receiver**") of the Companies. A copy of the Appointment Order and the endorsement of Justice Pattillo are attached as **Appendix A**. The Appointment Order is substantially in the form of the Model Receivership Order.

1.1.11 The Appointment Order authorized, but did not obligate, the Receiver, among other things, to do the following where the Receiver considers it necessary or desirable:

- (i) Take possession of and exercise control over the property of the Companies;
- (ii) Manage, operate and carry on the business of the Companies;
- (iii) Initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Companies, the Property or the Receiver, and to settle or compromise any such proceedings; and,
- (iv) Market any or all of the property of the Companies and negotiate such terms and conditions of sale as the Receiver may deem appropriate.

1.1.12 The Receiver submitted one previous report to the Court dated June 19, 2018 (the "**First Report**"), which included a confidential supplemental report. The First Report, without appendices, is attached as **Appendix B**. A copy of the Order and Endorsement of Justice McEwen approving the First Report is attached as **Appendix C** ("**McEwen Order**").

1.2 Purpose of the Receiver's Second Report

1.2.1 This constitutes the Receiver's Second Report to the Court (the "**Second Report**") in this matter and is filed to:

- (i) Report on the Receiver's activities since the First Report;
- (ii) Provide an update to the Court on the Receiver's sale solicitation process ("**SSP**");
- (iii) Report the results of a security review conducted by the Receiver's independent legal counsel to the Court;
- (iv) Request an Order requiring 2435895 Ontario Inc. ("**243**") and its president, Mr. Reno Vespa ("**Vespa**"), to surrender ATI assets to the Receiver and pay for costs to dispose of waste material deposited into these assets post receivership;
- (v) Obtain approval of the Receiver's Statement of Receipts and Disbursements for the period April 18, 2018 to August 13, 2018; and,
- (vi) Obtain approval of the fees and expenses of the Receiver and its legal counsel.

2.0 *Receiver's activities since the First Report*

2.1 Environmental – Leachate Pad and Lagoons

- 2.1.1** As discussed in the First Report, ATI's processing facility at the 329 Property is equipped with a 7-acre cement holding pad ("Pad") which is utilized to stockpile unprocessed agriculture by-product. The Pad and two large reservoirs ("Lagoons") collect precipitation run-off. The resulting liquid ("Leachate") is deemed by the Ministry of Environment and Climate Change ("MOE") to be 'Non-Agriculture Sourced Material' ("NASM").
- 2.1.2** Since the First Report the Receiver has continued to retain the Posthumous family to monitor and manage the Lagoons.
- 2.1.3** MOE officials have attended the 329 Property on multiple occasions since the First Report to inspect the status of the Pad and Lagoons. MOE officials have reported their observations periodically and advise Lagoon levels remain at freeboard levels. The MOE last visited the 329 Property on August 9, 2018 and confirmed that Leachate levels remain below freeboard range.
- 2.1.4** While a significant quantity of Leachate was removed from the Lagoons between May 29 and June 1, 2018 in accordance with a NASM Development Plan ("NASM Plan"), Lagoon Leachate levels remain high and continue to rise in conjunction with area precipitation.
- 2.1.5** The Receiver has organized a second NASM Plan to commence the first week of September. The proposed NASM Plan will reduce existing Lagoon Leachate levels by approximately 660,000 gallons.

2.2 Government Accounts

- 2.2.1** Canada Revenue Agency ("CRA") has commenced an audit of the Companies source deduction and HST accounts. CRA has not yet concluded its review.
- 2.2.2** As discussed in the First Report, the Receiver engaged ATI's former accountant, Collins Barrow LLP, to file ATI's income tax return and HST remittances.
- 2.2.3** The Receiver is working with CRA to complete and file HST returns for ARRC, 251, 226 and 229.

2.3 Accounts Receivable

- 2.3.1** The consolidated book value of the Companies accounts receivable at the date of receivership was \$306,028 (net of intercompany account balances).
- 2.3.2** The Receiver has processed outstanding invoices and communicated with customers to collect outstanding accounts.
- 2.3.3** The Receiver has confirmed that \$248,115 of the outstanding accounts receivable are subject to contra set-off claims for accounts payable due by the Companies to its customers and therefore not collectible.
- 2.3.4** A further \$17,492 is uncollectible due to confirmed invoicing errors and accounting disputes.

2.3.5 The net balance of accounts receivable outstanding after adjustments is \$33,672. The Receiver has collected \$30,038 of these accounts to date.

2.4 Inventory Liquidation

2.4.1 The book value of raw material, at the date of receivership was \$3,099,816.

2.4.2 As discussed in the First Report, the Receiver engaged the Posthumus Family on a contract basis to assist in realizing certain of ATI's inventory including bulk coconut husk and plastic bales. Sales are ongoing and conducted on an "as-is/where-is" basis with no representations or warranties by the Receiver.

2.4.3 The Receiver has sold \$90,084 in inventory post receivership of which \$64,487 has been collected to date.

2.5 Insurance

2.5.1 The Companies insurance policies expired July 2018. The Receiver has obtained alternate insurance coverage through Firstbrook Cassie and Anderson Ltd. insurance brokers.

2.6 Third Party Assets

2.6.1 The Receiver is aware of multiple property claims and continues to work with claimants to verify ownership rights.

2.6.2 Since the First Report the Receiver has released fuel tanks owned by Dowler-Karn.

2.7 Independent Security Opinion

2.7.1 The Receiver's independent legal counsel, Miller Thomson LLP ("MT"), has reviewed the security registrations against the Companies, in favour of BMO, and various equipment lessors (Axiom Leasing Inc., Blueshore Leasing Ltd., CWB Maxium Financial Inc., RCAP Leasing Inc., National Leasing Group Inc., Great Lakes Leasing, a division of 1354439 Ontario Inc., Blueshore Transport Finance Ltd., John Deere ULC and Wells Fargo Equipment Finance Company, collectively the "Equipment Lessors"). Subject to the customary assumptions and qualifications, MT has provided an opinion that a) BMO's security registered against the 329 Property is valid and enforceable, b) BMO has a valid and perfected security interest in the personal property of the Companies, c) each of the Equipment Lessors has a valid and perfected purchase money security interest in its specific collateral and, d) the Equipment Lessor's purchase money security interests have priority over BMO's security interest in the Equipment Lessors' specific collateral.

2.7.2 A copy of the MT security opinion is attached as **Appendix D**.

3.0

Sales Solicitation Process

- 3.1.1 Pursuant to the Initial Order, the Receiver was authorized to market any or all of the assets and operations of the Companies (the “Assets”), including advertising and soliciting offers and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate.
- 3.1.2 In its First Report the Receiver outlined the SSP to be undertaken by the Receiver for the assets and undertakings of the Companies. The SSP was approved by the Court in the McEwen Order (Appendix C).
- 3.1.3 Pursuant to the SSP described in the First Report and approved by this Court, the Receiver took the following actions to market the Assets:
- On June 8, 2018, the Receiver emailed the Invitation for Proposals included in the First Report to two hundred and fifteen interested parties including domestic and international competitors, other industry participants, equity investment firms and liquidators identified by the Receiver and MNP Corporate Finance Ltd;
 - The Receiver advertised the Invitation for Proposals in the financial section of the national edition of the Globe & Mail on Saturday June 16, 2018;
 - The Receiver promoted the sale of Assets through national business magazine publisher, Greenhouse Canada (“GC”). GC is published exclusively for the Canadian commercial greenhouse sector and has a subscribership of 3,000 plus industry professionals. The Invitation for Proposals was published on GC’s website for a period of one-month commencing June 21, 2018 and was promoted through an electronic mail-blast to GC subscribers;
 - The Receiver provided a copy of the Invitation for Proposals to Clean Farms Ontario for distribution to its membership. Clean Farms Ontario is a group of Ontario farmers dedicated to practising and promoting clean farming practises;
 - The Receiver notified more than 650 MNP partners across Canada of the SSP and provided a copy of the Invitation for Proposals for distribution to MNP clients that may be interested in the opportunity;
 - The Receiver published a notice of the SSP in the Insolvency Insider, a weekly email publication circulated within the national insolvency industry; and,
 - The Receiver invited all prospective parties to view the Assets on pre-arranged dates throughout June and July. The Receiver accommodated multiple Asset viewing requests and met a total eight prospective purchasers at the 329 Property.
- 3.1 As a result of the marketing described above, thirty-four parties executed confidentiality agreements and were provided a copy of the Receiver’s confidential information memorandum detailing the opportunity. A virtual data room with additional information relevant to the sale was set up by the Receiver and interested parties were granted access.
- 3.2 The Receiver responded to queries and information requests of all interested parties in a timely and efficient manner, as well as organized additional asset viewing dates to accommodate prospective purchaser’s schedules.

- 3.3 The deadline to submit offers was established as 2:00 p.m. on Friday, July 27, 2018 (“**Original Bid Deadline**”). The Original Bid Deadline provided prospective bidders six weeks to complete due diligence.
- 3.4 The SSP resulted in the submission of a number of offers.
- 3.5 Having regard to the offers received and the expressed desire of certain interested parties to conduct further due diligence, the Receiver extended the bid deadline for all interested parties to 2:00 pm on September 11, 2018 thereby allowing all parties, including those that submitted offers, a further 45 days from the Original Bid Deadline to conduct additional due diligence and submit offers.
- 3.6 The Bank supported the extension of the bid deadline.
- 3.7 On July 31, 2018 the Receiver contacted all parties that executed a Non-Disclosure agreement to advise of the bid extension deadline and welcomed parties to revisit the Receiver’s Data Room dedicated to the SSP.

4.0

2435895 Ontario Inc. and Subject Property

- 4.1.1 ATI is the owner of approximately sixty roll off waste bins. A roll off bin is a large rectangular dumpster which utilizes wheels to facilitate it being rolled in place. The container is designed to be transported by specialized roll-off tracks for use at waste disposal sites, construction sites and other similar uses. Twenty of these bins are owned outright by ATI. The balance are subject to lease agreement in favour of National Leasing and Blueshore Leasing.
- 4.1.2 Twenty bins are located at the 329 Property. The remaining forty were kept at leased property at 1593 County Road 32, Kingsville, Ontario (the "**1593 Property**"). The bins at each location are a mix of leased and owned.
- 4.1.3 243 is an unrelated third party that owns the 1593 Property. ATI occupied the 1593 Property beginning September 1, 2015 pursuant to a month to month tenancy agreement and Offer to Lease.
- 4.1.4 Following defaults made in respect of the tenancy agreement, on April 17, 2018, 243 terminated ATI's occupancy and changed the locks to premises.
- 4.1.5 On April 19, 2018 the Receiver contacted Vespa, the principal of 243, to provide a copy of the Appointment Order. The Receiver requested details of ATI's occupancy, copies of 243's Notice of Termination and a schedule of ATI property in 243's possession. Vespa advised approximately forty roll-off waste bins (the "**Subject Property**") owned by ATI remained situated at the 1593 Property following termination of ATI's occupancy. Following its conversation with Vespa, the Receiver attended the 1593 Property and walked the exterior to confirm the quantity and condition of the Subject Property.
- 4.1.6 On May 9, 2018 counsel for 243, Ricci Enns Rollier and Settingington LLP ("**243 Counsel**") provided a copy of 243's Notice of Termination dated April 5, 2018. A copy of 243's Notice of Termination is attached as **Appendix E**.
- 4.1.7 After being made aware that additional ATI assets were located inside the facility at the 1593 Property, the Receiver arranged to meet Vespa to gain access to the building for inspection.
- 4.1.8 On May 24, 2018 the Receiver met Vespa at the 1593 Property. At the meeting Vespa advised that 243 was claiming a storage lien under the *Repair and Storage Liens Act* (the "**RSLA**") over the chattels left by ATI following its eviction. In addition to the Subject Property, ATI chattels located within the facility were comprised primarily of office equipment and a large quantity of storage racking. The Receiver advised Vespa that 243 did not have a valid storage lien as no storage agreement existed between 243 and ATI. Rather, the chattels remained situated on the 1593 Property as a result of ATI being locked out and its lease for the 1593 Property being terminated. Notwithstanding, the Receiver advised Vespa to submit a claim detailing 243's storage costs and confirmed it would review same. Furthermore, the Receiver advised Vespa it was in the process of verifying third party claims against the Subject Property and that it was awaiting information from known claimants before it could offer an action plan to deal with the Subject Property.
- 4.1.9 The Receiver engaged Infinity Asset Solutions ("**Infinity**") to perform a desktop appraisal of the Subject Property. Based on the Infinity appraisal and notwithstanding there remains payment obligations under the National and Blueshore lease agreements, the Receiver has determined that there is value in the Subject Property beyond the amounts owed to National and Blueshore under their respective leases.

- 4.1.10** Accordingly, on June 12, 2018 the Receiver communicated with 243's Counsel and advised its intention to attend the 1593 Property to remove and repatriate the Subject Property.
- 4.1.11** Having not received a response from 243, on June 19, 2018 the Receiver sent a follow up email to advise 243 it had engaged a third-party logistics company to begin removing the Subject Property on June 20, 2018.
- 4.1.12** On June 20, 2018 the Receiver attended the 1593 Property to oversee removal of the Subject Property. During its inspection, the Receiver noted the Subject Property had been relocated and multiple bins had been removed from the 1593 Property altogether. The Receiver further observed most waste bins, which were empty during its visit on May 19, 2018, had since been filled with waste and debris which 243 claimed belonged to ATI.
- 4.1.13** Vespa advised he would not deliver possession of the Subject Property to the Receiver until 243's storage lien was satisfied and cautioned that anyone entering the 1593 Property without his authorization would be charged with trespassing.
- 4.1.14** Vespa further advised he was seeking storage costs in excess of \$1,200 per day for the period of April 17 through to June 20, 2018.
- 4.1.15** On June 21, 2018 the Receiver confirmed to Vespa that pursuant to paragraph 4 of the Appointing Order he was required to surrender the Subject Property to the Receiver. The Receiver again advised Vespa that 243 does not have the right to claim a storage lien as a storage lien under the RSLA may only be asserted by a "storer" who takes possession of an article for storage by agreement. Based on the information available to the Receiver, 243 does not have a storage agreement. To resolve the matter and avoid further costs, the Receiver offered to 243 a payment of \$5,000.
- 4.1.16** Vespa did not immediately respond and the Receiver continued to follow up. On July 18, 2018 Vespa advised the Receiver he was claiming storage costs in excess of \$119,000.
- 4.1.17** The Receiver spoke with Vespa on July 20, 2018 to reiterate the position that 243 does not have a storer's lien and urged Vespa to seek legal counsel on the matter. Vespa undertook to respond to the Receiver by the end of that week. As of the date of this report no response has been received.
- 4.1.18** The Receiver has been unsuccessful in all attempts to recover the Subject Property from 243. Furthermore, although the Receiver has made multiple requests of 243 and Vespa, neither have provided details or the location of the Subject Property which was removed from the 1593 Premise subsequent to May 19, 2018.
- 4.1.19** 243 is preventing the Receiver from securing ATI's property and at the same time continues to accrue unwarranted storage charges.
- 4.1.20** As a result of the forgoing and the fact this matter has remained unresolved for over three months, the Receiver is seeking an Order requiring 243 to deliver up possession of the Subject Property to the Receiver.
- 4.1.21** This is in the best interest of all creditors as the Receiver can then review and assess all potential claims against the Subject Property. The sale proceeds of the Subject Property will stand in the stead of the Subject Property and any valid claims against the proceeds (including 243's claim) can be dealt with on a future distribution motion.

4.1.22 The Receiver further requests that the Subject Property either be delivered up to the Receiver emptied of waste placed therein by 243 or that 243 and Vespa be responsible to pay the disposal costs for the waste material and debris that was put in the Subject Property after they were notified of the receivership and provided with a copy of the Application Order (as noted above in paragraph 4.1.12 when the Receiver first inspected the waste bins all were empty).

5.0***Statement of Receipts and Disbursements***

- 5.1.1** Appendix F, attached, is a summary of the Receiver's Statement of Receipts and Disbursements for the period April 18 to August 13, 2018.
- 5.1.2** In addition to an advance of \$100,000 from the Bank, the Receiver has generated receipts of \$106,957, primarily from the sale of inventory and collection of accounts receivable.
- 5.1.3** The Receiver has made disbursements of \$154,000, primarily for:
- (i) draining the Lagoon Leachate levels in accordance with NASM Plan;
 - (ii) Contract labour wages paid to the Posthumous Family;
 - (iii) Legal fees paid to Wilms & Shier Lawyers LLP for assistance the MOE Environmental Review Tribunal, as discussed in the First Report;
 - (iv) Retainer paid to Collins Barrow to finalize the 2017 financial statements and prepare a corporate tax return; and
 - (v) Utilities.
- 5.1.4** The Receiver has generated a net excess of receipts over disbursements as at August 13, 2018 of \$52,678.

6.0***Receiver and its Counsel's Accounts***

- 6.1.1** As required in the Initial Order, the Receiver is seeking the approval of its accounts and the accounts of its legal counsel for the receivership period to date.
- 6.1.2** The Receiver has submitted one invoice dated August 15, 2018 for the period April 9 to August 15, 2018 in the amount of \$175,000, inclusive of disbursements and before HST. The invoice, together with the Receiver's affidavit of verification of fees, is attached as **Appendix G**.
- 6.1.3** MT has submitted a single invoice, as follows:

For the period April 10 to June 30, 2018	\$27,261.54
--	-------------

This amount is inclusive of disbursements and before HST. The invoice, together with the Miller Thomson affidavit of verification of fees, are attached as **Appendix H**.

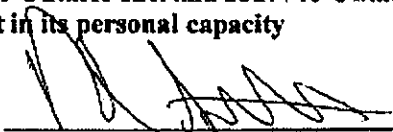
- 6.1.4** It is the Receiver's opinion that the Professional Fees are fair and reasonable and justified in the circumstances and accurately reflect the work done by the Receiver and MT in connection with the receivership during the relevant periods. The Receiver recommends approval of the Professional Fees by the Court.

7.0***Order Sought***

- 7.1 We submit this **Second Report** to this Honourable Court in support of our Motion respectfully requesting this Honourable Court to:
- (a) Approve the Second Report and the activities of the Receiver described herein;
 - (b) Approve the SSP bid deadline extension as discussed in Section 3 of this Second Report;
 - (ii) Issue an Order requiring 243 and Vespa to deliver up possession of the Subject Property to the Receiver emptied of waste (or that 243 and Vespa pay for costs to dispose of waste material deposited in same post receivership if not emptied);
 - (c) Approve the Receiver's Statement of Receipts and Disbursements for the period April 18, 2018 to August 13, 2018; and,
 - (d) Approve the fees and expenses of the Receiver and its legal counsel.

All of which is respectfully submitted this 20th day of August 2018.

**MNP Ltd. in its capacity as Receiver of
ARRRC International Inc., Agriculture Technology Incorporation, 2265469 Ontario Inc.,
2292760 Ontario Inc. and 2517748 Ontario Inc.
and not in its personal capacity**


Per: Robert W. Smith CPA, CA, CIRP, LIT
Senior Vice President

APPENDIX “E”

Court File No. CV-18-595565-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

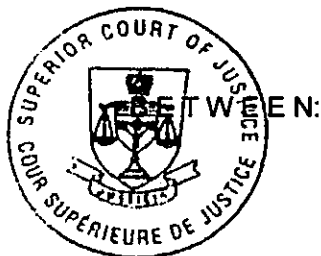
THE HONOURABLE)

THURSDAY, THE 30TH

JUSTICE)

HAINES)

DAY OF AUGUST, 2018



BANK OF MONTREAL

Applicant

- and -

ARRRC INTERNATIONAL INC., AGRICULTURE TECHNOLOGY INCORPORATED,
2265469 ONTARIO INC., 2292760 ONTARIO INC. and 2517748 ONTARIO INC.

Respondents

APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3,
and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43.

ORDER

THIS MOTION, made by MNP Ltd.. in its capacity as the Court-appointed receiver (the "Receiver") of the assets, undertakings and properties of ARRC International Inc., Agriculture Technology Incorporated, 2265469 Ontario Inc., 2292760 Ontario Inc. and 2517748 Ontario Inc. (the "Debtors") for an order,

- (a) if necessary, abridging the time for and validating service of this Notice of Motion and the Second Report of the Receiver to the Court dated August 20, 2018 (the "Second Report") and directing that any further service of this Notice of Motion and the Second Report be dispensed with such that this motion is properly returnable on August 30, 2018;

- (b) approving the Second Report and the conduct and activities of the Receiver reported therein;
- (c) approving the extension to September 11, 2018 of the deadline for the submission of bids under the sale solicitation process;
- (d) requiring 2435895 Ontario Limited ("243 Ontario") and Reno Vespa ("Vespa") to deliver up to the Receiver 20 roll off waste bins ("Bins") owned by the respondent, Agriculture Technology Incorporated, which are in the possession and control of 243 Ontario and Vespa, emptied of waste and, if not emptied of waste, that 243 Ontario and Vespa reimburse the Receiver for all amounts to be paid by the Receiver in disposing of the waste in the said Bins;
- (e) approving the Receiver's Statement of Receipts and Disbursements for the period April 18, 2018 to August 13, 2018;
- (f) approving the professional fees and disbursements of the Receiver and its legal counsel; and
- (g) such further and other relief as counsel may advise and this Honourable Court may deem just.

was heard this day at 330 University Avenue, Toronto, Ontario.

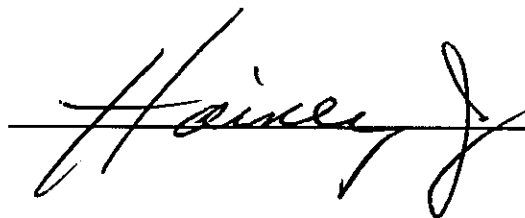
ON READING the Second Report and on hearing the submissions of counsel for the Receiver, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Julie Franchini sworn August 21, 2018, filed:

1. THIS COURT ORDERS that the time for and method of service of the Motion Record, including the Notice of Motion and the Second Report, are hereby abridged and validated, as necessary, such that this motion is properly returnable today and hereby dispenses with further service thereof;
2. THIS COURT ORDERS that the Second Report and the activities and conduct of the Receiver described in the Second Report are hereby approved.
3. THIS COURT ORDERS that the extension to September 11, 2018 of the deadline for the submission of bids under the sale solicitation process is hereby approved.

4. THIS COURT ORDERS that the Receiver's Statement of Receipts and Disbursements for the period April 18, 2018 to August 13, 2018 is hereby approved.

5. THIS COURT ORDERS that the professional fees and disbursements of the Receiver and its legal counsel as described in the fee affidavits attached as Appendices G and H to the Second Report are hereby approved.

6. THIS COURT ORDERS that the issue of the possession of the Bins and the relief sought against 243 Ontario and Vespa is adjourned to a date to be agreed by counsel and assigned by the Commercial Court office or, failing agreement, to be fixed by the Court at a 9:30 a.m. scheduling hearing. Pending the further return of same, the Bins shall not be disposed of or encumbered by 243 Ontario or Vespa.

A handwritten signature in black ink, appearing to read "Haines J.", written over a horizontal line.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

AUG 30 2018

PER / PAR:

A handwritten signature in black ink, appearing to be initials "MH".

BANK OF MONTREAL

and

Applicant

ARRRC INTERNATIONAL INC., et al.

Respondents

Court File No: CV-18-595565-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at TORONTO

ORDER

**MILLER THOMSON LLP
ONE LONDON PLACE
255 QUEENS AVENUE, SUITE 2010
LONDON, ON CANADA N6A 5R8**

Tony Van Klink LSO#: 29008M
tvanklink@millerthomson.com
Tel: 519.931.3509
Fax: 519.858.8511

Lawyers for MNP Ltd., the Court-appointed
Receiver of the assets, undertakings and
properties of ARRC International Inc.,
Agriculture Technology Incorporated,
2265469 Ontario Inc., 2292760 Ontario Inc.
and 2517748 Ontario Inc.

10:00 A.M

COUNSEL SLIP

11

COURT FILE NO CV-18-595565-00CL DATE Aug 30, 2018

NO ON LIST 6

TITLE OF PROCEEDING ✓ BANK OF MONTREAL
ARRRG INTERNATIONAL INC. et al.

COUNSEL FOR:

PHONE & FAX NOS

PLAINTIFF(S) T. VanKlink
APPLICANT(S) (MNPLtd.)
PETITIONER(S)

(T) 514-931-3509
(F) 514-858-8511

COUNSEL FOR:

PHONE & FAX NOS

Allen, Mac
DEFENDANT(S) Blueshore Leasing
RESPONDENT(S) Blueshore Transport
Northshore Transport.

416 365 1110
416 365 1876
Mallen@weirfoulds.com

August 30, 2018

This Motion is not opposed. I am satisfied that it should be granted on the terms of the attached order.

Hainey J.

APPENDIX “F”

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OCT 24 2018

London-Windsor TSO (London)
London ON N6A 5E5

October 17, 2018

MNP LTD
TRUSTEE IN BANKRUPTCY
1002 - 148 FULLARTON STREET
LONDON ON N6A 5P3

Account Number
89117 4153 RP0001

Dear Sir or Madam:

Re: AGRICULTURE TECHNOLOGY INCORPORATED sometime carrying on
business as ATI
Account number: 89117 4153 RP0001

We have been advised that you have been appointed as receiver for
the above-named. At present, there is indebtedness to Canada
Revenue Agency (CRA) for source deductions amounting to
\$14,462.36.

Particulars of this liability are as follows:

Date of assessment (DD/MM/YYYY)	31/01/2018
Penalties and interest:	\$10.36
Total:	\$10.36

Date of assessment (DD/MM/YYYY)	31/07/2018
Tax deductions:	\$ 6,798.66
CPP:	\$ 4,321.90
EI:	\$ 1,810.67
Penalties and interest:	\$ 1,520.77
Total:	\$14,452.00

Grand total:	\$14,462.36
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Pursuant to the provisions of subsection 227(4) of the Income Tax Act (ITA), subsection 23(3) of the Canada Pension Plan (CPP), subsection 57(2) of the Unemployment Insurance Act (UIA), subsection 86(2) of the Employment Insurance Act (EIA), the following amounts, which are included in the above totals, are trust funds and form no part of the property, business, or estate of AGRICULTURE TECHNOLOGY INCORPORATED sometime carrying on business as ATI in receivership.

.../2



National Insolvency Office
451 Talbot Street
London ON N6A 5E5

Local: 519-675-3327
Toll Free: 1-855-216-2969
Fax: 519-675-3168
Web site: canada.ca/taxes

- 2 - Acct No: 89117 4153 RP0001

Federal income tax:	\$5,073.64
Provincial income tax:	\$1,725.02
CPP employee portion:	\$2,160.95
EI employee portion:	\$ 754.45
Total:	\$9,714.06

Grand total:	\$9,714.06
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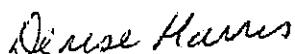
Payment for the total amount of this trust, namely \$9,714.06 should be made to the Receiver General out of the realization of any property that is subject to these statutory trusts in priority to all other creditors. Please forward payment by return mail. In the event this is not possible, please indicate when payment will be forthcoming.

Please advise when payment of the remaining balance of \$4,748.30 will be forthcoming. Your attention is drawn to section 159 of the ITA, subsection 23(5) of the CPP, subsection 57(4.1) of the UIA and subsection 86(4) of the EIA.

This letter also serves as notice that should payment be made for any amount described in subsection 153(1) of the ITA for periods prior or subsequent to your appointment, tax deductions must be withheld and remitted in accordance with this subsection and Income Tax Regulations 101 and 108. Your attention is also directed to section 3 of the Unemployment Insurance (Collection of Premiums) Regulations, section 5 of the EIA and section 8 of the Canada Pension Plan Regulations.

If you require further information, please contact the undersigned at (519) 675-3327.

Yours truly,



Denise Harris 1217
Resource/Complex Case Officer



Canada Revenue Agency
Agence du revenu
du Canada

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OCT 24 2018

London-Windsor TSO (London)
London ON N6A 5E5

October 17, 2018

MNP LTD
TRUSTEE IN BANKRUPTCY
1002 - 148 FULLARTON STREET
LONDON ON N6A 5P3

Account Number
85929 2401 RP0001

Dear Sir or Madam:

Re: ARRC INTERNATIONAL INC. sometime carrying on business as
PAKE FARMS
Account number: 85929 2401 RP0001

We have been advised that you have been appointed as receiver for
the above-named. At present, there is indebtedness to Canada
Revenue Agency (CRA) for source deductions amounting to
\$10,566.25.

Particulars of this liability are as follows:

Date of assessment (DD/MM/YYYY)	23/10/2017
Penalties and interest:	\$27.05
Total:	\$27.05
Date of assessment (DD/MM/YYYY)	31/07/2018
Tax deductions:	\$3,804.00
CPP:	\$1,218.23
EI:	\$ 201.10
Penalties and interest:	\$1,238.62
Total:	\$6,461.95
Date of assessment (DD/MM/YYYY)	31/07/2018
Tax deductions:	\$2,346.85
CPP:	\$ 918.60
EI:	\$ 383.05
Penalties and interest:	\$ 428.75
Total:	\$4,077.25
Grand total:	\$10,566.25

Pursuant to the provisions of subsection 227(4) of the Income Tax
Act (ITA), subsection 23(3) of the Canada Pension Plan (CPP),

.../2

National Insolvency Office
451 Talbot Street
London ON N6A 5E5

Local: 519-675-3327
Toll Free: 1-855-216-2969
Fax: 519-675-3168
Web site: canada.ca/taxes

subsection 57(2) of the Unemployment Insurance Act (UIA), subsection 86(2) of the Employment Insurance Act (EIA), the following amounts, which are included in the above totals, are trust funds and form no part of the property, business, or estate of ARRC INTERNATIONAL INC. sometime carrying on business as PAKE FARMS in receivership.

Federal income tax:	\$4,590.21
Provincial income tax:	\$1,560.64
CPF employee portion:	\$1,050.41
EI employee portion:	\$ 243.39
Total:	\$7,462.66

Grand total: \$7,462.66

Payment for the total amount of this trust, namely \$7,462.66 should be made to the Receiver General out of the realization of any property that is subject to these statutory trusts in priority to all other creditors. Please forward payment by return mail. In the event this is not possible, please indicate when payment will be forthcoming.

Please advise when payment of the remaining balance of \$3,103.59 will be forthcoming. Your attention is drawn to section 159 of the ITA, subsection 23(5) of the CPP, subsection 57(4.1) of the UIA and subsection 86(4) of the EIA.

This letter also serves as notice that should payment be made for any amount described in subsection 153(1) of the ITA for periods prior or subsequent to your appointment, tax deductions must be withheld and remitted in accordance with this subsection and Income Tax Regulations 101 and 108. Your attention is also directed to section 3 of the Unemployment Insurance (Collection of Premiums) Regulations, section 5 of the EIA and section 8 of the Canada Pension Plan Regulations.

If you require further information, please contact the undersigned at (519) 675-3327.

Yours truly,

Denise Harris

Denise Harris 1217
Resource/Complex Case Officer

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OCT 24 2018

London-Windsor TSO (London)
London ON N6A 5E5

October 17, 2018

MNP LTD
TRUSTEE IN BANKRUPTCY
1002 - 148 FULLARTON STREET
LONDON ON N6A 5P3

Account Number
83620 5807 RP0002

Dear Sir or Madam:

Re: 2265469 ONTARIO INC. sometime carrying on business as 2265469
Ontario Inc.
Account number: 83620 5807 RP0002

We have been advised that you have been appointed as receiver for the above-named. At present, there is indebtedness to Canada Revenue Agency (CRA) for source deductions amounting to \$59,073.99.

Particulars of this liability are as follows:

Date of assessment (DD/MM/YYYY)	02/01/2018
Tax deductions:	\$20,900.32
CPP:	\$12,579.68
EI:	\$ 4,254.17
Penalties and interest:	\$ 5,129.10
Total:	\$42,863.27

Date of assessment (DD/MM/YYYY)	02/01/2018
Penalties and interest:	\$1,434.23
Total:	\$1,434.23

Date of assessment (DD/MM/YYYY)	31/07/2018
Tax deductions:	\$ 6,686.72
CPP:	\$ 3,965.76
EI:	\$ 1,377.23
Penalties and interest:	\$ 2,746.78
Total:	\$14,776.49

Grand total:	\$59,073.99
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Pursuant to the provisions of subsection 227(4) of the Income Tax Act (ITA), subsection 23(3) of the Canada Pension Plan (CPP),

.../2



National Insolvency Office
451 Talbot Street
London ON N6A 5E5

Local: 519-675-3327
Toll Free: 1-855-216-2969
Fax: 519-675-3168
Web site: canada.ca/taxes

subsection 57(2) of the Unemployment Insurance Act (UIA), subsection 86(2) of the Employment Insurance Act (EIA), the following amounts, which are included in the above totals, are trust funds and form no part of the property, business, or estate of 2265469 ONTARIO INC. sometime carrying on business as 2265469 Ontario Inc. in receivership.

Federal income tax:	\$20,587.39
Provincial income tax:	\$ 6,999.65
CPP employee portion:	\$ 8,272.72
EI employee portion:	\$ 2,346.42
Total:	\$38,206.18

Grand total: \$38,206.18

Payment for the total amount of this trust, namely \$38,206.18 should be made to the Receiver General out of the realization of any property that is subject to these statutory trusts in priority to all other creditors. Please forward payment by return mail. In the event this is not possible, please indicate when payment will be forthcoming.

Please advise when payment of the remaining balance of \$20,867.81 will be forthcoming. Your attention is drawn to section 159 of the ITA, subsection 23(5) of the CPP, subsection 57(4.1) of the UIA and subsection 86(4) of the EIA.

This letter also serves as notice that should payment be made for any amount described in subsection 153(1) of the ITA for periods prior or subsequent to your appointment, tax deductions must be withheld and remitted in accordance with this subsection and Income Tax Regulations 101 and 108. Your attention is also directed to section 3 of the Unemployment Insurance (Collection of Premiums) Regulations, section 5 of the EIA and section 8 of the Canada Pension Plan Regulations.

If you require further information, please contact the undersigned at (519) 675-3327.

Yours truly,

Denise Harris

Denise Harris 1217
Resource/Complex Case Officer

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OCT 24 2018

 London-Windsor TSO (London)
 London ON N6A 5E5

October 17, 2018

 MNP LTD
 TRUSTEE IN BANKRUPTCY
 1002 - 148 FULLARTON STREET
 LONDON ON N6A 5P3

 Account Number
 76957 9921 RP0001

Dear Sir or Madam:

 Re: 2517748 ONTARIO INC. sometime carrying on business as 2517748
 Ontario Inc.
 Account number: 76957 9921 RP0001

We have been advised that you have been appointed as receiver for the above-named. At present, there is indebtedness to Canada Revenue Agency (CRA) for source deductions amounting to \$36,029.05.

Particulars of this liability are as follows:

Date of assessment (DD/MM/YYYY)	9/04/2018
Tax deductions:	\$27,095.75
CPP:	\$ 0.00
EI:	\$ 0.00
Penalties and interest:	\$ 3,362.97
Total:	\$30,458.72

Date of assessment (DD/MM/YYYY)	30/07/2018
Tax deductions:	\$ 2,440.60
CPP:	\$ 1,513.04
EI:	\$ 463.63
Penalties and interest:	\$ 1,153.06
Total:	\$ 5,570.33

Grand total:	\$36,029.05
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Pursuant to the provisions of subsection 227(4) of the Income Tax Act (ITA), subsection 23(3) of the Canada Pension Plan (CPP), subsection 57(2) of the Unemployment Insurance Act (UIA), subsection 86(2) of the Employment Insurance Act (EIA), the following amounts, which are included in the above totals, are trust funds and form no part of the property, business, or

.../2



 National Insolvency Office
 451 Talbot Street
 London ON N6A 5E5

 Local: 519-675-3327
 Toll Free: 1-855-216-2969
 Fax: 519-675-3168
 Web site: canada.ca/taxes

estate of 2517748 ONTARIO INC. sometime carrying on business as
2517748 Ontario Inc. in receivership.

Federal income tax:	\$28,917.10
Provincial income tax:	\$ 619.25
CPP employee portion:	\$ 756.52
EI employee portion:	\$ 193.18
Total:	\$30,486.05

Grand total:	\$30,486.05
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Payment for the total amount of this trust, namely \$30,486.05 should be made to the Receiver General out of the realization of any property that is subject to these statutory trusts in priority to all other creditors. Please forward payment by return mail. In the event this is not possible, please indicate when payment will be forthcoming.

Please advise when payment of the remaining balance of \$5,543.00 will be forthcoming. Your attention is drawn to section 159 of the ITA, subsection 23(5) of the CPP, subsection 57(4.1) of the UIA and subsection 86(4) of the EIA.

This letter also serves as notice that should payment be made for any amount described in subsection 153(1) of the ITA for periods prior or subsequent to your appointment, tax deductions must be withheld and remitted in accordance with this subsection and Income Tax Regulations 101 and 108. Your attention is also directed to section 3 of the Unemployment Insurance (Collection of Premiums) Regulations, section 5 of the EIA and section 8 of the Canada Pension Plan Regulations.

If you require further information, please contact the undersigned at (519) 675-3327.

Yours truly,

Denise Harris

Denise Harris 1217
Resource/Complex Case Officer



Canada Revenue Agency
Agence du revenu du Canada

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OCT 24 2018

London-Windsor TSO (London)
London ON N6A 5E5

October 17, 2018

MNP LTD
TRUSTEE IN BANKRUPTCY
1002 - 148 FULLARTON STREET
LONDON ON N6A 5P3

Account Number
80421 2009 RP0001

Dear Sir or Madam:

Re: 2292760 ONTARIO INC. sometime carrying on business as AR3C
CANADA
Account number: 80421 2009 RP0001

We have been advised that you have been appointed as receiver for the above-named. At present, there is indebtedness to Canada Revenue Agency (CRA) for source deductions amounting to \$83,143.38.

Particulars of this liability are as follows:

Date of assessment (DD/MM/YYYY)	27/03/2017
Penalties and interest:	\$ 4.26
Total:	\$ 4.26
Date of assessment (DD/MM/YYYY)	25/05/2017
Penalties and interest:	\$ 1,071.72
Total:	\$ 1,071.72
Date of assessment (DD/MM/YYYY)	15/06/2017
Penalties and interest:	\$ 1,055.20
Total:	\$ 1,055.20
Date of assessment (DD/MM/YYYY)	20/10/2017
Tax deductions:	\$43,642.43
CPP:	\$17,731.36
EI:	\$ 6,346.49
Penalties and interest:	\$10,202.44
Total:	\$77,922.72
Date of assessment (DD/MM/YYYY)	24/01/2018
Penalties and interest:	\$ 1,169.37
Total:	\$ 1,169.37

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Canada

National Insolvency Office
451 Talbot Street
London ON N6A 5E5

Local : 519-675-3327
Toll Free : 1-855-216-2969
Fax : 519-675-3168
Web site : canada.ca/taxes

- 2 - Acct No: 80421 2009 RP0001

Date of assessment (DD/MM/YYYY)	24/01/2018
Penalties and interest:	\$ 818.52
Total:	\$ 818.52

Date of assessment (DD/MM/YYYY)	24/01/2018
Penalties and interest:	\$ 452.79
Total:	\$ 452.79

Date of assessment (DD/MM/YYYY)	26/02/2018
Penalties and interest:	\$ 72.01
Total:	\$ 72.01

Date of assessment (DD/MM/YYYY)	26/02/2018
Penalties and interest:	\$ 51.63
Total:	\$ 51.63

Date of assessment (DD/MM/YYYY)	26/03/2018
Penalties and interest:	\$ 119.41
Total:	\$ 119.41

Date of assessment (DD/MM/YYYY)	30/04/2018
Penalties and interest:	\$ 405.75
Total:	\$ 405.75

Grand total:	\$83,143.38
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Pursuant to the provisions of subsection 227(4) of the Income Tax Act (ITA), subsection 23(3) of the Canada Pension Plan (CPP), subsection 57(2) of the Unemployment Insurance Act (UIA), subsection 86(2) of the Employment Insurance Act (EIA), the following amounts, which are included in the above totals, are trust funds and form no part of the property, business, or estate of 2292760 ONTARIO INC. sometime carrying on business as AR3C CANADA in receivership.

Federal income tax:	\$32,569.04
Provincial income tax:	\$11,073.39
CPP employee portion:	\$ 8,865.68
EI employee portion:	\$ 2,644.37
Total:	\$55,152.48

Grand total:	\$55,152.48
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Payment for the total amount of this trust, namely \$55,152.48 should be made to the Receiver General out of the realization of any property that is subject to these statutory trusts in priority to all other creditors. Please forward payment by return mail. In

.../3

the event this is not possible, please indicate when payment will be forthcoming.

Please advise when payment of the remaining balance of \$27,990.90 will be forthcoming. Your attention is drawn to section 159 of the ITA, subsection 23(5) of the CPP, subsection 57(4.1) of the UIA and subsection 86(4) of the EIA.

This letter also serves as notice that should payment be made for any amount described in subsection 153(1) of the ITA for periods prior or subsequent to your appointment, tax deductions must be withheld and remitted in accordance with this subsection and Income Tax Regulations 101 and 108. Your attention is also directed to section 3 of the Unemployment Insurance (Collection of Premiums) Regulations, section 5 of the EIA and section 8 of the Canada Pension Plan Regulations.

If you require further information, please contact the undersigned at (519) 675-3327.

Yours truly,



Denise Harris 1217
Resource/Complex Case Officer

subsection 57(2) of the Unemployment Insurance Act (UIA), subsection 86(2) of the Employment Insurance Act (EIA), the following amounts, which are included in the above totals, are trust funds and form no part of the property, business, or estate of ARRRC INTERNATIONAL INC. sometime carrying on business as PAKE FARMS in receivership.

Federal income tax:	\$4,590.21
Provincial income tax:	\$1,560.64
CPP employee portion:	\$1,068.41
EI employee portion:	\$ 243.39
Total:	\$7,462.66

Grand total:	\$7,462.66
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Payment for the total amount of this trust, namely \$7,462.66 should be made to the Receiver General out of the realization of any property that is subject to these statutory trusts in priority to all other creditors. Please forward payment by return mail. In the event this is not possible, please indicate when payment will be forthcoming.

Please advise when payment of the remaining balance of \$3,103.59 will be forthcoming. Your attention is drawn to section 159 of the ITA, subsection 23(5) of the CPP, subsection 57(4.1) of the UIA and subsection 86(4) of the EIA.

This letter also serves as notice that should payment be made for any amount described in subsection 153(1) of the ITA for periods prior or subsequent to your appointment, tax deductions must be withheld and remitted in accordance with this subsection and Income Tax Regulations 101 and 108. Your attention is also directed to section 3 of the Unemployment Insurance (Collection of Premiums) Regulations, section 5 of the EIA and section 8 of the Canada Pension Plan Regulations.

If you require further information, please contact the undersigned at (519) 675-3327.

Yours truly,



Denise Harris 1217
Resource/Complex Case Officer

APPENDIX “G”

RECEIVED

OCT 03 2018

September 28, 2018

AGRICULTURE TECHNOLOGY INCORPORATED
 c/o MNP Ltd.
 1002 - 148 FULLARTON ST
 LONDON ON N6A 5P3

Dear Brendan Hinton:

Subject: Audit of the goods and services tax/harmonized sales tax (GST/HST) returns for the period from 2017-01-01 to 2018-04-18
Account number: 89117 4153 RT0001

We have completed our audit of the GST/HST returns for the above period.

We propose the following adjustments to the net tax payable on your GST/HST returns:

For the quarter ended: 2017-03-31

	Sales	GST/HST	ITCs	Net Tax
As Filed	811,272.00	95,386.69	113,694.89	(18,308.20)
Adjustments	(74,999.51)	274,865.03	(4,735.97)	279,601.00
Results	736,272.49	370,251.72	108,958.92	\$261,292.80

For the quarter ended: 2017-06-30

	Sales	GST/HST	ITCs	Net Tax
As Filed	931,745.02	76,259.94	76,619.46	(359.52)
Adjustments	(475,322.50)	(17,579.29)	(22,030.16)	4,450.87
Results	456,422.52	58,680.65	54,589.30	\$4,091.35

For the quarter ended: 2017-09-30

	Sales	GST/HST	ITCs	Net Tax
As Filed	333,466.69	28,486.35	179,546.48	(151,060.13)
Adjustments	1,100,000.00	17,160.35	(40,675.32)	57,835.67
Results	1,433,466.69	45,646.70	138,871.16	\$(93,224.46)

For the quarter ended: 31-Dec-17

	Sales	GST/HST	ITCs	Net Tax
As Filed	0.00	0.00	0.00	0.00
Adjustments	1,276,570.56	148,372.57	76,347.49	72,025.08
Results	1,276,570.56	148,372.57	76,347.49	\$72,025.08



For the quarter ended: **31-Mar-18**

	Sales	GST/HST	ITCs	Net Tax
As Filed	0.00	0.00	0.00	0.00
Adjustments	176,637.58	21,397.04	35,990.76	(14,593.72)
Results	176,637.58	21,397.04	35,990.76	\$(14,593.72)

For the quarter ended: **18-Apr-18**

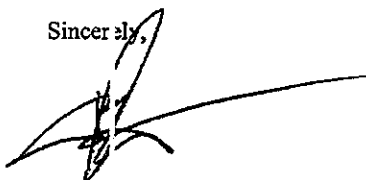
	Sales	GST/HST	ITCs	Net Tax
As Filed	0.00	0.00	0.00	0.00
Adjustments	2,556.00	88,114.75	0.00	88,114.75
Results	2,556.00	88,114.75	0.00	\$88,114.75

We have enclosed a summary of audit adjustments and detailed working papers to support the proposed adjustments.

If you have more information about the proposed adjustments that you would like us to consider, or if you have any questions, please call me at 519-973-7999 x6371, before October 29, 2018. My team leader, Shalini Jain, may also be reached at 519-973-7999 x6389. If we do not hear from you before October 29, 2018, we will finalize the audit based on the adjustments proposed.

You will then receive a notice of reassessment that reflects these changes, and you will be responsible for paying the additional net GST/HST payable and interest as calculated.

Sincerely,



Ivan Calizio
Audit Division
London-Windsor TSO

Telephone: 519 - 973-7999 x6371
Facsimile: 519 - 257-6911
Address: 185 Ouellette Avenue
Windsor, ON
N9A 4H7
Website: www.canada.ca

Enclosures

Account Name:	AGRICULTURE TECHNOLOGY INCORPORATED	W/P #	85
Account Number:	89117 4153 RT0001	Auditor:	Ivan Galzlo
Audit Period:	January 1, 2017 to April 18, 2018	Date:	2018-09-21

Summary of Statement of Audit Adjustments

Purpose: To summarize the changes to all return periods, all lines, and the overall effect on net tax, and to ensure that the statement of audit adjustments accurately reflects the figures calculated through the working papers

Procedure: Using pre-prepared working papers (noted below), summarize the required changes, by period, to all return line items (sales, HST, and ITCs).

Source: working papers 800, 5300, 7100, 7200 and 7300

Return periods within the fiscal year ended: 2017-12-31

	WP#	2017-03-31	2017-06-30	2017-09-30	2017-12-31	Fiscal Year Totals
Sales line 101 (as filed)		811,272.00	931,745.02	333,466.69	0.00	2,076,483.71
Adjustments per Sales Reconciliation	5300	(74,999.51)	(475,322.50)	1,100,000.00	1,276,570.56	1,826,248.55
Revised Line 101 Sales		736,272.49	456,422.52	1,433,466.69	1,276,570.56	3,902,732.26
GST/HST Collectible line 105 (as filed)		(a) 95,366.69	(a) 76,259.94	(a) 28,466.35	(a) 0.00	(a) 200,132.98
Adjustments per HST Reconciliation:	900	274,865.03	(17,579.29)	17,160.35	148,372.57	422,818.66
GST/HST Collectible line 105 as revised		370,251.72	58,680.65	45,646.70	148,372.57	622,951.64
ITCs Claimed line 108 (as filed)		(c) 113,694.89	(c) 76,619.46	(c) 179,546.48	(c) 0.00	(c) 369,860.83
Adjustments per ITC Reconciliation Testing:	900	30,875.98	10,510.26	(6,792.68)	144,902.78	179,496.34
Adjustments per ITC Substantive testing:	7100	(35,586.44)	(32,454.92)	(33,788.50)	(69,492.24)	(170,322.10)
Adjustments per Meals and Entertainment Review	7300	(25.51)	(85.50)	(94.14)	(63.05)	(268.20)
ITCs Claimed line 108 as revised		108,958.92	54,589.30	138,871.16	76,347.49	378,766.87
Net Tax line 109 as reported	(e) = (a) - (c)	(18,308.20)	(359.52)	(151,060.13)	0.00	(169,727.85)
Net Tax after Adjustments	(f) = (b) - (d)	261,292.60	4,091.35	(93,224.48)	72,025.08	244,184.77
Net Adjustments to return	(g) = (f) - (e)	279,601.00	4,450.87	57,835.67	72,025.08	413,912.62
285 gross negligence penalty applied?	Y or N	N	N	N	N	
25% Penalty applied: greater of \$250, or	(g) * 25%	0.00	0.00	0.00	0.00	0.00

Return periods within the fiscal year ended: 2018-04-18

	WP#	2018-03-31	2018-04-18	Fiscal Year Totals
Sales line 101 (as filed)		0.00	0.00	0.00
Adjustments per Sales Reconciliation	5300	176,637.58	2,556.00	179,193.58
Revised Line 101 Sales		176,637.58	2,556.00	179,193.58
GST/HST Collectible line 105 (as filed)		(a) 0.00	(a) 0.00	(a) 0.00
Adjustments per HST Reconciliation:	900	21,397.04	332.28	21,729.32
Recapture of ITCs unpaid as of 2018-04-18	7200		87,782.47	87,782.47
GST/HST Collectible line 105 as revised		21,397.04	88,114.75	109,511.79
ITCs Claimed line 108 (as filed)		(c) 0.00	(c) 0.00	(c) 0.00
Adjustments per ITC Reconciliation Testing:	900	73,397.77		73,397.77
Adjustments per ITC Substantive testing:	7100	(37,346.31)		(37,346.31)
Adjustments per Meals and Entertainment Review	7300	(60.70)		(60.70)
ITCs Claimed line 108 as revised		35,990.76	0.00	35,990.76
Net Tax line 109 as reported	(e) = (a) - (c)	0.00	0.00	0.00
Net Tax after Adjustments	(f) = (b) - (d)	(14,593.72)	88,114.75	73,521.03
Net Adjustments to return	(g) = (f) - (e)	(14,593.72)	88,114.75	73,521.03
285 gross negligence penalty applied?	Y or N	N	N	
25% Penalty applied: greater of \$250, or	(g) * 25%	0.00	0.00	0.00

	Net Tax as Filed	Net Adjustments to return	Revised Net Tax	285 Penalty:
Fiscal Year Ended: 2017-12-31	(169,727.85)	413,912.62	244,184.77	0.00
Fiscal Year Ended: 2018-04-18	0.00	73,521.03	73,521.03	0.00
Audit Period Totals	(169,727.85)	487,433.65	317,705.80	0.00

Conclusion: The summary matches to the SAA per the system, accordingly, all required adjustments have been accurately entered

Account Name: Agriculture Technology Incorporated
Account Number: 891174153RT0001
Audit Period: January 1, 2017 to April 18, 2018

W/P # 900
Auditor: Ivan Galizio
Date: August 20, 2018

Summary of Net GST/HST and ITC Variances

Purpose:	To summarize the results of the ITC account reconciliation and the GST/HST account reconciliation into one net return reconciliation summary.
Procedure:	The results column from spreadsheets 901 - HST Reconciliation and 906 - ITC Reconciliation were copied to this page and summed to obtain the net effect of the variances.
Source:	See source working papers 901 and 906 for source information
Notes:	A negative figures in the GST/HST column represents an over-remittance of GST/HST whereas a negative figure in the ITCs column represents an over-claimed amount for ITC. The Net amount is calculated based on GST/HST over/short less ITCs over/short. A positive figure in the Net GST/HST outstanding column represents an additional tax liability for the registrant whereas a negative figure in this column represents tax recoverable by the registrant.

Period End	<i>less:</i>		<i>equals:</i>
	GST/HST (over) / short	ITCs (over) / short	Net GST/HST outstanding
2017 03 31	274,865.03	<i>To DCR</i> 30,875.98	<i>To DCR</i> 243,989.05
2017 06 30	(17,579.29)	<i>To DCR</i> 10,510.26	<i>To DCR</i> (28,089.55)
2017 09 30	17,160.35	<i>To DCR</i> (6,792.68)	<i>To DCR</i> 23,953.03
31-Dec-17	148,372.57	<i>To DCR</i> 144,902.78	<i>To DCR</i> 3,469.79
31-Mar-18	21,397.04	<i>To DCR</i> 73,397.77	<i>To DCR</i> (52,000.73)
18-Apr-18	332.28	<i>To DCR</i> 0.00	332.28
	<u>444,547.98</u>	<u>252,894.11</u>	<u>191,653.87</u>

**description of any revision to amount assessed i.e. if GST/HST (over)/short - ITCs (over)/short doesn't equal adjustments.*

Findings	Numerous changes are required to returns previously filed.
Conclusion	The registrant's returns will be adjusted to reflect the above-noted changes

Account Name: Agriculture Technology Incorporated
Account Number: 891174153RT0001
Audit Period: January 1, 2017 to April 18, 2018

W/P # 901
Auditor: Ivan Galizio
Date: 2018-08-20

General Ledger GST/HST Liability Account Reconciliation

Purpose: To calculate the GST/HST collected/collectable recorded in the registrant's general ledger and determine whether the registrant is accurately reporting all recorded GST/HST. To test the valuation and measurement assertions as they relate to GST/HST. Specifically ensuring the recorded values of the GST/HST collectable are accurately reported on the monthly GST/HST returns. In addition, the completeness assertion is tested only insofar as ensuring that all recorded transactions are reported.

Procedure: From the Registrant's HST detail report, manually transfer the closing balance at the end of each filing period, the opening balance (equivalent to the closing balance from the prior period), and the payments posted in the registrant's account to this working paper. Using this information, the actual GST/HST liability is calculated as follows: [CLOSING BALANCE]+[PAYMENTS]-[OPENING BALANCE]. This net result is then compared to the figures reported by the registrant on line 105 of the GST/HST return for each filing period and any discrepancy is computed.

Source: Registrant's HST detail report was examined for the entire audit period. Sample testing was not employed in this area.

Notes: Credit balances are shown as a positive number and debits are shown as a negative. The GST/HST collected/collectable is recorded as a liability in the registrant's books. If the net result in the "GST/HST (over)/short" column is negative, this represents a reduction in the GST/HST owing, and thus a reduction in the liability for the registrant.

Period End	Closing Balance	<i>add back:</i> Payments	<i>deduct:</i> Opening Balance	<i>Equals:</i> Net Change
2017 03 31	0.00	370,251.03	0.00	370,251.03 to [A] below
2017 06 30	0.00	58,679.71	0.00	58,679.71 to [A] below
2017 09 30	0.00	45,646.35	0.00	45,646.35 to [A] below
2017-12-31	148,372.57	0.00	0.00	148,372.57 to [A] below
2018-03-31	169,769.61		148,372.57	21,397.04 to [A] below
2018-04-18	170,101.89		169,769.61	332.28 to [A] below
				644,678.98

Period End	[A] Net Change HST Collected	[D] line 105 GST/HST reported	[E] = [A] - [D] GST/HST (over) / short
2017 03 31	370,251.03	95,386.00	274,865.03
2017 06 30	58,679.71	76,259.00	(17,579.29)
2017 09 30	45,646.35	28,486.00	17,160.35
2017-12-31	148,372.57	0.00	148,372.57
2018-03-31	21,397.04	0.00	21,397.04
2018-04-18	332.28	0.00	332.28
	644,678.98	200,131.00	444,547.98

Account Name: Agriculture Technology Incorporated
Account Number: 891174153RT0001
Audit Period: January 1, 2017 to April 18, 2018

W/P # 901
Auditor: Ivan Galizio
Date: 2018-08-20

General Ledger GST/HST Liability Account Reconciliation

Summary by Fiscal year:	HST owing per registrant G/L (ACCT #)	line 105 GST/HST reported	GST/HST (over) / short
31-Dec-17	622,949.66	200,131.00	422,818.66
18-Apr-18	21,729.32	0.00	21,729.32
			<u>444,547.98</u>

Findings:

This working paper shows the figures recorded by the registrant as GST/HST collected/collectable. The actual GST/HST liability which should have been reported on line 105 was computed and compared to the amounts actually reported on each quarterly return throughout the audit period. In summary, the registrant's system was ineffective in recording GST/HST collectable. However, there were a number of variances which will be adjusted.

Any variances will be assessed in this area, and these revised GST/HST collectable figures will then be used for comparison in other areas. These are the known figures, recorded by the registrant, any variances are the result of errors in the reporting system employed.

Conclusion(s):

Adjustments made as above, pursuant to subsections 221(1) and 225(1) of the Excise Tax Act (ETA).

Account Name: Agriculture Technology Incorporated
 Account Number: 891174153RT0001
 Audit Period: January 1, 2017 to April 18, 2018

W/P # 906
 Auditor: Ivan Galizio
 Date: 2018-08-20

General Ledger ITC Account Reconciliation

Purpose: To calculate the allowable ITCs as recorded in the registrant's general ledger and determine whether the registrant is accurately reporting all recorded ITCs. To test the valuation and measurement assertions as they relate to ITCs. Specifically are the recorded values of ITCs being accurately reported on the monthly GST/HST returns. In addition, the completeness assertion is tested only insofar as ensuring that all recorded transactions are reported.

Procedure: From the Registrant's HST detail report, manually transfer the closing balance at the end of each filing period, the opening balance (equivalent to the closing balance from the prior period), and the payments posted in the registrant's account to this working paper. Using this information, the actual ITCs allowable are calculated as follows: [CLOSING BALANCE]+[PAYMENTS]-[OPENING BALANCE]. This net result is then compared to the figures reported by the registrant on line of the GST/HST return for each filing period and any discrepancy is computed.

Source: Registrant's HST detail report was examined for the entire audit period. Sample testing was not employed in this area.

Notes: Debit balances are shown as a positive number and credits are shown as a negative, to reflect that the ITCs are recorded as an asset in the registrant's books (or a reduction to a liability). If the net result in the 'ITCs (over)/short' column is negative, this represents a reduction in the allowable ITC, and thus a liability for the registrant.

HST PAID ON PURCHASES

Period End	Closing Balance	Credits / Payments received (DR = NEG)	Opening Balance	Net ITCs (HST) allowable	Equals:
2017 03 31	0.00	144,569.98	0.00	144,569.98	to [B] below
2017 06 30	0.00	87,129.26	0.00	87,129.26	to [B] below
2017 09 30	0.00	172,753.32	0.00	172,753.32	to [B] below
31-Dec-17	144,902.78		0.00	144,902.78	to [B] below
31-Mar-18	218,300.55		144,902.78	73,397.77	to [B] below
18-Apr-18	218,300.55		218,300.55	0.00	to [B] below

W/P# 906

ITC Account Reconciliation

Account Name: Agriculture Technology Incorporated
 Account Number: 891174153RT0001
 Audit Period: January 1, 2017 to April 18, 2018

W/P # 906
 Auditor: Ivan Galizio
 Date: 2018-08-20

General Ledger ITC Account Reconciliation

Period End	[B] Net ITCs (HST) allowable	[D] line 108 ITCs claimed	[E] = [B] - [D] ITCs (over) / short
2017 03 31	144,569.98	113,694.00	30,875.98
2017 06 30	87,129.26	76,619.00	10,510.26
2017 09 30	172,753.32	179,546.00	(6,792.68)
2017-12-31	144,902.78	0.00	144,902.78
2018-03-31	73,397.77	0.00	73,397.77
2018-04-18	0.00	0.00	0.00
			<u>252,894.11</u>

Findings:

This working paper shows the figures recorded by the registrant as ITCs allowable. The actual ITC totals per the registrant's records were computed and compared to the amounts actually claimed on each quarterly return throughout the audit period. In summary, the registrant under claimed the ITCs. Accordingly, the returns in error will be adjusted to reflect the actual allowable ITCs in each period.

Any variances will be assessed in this area, and these revised ITC allowable figures will then be used for comparison in other areas. These are only the figures recorded by the registrant, any variances are the result of errors in the reporting system employed. This testing makes no determinations in the validity of the sources / amounts posted to the ITC account. This will be tested elsewhere.

Conclusion(s):

Returns will be adjusted in all periods where a variance was calculated in the GST/HST payable account

Account Name: Agriculture Technology Incorporated
Account Number: 891174153RT0001
Audit Period: January 1, 2017 to April 18, 2018

W/P # 5300
Auditor: Ivan Galizio
Date: 2017-09-18

Taxable Supplies line 101 Reconciliation

Purpose: To verify the figures reported by the registrant on line 101 for total sales.

Procedure: Review the total value of the taxable supplies transacted in each filing period, and compare to the amount reported on line 101.

Source: Registrant's HST detail report.

Filing Period End	Reported on line 101	Taxable supplies identified in the period	Variance	Adjustment Required to line 101	Legislative reference	Description
2017-03-31	811,272.00	736,272.49	(74,999.51)	(74,999.51)		
2017-06-30	931,745.02	456,422.52	(475,322.50)	(475,322.50)		
2017-09-30	333,466.69	1,433,466.69	1,100,000.00	1,100,000.00		
2017-12-31	0.00	1,276,570.56	1,276,570.56	1,276,570.56		
2018-03-31	0.00	176,637.58	176,637.58	176,637.58		
2018-04-18	0.00	2,556.00	2,556.00	2,556.00		
				2,005,442.13		<i>total net change required</i>

Findings: Sales do not agree between the HST detail and filed returns. Adjustments as above are going to be made to reconcile sales to the amounts on the report.

Conclusion: The sales will be adjusted within the audit period by a cumulative amount of \$2,005,442.13. Changes are being made pursuant to subsection 238(4) of the Excise Tax Act (ETA).

Account Name: Agriculture Technology incorporated
Account Number: 891174153RT0001
Audit Period: 1-Jan-17 to 18-Apr-18

W/P # 7100
Auditor: Ivan Galizio
Date: 2018-08-29

INPUT TAX CREDITS - VERIFICATION OF SOURCE DOCUMENTS

Purpose: To test the assertions of: existence, occurrence, ownership, and measurement. Specifically: to ensure that the ITCs recorded by the registrant in their system are adequately supported by source documents, that the registrant is the recipient on the invoices and that the recipient is using the items in commercial activity, and to verify that the invoices are reported at the accurate amount in the proper period.

Procedure: Select a sample of invoices from the registrant's general ledger HST ITC account. Attempted to choose a wide variety of expenses and suppliers by including those suppliers which recurred, as well as one-time suppliers where the GST paid was material (in excess of \$200).

Source: Registrant's HST Detail Report

Date of Invoice	Invoice #	Number from within G/L	Supplier Name	Description	ITC Amount Posted	Adjustment Required:
03-Jan-17	No invoice provided	101	Unknown	None provided	2,825.05	- 2,825.05
03-Jan-17	No invoice provided	108	Unknown	None provided	263.24	- 263.24
03-Jan-17	No invoice provided	109	Unknown	None provided	67.80	- 67.80
03-Jan-17	No invoice provided	110	Unknown	None provided	263.87	- 263.87
03-Jan-17	No invoice provided	111	Unknown	None provided	92.45	- 92.45
03-Jan-17	No invoice provided	108	Unknown	None provided	609.70	- 609.70
03-Jan-17	No invoice provided	109	Unknown	None provided	44.87	- 44.87
04-Jan-17	No invoice provided	112	Unknown	None provided	513.85	- 513.85
05-Jan-17	No invoice provided	102	Unknown	None provided	279.21	- 279.21
06-Jan-17	No invoice provided	103	Unknown	None provided	280.17	- 280.17
06-Jan-17	No invoice provided	113	Unknown	None provided	318.00	- 318.00
16-Jan-17	No invoice provided	106	Unknown	None provided	49.34	- 49.34
16-Jan-17	No invoice provided	114	Unknown	None provided	350.41	- 350.41
19-Jan-17	No invoice provided	115	Unknown	None provided	386.32	- 386.32
30-Jan-17	No invoice provided	116	Unknown	None provided	973.54	- 973.54
30-Jan-17	No invoice provided	117	Unknown	None provided	366.61	- 366.61
31-Jan-17	No invoice provided	118	Unknown	None provided	251.40	- 251.40
31-Jan-17	No invoice provided	119	Unknown	None provided	268.44	- 268.44
31-Jan-17	No invoice provided	120	Unknown	None provided	1,438.05	- 1,438.05
31-Jan-17	No invoice provided	121	Unknown	None provided	420.23	- 420.23
31-Jan-17	No invoice provided	465	Unknown	None provided	12.21	- 12.21
31-Jan-17	No invoice provided	465	Unknown	None provided	0.03	- 0.03
31-Jan-17	No invoice provided	465	Unknown	None provided	3.12	- 3.12
31-Jan-17	No invoice provided	465	Unknown	None provided	1.78	- 1.78
31-Jan-17	No invoice provided	465	Unknown	None provided	12.03	- 12.03
31-Jan-17	No invoice provided	465	Unknown	None provided	7.09	- 7.09
01-Feb-17	No invoice provided	132	Unknown	None provided	92.45	- 92.45
01-Feb-17	No invoice provided	133	Unknown	None provided	263.87	- 263.87
01-Feb-17	No invoice provided	134	Unknown	None provided	2,825.05	- 2,825.05
01-Feb-17	No invoice provided	136	Unknown	None provided	263.24	- 263.24
01-Feb-17	No invoice provided	153	Unknown	None provided	270.45	- 270.45
01-Feb-17	No invoice provided	154	Unknown	None provided	67.80	- 67.80
01-Feb-17	No invoice provided	136	Unknown	None provided	609.70	- 609.70
01-Feb-17	No invoice provided	154	Unknown	None provided	44.87	- 44.87
02-Feb-17	No invoice provided	135	Unknown	None provided	513.85	- 513.85
06-Feb-17	No invoice provided	138	Unknown	None provided	279.21	- 279.21
06-Feb-17	No invoice provided	139	Unknown	None provided	280.67	- 280.67
08-Feb-17	No invoice provided	140	Unknown	None provided	318.00	- 318.00
09-Feb-17	No invoice provided	213	Unknown	None provided	16.49	- 16.49
13-Feb-17	No invoice provided	155	Unknown	None provided	3,061.94	- 3,061.94
13-Feb-17	No invoice provided	174	Unknown	None provided	3,061.94	- 3,061.94
15-Feb-17	No invoice provided	142	Unknown	None provided	49.34	- 49.34
15-Feb-17	No invoice provided	228	Unknown	None provided	13.26	- 13.26
16-Feb-17	No invoice provided	145	Unknown	None provided	350.41	- 350.41
17-Feb-17	No invoice provided	157	Unknown	None provided	386.32	- 386.32
17-Feb-17	No invoice provided	216	Unknown	None provided	3.59	- 3.59
17-Feb-17	No invoice provided	218	Unknown	None provided	23.40	- 23.40
24-Feb-17	No invoice provided	221	Unknown	None provided	0.65	- 0.65
28-Feb-17	No invoice provided	146	Unknown	None provided	251.40	- 251.40
28-Feb-17	No invoice provided	147	Unknown	None provided	268.44	- 268.44
28-Feb-17	No invoice provided	148	Unknown	None provided	973.54	- 973.54
28-Feb-17	No invoice provided	149	Unknown	None provided	1,438.50	- 1,438.50
28-Feb-17	No invoice provided	150	Unknown	None provided	366.61	- 366.61
28-Feb-17	No invoice provided	156	Unknown	None provided	3,932.50	- 3,932.50
01-Mar-17	No invoice provided	181	Unknown	None provided	263.87	- 263.87
01-Mar-17	No invoice provided	182	Unknown	None provided	263.24	- 263.24
01-Mar-17	No invoice provided	183	Unknown	None provided	92.45	- 92.45
01-Mar-17	No invoice provided	184	Unknown	None provided	609.70	- 609.70
01-Mar-17	No invoice provided	185	Unknown	None provided	112.67	- 112.67
01-Mar-17	No invoice provided	186	Unknown	None provided	513.85	- 513.85
01-Mar-17	No invoice provided	188	Unknown	None provided	659.92	- 659.92
01-Mar-17	No invoice provided	218R	Unknown	None provided	23.40	- 23.40

Date of Invoice	Invoice #	Number from within G/L	Supplier Name	Description	ITC Amount Posted	Adjustment Required:
01-Mar-17	No invoice provided	180	Unknown	None provided	270.45	270.45
03-Mar-17	No invoice provided	203	Unknown	None provided	257.06	257.06
03-Mar-17	No invoice provided	204	Unknown	None provided	148.24	148.24
03-Mar-17	No invoice provided	222	Unknown	None provided	1.95	1.95
06-Mar-17	No invoice provided	187	Unknown	None provided	1,600.04	1,600.04
06-Mar-17	No invoice provided	205	Unknown	None provided	280.67	280.67
06-Mar-17	No invoice provided	206	Unknown	None provided	353.34	353.34
07-Mar-17	No invoice provided	226	Unknown	None provided	10.14	10.14
08-Mar-17	No invoice provided	190	Unknown	None provided	318.00	318.00
09-Mar-17	No invoice provided	191	Unknown	None provided	832.52	832.52
15-Mar-17	No invoice provided	192	Unknown	None provided	13.31	13.31
15-Mar-17	No invoice provided	192	Unknown	None provided	6.65	6.65
15-Mar-17	No invoice provided	192	Unknown	None provided	29.38	29.38
16-Mar-17	No invoice provided	227	Unknown	None provided	2.60	2.60
16-Mar-17	No invoice provided	194	Unknown	None provided	350.41	350.41
17-Mar-17	No invoice provided	195	Unknown	None provided	386.32	386.32
29-Mar-17	No invoice provided	209	Unknown	None provided	366.61	366.61
30-Mar-17	No invoice provided	196	Unknown	None provided	973.54	973.54
31-Mar-17	No invoice provided	210	Unknown	None provided	420.23	420.23
31-Mar-17	No invoice provided	199	Unknown	None provided	251.40	251.40
31-Mar-17	No invoice provided	200	Unknown	None provided	270.45	270.45
31-Mar-17	No invoice provided	198	Unknown	None provided	268.44	268.44
31-Mar-17	No invoice provided	211	Unknown	None provided	268.44	268.44
31-Mar-17	No invoice provided	197	Unknown	None provided	1,438.05	1,438.05
01-Apr-17	No invoice provided	198R	Unknown	None provided	268.44	268.44
03-Apr-17	No invoice provided	241	Unknown	None provided	718.90	718.90
03-Apr-17	No invoice provided	242	Unknown	None provided	263.87	263.87
03-Apr-17	No invoice provided	243	Unknown	None provided	92.45	92.45
03-Apr-17	No invoice provided	244	Unknown	None provided	263.24	263.24
03-Apr-17	No invoice provided	245	Unknown	None provided	112.67	112.67
03-Apr-17	No invoice provided	246	Unknown	None provided	148.24	148.24
03-Apr-17	No invoice provided	248	Unknown	None provided	257.06	257.06
03-Apr-17	No invoice provided	250	Unknown	None provided	659.92	659.92
03-Apr-17	No invoice provided	251	Unknown	None provided	609.70	609.70
03-Apr-17	No invoice provided	266	Unknown	None provided	767.52	767.52
03-Apr-17	No invoice provided	267	Unknown	None provided	767.52	767.52
04-Apr-17	No invoice provided	252	Unknown	None provided	513.85	513.85
05-Apr-17	No invoice provided	253	Unknown	None provided	353.34	353.34
06-Apr-17	No invoice provided	254	Unknown	None provided	280.67	280.67
07-Apr-17	No invoice provided	265	Unknown	None provided	318.00	318.00
17-Apr-17	No invoice provided	258	Unknown	None provided	13.31	13.31
17-Apr-17	No invoice provided	258	Unknown	None provided	6.65	6.65
17-Apr-17	No invoice provided	258	Unknown	None provided	29.38	29.38
17-Apr-17	No invoice provided	257	Unknown	None provided	350.41	350.41
19-Apr-17	No invoice provided	259	Unknown	None provided	386.32	386.32
28-Apr-17	No invoice provided	262	Unknown	None provided	251.40	251.40
28-Apr-17	No invoice provided	263	Unknown	None provided	268.44	268.44
28-Apr-17	No invoice provided	261	Unknown	None provided	973.54	973.54
28-Apr-17	No invoice provided	260	Unknown	None provided	1,438.05	1,438.05
01-May-17	No invoice provided	287	Unknown	None provided	112.67	112.67
01-May-17	No invoice provided	288	Unknown	None provided	92.45	92.45
01-May-17	No invoice provided	289	Unknown	None provided	263.24	263.24
01-May-17	No invoice provided	290	Unknown	None provided	767.52	767.52
01-May-17	No invoice provided	291	Unknown	None provided	263.87	263.87
01-May-17	No invoice provided	292	Unknown	None provided	767.52	767.52
01-May-17	No invoice provided	293	Unknown	None provided	366.61	366.61
01-May-17	No invoice provided	296	Unknown	None provided	513.85	513.85
01-May-17	No invoice provided	297	Unknown	None provided	659.92	659.92
01-May-17	No invoice provided	299	Unknown	None provided	718.90	718.90
01-May-17	No invoice provided	286	Unknown	None provided	270.45	270.45
03-May-17	No invoice provided	247	Unknown	None provided	148.24	148.24
03-May-17	No invoice provided	288	Unknown	None provided	609.70	609.70
03-May-17	No invoice provided	300	Unknown	None provided	257.06	257.06
05-May-17	No invoice provided	301	Unknown	None provided	353.34	353.34
08-May-17	No invoice provided	303	Unknown	None provided	280.67	280.67
08-May-17	No invoice provided	302	Unknown	None provided	318.00	318.00
15-May-17	No invoice provided	305	Unknown	None provided	13.31	13.31
15-May-17	No invoice provided	305	Unknown	None provided	6.65	6.65
15-May-17	No invoice provided	305	Unknown	None provided	29.38	29.38
16-May-17	No invoice provided	308	Unknown	None provided	350.41	350.41
19-May-17	No invoice provided	309	Unknown	None provided	386.32	386.32
29-May-17	No invoice provided	312	Unknown	None provided	366.61	366.61
30-May-17	No invoice provided	313	Unknown	None provided	973.54	973.54
31-May-17	No invoice provided	317	Unknown	None provided	420.23	420.23
31-May-17	No invoice provided	316	Unknown	None provided	251.40	251.40
31-May-17	No invoice provided	314	Unknown	None provided	268.44	268.44
31-May-17	No invoice provided	315	Unknown	None provided	1,438.05	1,438.05
01-Jun-17	No invoice provided	361	Unknown	None provided	112.67	112.67
01-Jun-17	No invoice provided	362	Unknown	None provided	92.45	92.45
01-Jun-17	No invoice provided	363	Unknown	None provided	263.24	263.24
01-Jun-17	No invoice provided	364	Unknown	None provided	263.87	263.87
01-Jun-17	No invoice provided	365	Unknown	None provided	767.52	767.52
01-Jun-17	No invoice provided	366	Unknown	None provided	767.52	767.52

Date of Invoice	Invoice #	Number from within G/L	Supplier Name	Description	ITC Amount Posted	Adjustment Required
01-Jun-17	No invoice provided	367	Unknown	None provided	609.70	609.70
01-Jun-17	No invoice provided	368	Unknown	None provided	718.90	718.90
01-Jun-17	No invoice provided	370	Unknown	None provided	859.92	659.92
01-Jun-17	No invoice provided	371	Unknown	None provided	513.85	513.85
01-Jun-17	No invoice provided	360	Unknown	None provided	270.45	270.45
05-Jun-17	No invoice provided	372	Unknown	None provided	148.24	148.24
05-Jun-17	No invoice provided	373	Unknown	None provided	257.06	257.06
05-Jun-17	No invoice provided	374	Unknown	None provided	353.34	353.34
06-Jun-17	No invoice provided	375	Unknown	None provided	280.67	280.67
08-Jun-17	No invoice provided	376	Unknown	None provided	318.00	318.00
15-Jun-17	No invoice provided	463	Unknown	None provided	56.68	56.68
15-Jun-17	No invoice provided	463	Unknown	None provided	81.34	81.34
16-Jun-17	No invoice provided	381	Unknown	None provided	350.41	350.41
17-Jun-17	No invoice provided	379	Unknown	None provided	13.31	13.31
17-Jun-17	No invoice provided	379	Unknown	None provided	6.65	6.65
19-Jun-17	No invoice provided	382	Unknown	None provided	386.32	386.32
22-Jun-17	No invoice provided	334	Unknown	None provided	214.50	214.50
22-Jun-17	No invoice provided	334	Unknown	None provided	80.03	80.03
29-Jun-17	No invoice provided	383	Unknown	None provided	366.61	366.61
30-Jun-17	No invoice provided	388	Unknown	None provided	420.23	420.23
30-Jun-17	No invoice provided	389	Unknown	None provided	624.26	624.26
30-Jun-17	No invoice provided	386	Unknown	None provided	251.40	251.40
30-Jun-17	No invoice provided	390	Unknown	None provided	270.45	270.45
30-Jun-17	No invoice provided	385	Unknown	None provided	268.44	268.44
30-Jun-17	No invoice provided	387	Unknown	None provided	973.54	973.54
30-Jun-17	No invoice provided	384	Unknown	None provided	1,438.05	1,438.05
04-Jul-17	No invoice provided	395	Unknown	None provided	767.52	767.52
04-Jul-17	No invoice provided	396	Unknown	None provided	767.52	767.52
04-Jul-17	No invoice provided	406	Unknown	None provided	62.36	62.36
04-Jul-17	No invoice provided	407	Unknown	None provided	718.90	718.90
04-Jul-17	No invoice provided	408	Unknown	None provided	92.45	92.45
04-Jul-17	No invoice provided	409	Unknown	None provided	263.87	263.87
04-Jul-17	No invoice provided	410	Unknown	None provided	263.24	263.24
04-Jul-17	No invoice provided	411	Unknown	None provided	148.24	148.24
04-Jul-17	No invoice provided	412	Unknown	None provided	257.06	257.06
04-Jul-17	No invoice provided	413	Unknown	None provided	659.92	659.92
04-Jul-17	No invoice provided	415	Unknown	None provided	609.70	609.70
04-Jul-17	No invoice provided	416	Unknown	None provided	52.00	52.00
05-Jul-17	No invoice provided	397	Unknown	None provided	353.34	353.34
05-Jul-17	No invoice provided	398	Unknown	None provided	513.85	513.85
06-Jul-17	No invoice provided	399	Unknown	None provided	280.67	280.67
10-Jul-17	No invoice provided	405	Unknown	None provided	318.00	318.00
12-Jul-17	No invoice provided	430	Unknown	None provided	25.64	25.64
12-Jul-17	No invoice provided	430	Unknown	None provided	33.55	33.55
12-Jul-17	No invoice provided	430	Unknown	None provided	6.17	6.17
17-Jul-17	No invoice provided	419	Unknown	None provided	-	-
17-Jul-07	No invoice provided	401	Unknown	None provided	350.41	350.41
18-Jul-17	No invoice provided	421	Unknown	None provided	386.32	386.32
26-Jul-17	No invoice provided	423	Unknown	None provided	2.34	2.34
31-Jul-17	No invoice provided	424	Unknown	None provided	420.23	420.23
31-Jul-17	No invoice provided	425	Unknown	None provided	366.61	366.61
31-Jul-17	No invoice provided	429	Unknown	None provided	295.88	295.88
31-Jul-17	No invoice provided	427	Unknown	None provided	251.40	251.40
31-Jul-17	No invoice provided	428	Unknown	None provided	973.54	973.54
31-Jul-17	No invoice provided	426	Unknown	None provided	1,438.05	1,438.05
01-Aug-17	No invoice provided	433	Unknown	None provided	718.90	718.90
01-Aug-17	No invoice provided	434	Unknown	None provided	767.52	767.52
01-Aug-17	No invoice provided	435	Unknown	None provided	263.24	263.24
01-Aug-17	No invoice provided	436	Unknown	None provided	92.45	92.45
01-Aug-17	No invoice provided	437	Unknown	None provided	263.87	263.87
01-Aug-17	No invoice provided	438	Unknown	None provided	767.52	767.52
01-Aug-17	No invoice provided	439	Unknown	None provided	18.85	18.85
01-Aug-17	No invoice provided	442	Unknown	None provided	1,361.10	1,361.10
01-Aug-17	No invoice provided	447	Unknown	None provided	659.92	659.92
01-Aug-17	No invoice provided	448	Unknown	None provided	513.85	513.85
01-Aug-17	No invoice provided	451	Unknown	None provided	296.40	296.40
01-Aug-17	No invoice provided	441	Unknown	None provided	270.45	270.45
01-Aug-17	No invoice provided	440	Unknown	None provided	268.44	268.44
02-Aug-17	No invoice provided	446	Unknown	None provided	609.70	609.70
02-Aug-17	No invoice provided	452	Unknown	None provided	97.50	97.50
03-Aug-17	No invoice provided	453	Unknown	None provided	148.24	148.24
03-Aug-17	No invoice provided	454	Unknown	None provided	257.06	257.06
08-Aug-17	No invoice provided	466	Unknown	None provided	280.67	280.67
08-Aug-17	No invoice provided	467	Unknown	None provided	353.34	353.34
08-Aug-17	No invoice provided	468	Unknown	None provided	318.00	318.00
09-Aug-17	No invoice provided	470	Unknown	None provided	3.27	3.27
09-Aug-17	No invoice provided	470	Unknown	None provided	0.67	0.67
16-Aug-17	No invoice provided	474	Unknown	None provided	2.21	2.21
16-Aug-17	No invoice provided	472	Unknown	None provided	350.41	350.41
17-Aug-17	No invoice provided	471	Unknown	None provided	6.65	6.65
17-Aug-17	No invoice provided	471	Unknown	None provided	6.65	6.65
18-Aug-17	No invoice provided	476	Unknown	None provided	386.32	386.32
23-Aug-17	No invoice provided	484	Unknown	None provided	4.63	4.63

Date of Invoice	Invoice #	Number from within G/L	Supplier Name	Description	ITC Amount Posted	Adjustment Required:
23-Aug-17	No invoice provided	484	Unknown	None provided	0.36	- 0.36
23-Aug-17	No invoice provided	484	Unknown	None provided	79.78	- 79.78
23-Aug-17	No invoice provided	484	Unknown	None provided	12.28	- 12.28
29-Aug-17	No invoice provided	481	Unknown	None provided	366.61	- 366.61
30-Aug-17	No invoice provided	482	Unknown	None provided	295.88	- 295.88
30-Aug-17	No invoice provided	519	Unknown	None provided	9.75	- 9.75
30-Aug-17	No invoice provided	519	Unknown	None provided	13.13	- 13.13
30-Aug-17	No invoice provided	519	Unknown	None provided	0.80	- 0.80
30-Aug-17	No invoice provided	519	Unknown	None provided	13.39	- 13.39
30-Aug-17	No invoice provided	483	Unknown	None provided	973.54	- 973.54
31-Aug-17	No invoice provided	485	Unknown	None provided	420.23	- 420.23
31-Aug-17	No invoice provided	486	Unknown	None provided	664.30	- 664.30
31-Aug-17	No invoice provided	486	Unknown	None provided	251.40	- 251.40
31-Aug-17	No invoice provided	486	Unknown	None provided	268.44	- 268.44
31-Aug-17	No invoice provided	489	Unknown	None provided	1,438.05	- 1,438.05
31-Aug-17	No invoice provided	480	Unknown	None provided	263.24	- 263.24
01-Sep-17	No invoice provided	494	Unknown	None provided	767.52	- 767.52
01-Sep-17	No invoice provided	495	Unknown	None provided	767.52	- 767.52
01-Sep-17	No invoice provided	496	Unknown	None provided	92.45	- 92.45
01-Sep-17	No invoice provided	497	Unknown	None provided	263.87	- 263.87
01-Sep-17	No invoice provided	498	Unknown	None provided	718.90	- 718.90
01-Sep-17	No invoice provided	499	Unknown	None provided	659.92	- 659.92
01-Sep-17	No invoice provided	507	Unknown	None provided	270.45	- 270.45
01-Sep-17	No invoice provided	500	Unknown	None provided	609.70	- 609.70
03-Sep-17	No invoice provided	508	Unknown	None provided	148.24	- 148.24
05-Sep-17	No invoice provided	504	Unknown	None provided	257.06	- 257.06
05-Sep-17	No invoice provided	505	Unknown	None provided	353.34	- 353.34
05-Sep-17	No invoice provided	510	Unknown	None provided	296.40	- 296.40
05-Sep-17	No invoice provided	511	Unknown	None provided	513.85	- 513.85
05-Sep-17	No invoice provided	512	Unknown	None provided	280.67	- 280.67
06-Sep-17	No invoice provided	513	Unknown	None provided	318.00	- 318.00
08-Sep-17	No invoice provided	517	Unknown	None provided	5.18	- 5.18
13-Sep-17	No invoice provided	525	Unknown	None provided	15.26	- 15.26
13-Sep-17	No invoice provided	525	Unknown	None provided	6.65	- 6.65
15-Sep-17	No invoice provided	528	Unknown	None provided	6.65	- 6.65
15-Sep-17	No invoice provided	528	Unknown	None provided	350.41	- 350.41
18-Sep-17	No invoice provided	529	Unknown	None provided	386.32	- 386.32
19-Sep-17	No invoice provided	530	Unknown	None provided	2.36	- 2.36
20-Sep-17	No invoice provided	533	Unknown	None provided	366.61	- 366.61
29-Sep-17	No invoice provided	542	Unknown	None provided	251.40	- 251.40
29-Sep-17	No invoice provided	556	Unknown	None provided	268.44	- 268.44
29-Sep-17	No invoice provided	554	Unknown	None provided	973.54	- 973.54
29-Sep-17	No invoice provided	555	Unknown	None provided	767.52	- 767.52
02-Oct-17	No invoice provided	518	Unknown	None provided	664.30	- 664.30
02-Oct-17	No invoice provided	545	Unknown	None provided	295.88	- 295.88
02-Oct-17	No invoice provided	546	Unknown	None provided	420.23	- 420.23
02-Oct-17	No invoice provided	547	Unknown	None provided	718.90	- 718.90
02-Oct-17	No invoice provided	548	Unknown	None provided	767.52	- 767.52
02-Oct-17	No invoice provided	549	Unknown	None provided	92.45	- 92.45
02-Oct-17	No invoice provided	550	Unknown	None provided	263.87	- 263.87
02-Oct-17	No invoice provided	551	Unknown	None provided	609.70	- 609.70
02-Oct-17	No invoice provided	552	Unknown	None provided	263.24	- 263.24
02-Oct-17	No invoice provided	553	Unknown	None provided	659.92	- 659.92
02-Oct-17	No invoice provided	557	Unknown	None provided	513.85	- 513.85
02-Oct-17	No invoice provided	558	Unknown	None provided	296.40	- 296.40
02-Oct-17	No invoice provided	559	Unknown	None provided	257.06	- 257.06
03-Oct-17	No invoice provided	562	Unknown	None provided	148.24	- 148.24
03-Oct-17	No invoice provided	563	Unknown	None provided	0.68	- 0.68
04-Oct-17	No invoice provided	568	Unknown	None provided	0.16	- 0.16
04-Oct-17	No invoice provided	568	Unknown	None provided	1.54	- 1.54
04-Oct-17	No invoice provided	568	Unknown	None provided	362.47	- 362.47
04-Oct-17	No invoice provided	569	Unknown	None provided	270.45	- 270.45
04-Oct-17	No invoice provided	570	Unknown	None provided	1,438.05	- 1,438.05
05-Oct-17	No invoice provided	572	Unknown	None provided	353.34	- 353.34
06-Oct-17	No invoice provided	573	Unknown	None provided	280.67	- 280.67
06-Oct-17	No invoice provided	575	Unknown	None provided	318.00	- 318.00
11-Oct-17	No invoice provided	577	Unknown	None provided	2.21	- 2.21
15-Oct-17	No invoice provided	581	Unknown	None provided	6.65	- 6.65
15-Oct-17	No invoice provided	581	Unknown	None provided	6.65	- 6.65
16-Oct-17	No invoice provided	580	Unknown	None provided	350.41	- 350.41
19-Oct-17	No invoice provided	589	Unknown	None provided	386.32	- 386.32
19-Oct-17	No invoice provided	623	Unknown	None provided	386.32	- 386.32
25-Oct-17	No invoice provided	590	Unknown	None provided	0.64	- 0.64
27-Oct-17	No invoice provided	625	Unknown	None provided	2,372.50	- 2,372.50
27-Oct-17	No invoice provided	12222	Unknown	None provided	23,400.00	- 23,400.00
30-Oct-17	No invoice provided	620	Unknown	None provided	295.88	- 295.88
30-Oct-17	No invoice provided	622	Unknown	None provided	366.61	- 366.61
30-Oct-17	No invoice provided	621	Unknown	None provided	973.54	- 973.54
31-Oct-17	No invoice provided	617	Unknown	None provided	366.61	- 366.61
31-Oct-17	No invoice provided	619	Unknown	None provided	664.30	- 664.30
31-Oct-17	No invoice provided	616	Unknown	None provided	251.40	- 251.40
31-Oct-17	No invoice provided	615	Unknown	None provided	268.44	- 268.44
31-Oct-17	No invoice provided	618	Unknown	None provided	1,438.05	- 1,438.05

Date of Invoice	Invoice #	Number from within G/L	Supplier Name	Description	ITC Amount Posted	Adjustment Required:
01-Nov-17	No invoice provided	630	Unknown	None provided	718.90	- 718.90
01-Nov-17	No invoice provided	631	Unknown	None provided	767.52	- 767.52
01-Nov-17	No invoice provided	632	Unknown	None provided	767.52	- 767.52
01-Nov-17	No invoice provided	633	Unknown	None provided	263.24	- 263.24
01-Nov-17	No invoice provided	629	Unknown	None provided	270.45	- 270.45
13-Nov-17	No invoice provided	601	Unknown	None provided	11.44	- 11.44
16-Nov-17	No invoice provided	586	Unknown	None provided	350.41	- 350.41
22-Nov-17	No invoice provided	640	Unknown	None provided	513.85	- 513.85
22-Nov-17	No invoice provided	641	Unknown	None provided	296.40	- 296.40
22-Nov-17	No invoice provided	638	Unknown	None provided	318.00	- 318.00
22-Nov-17	No invoice provided	637	Unknown	None provided	386.32	- 386.32
24-Nov-17	No invoice provided	626	Unknown	None provided	609.70	- 609.70
24-Nov-17	No invoice provided	627	Unknown	None provided	2,388.60	- 2,388.60
27-Nov-17	No invoice provided	642	Unknown	None provided	453.47	- 453.47
29-Nov-17	No invoice provided	628	Unknown	None provided	353.34	- 353.34
29-Nov-17	No invoice provided	740	Unknown	None provided	1,194.72	- 1,194.72
30-Nov-17	No invoice provided	645	Unknown	None provided	420.23	- 420.23
30-Nov-17	No invoice provided	646	Unknown	None provided	295.88	- 295.88
30-Nov-17	No invoice provided	647	Unknown	None provided	664.30	- 664.30
30-Nov-17	No invoice provided	648	Unknown	None provided	366.61	- 366.61
30-Nov-17	No invoice provided	644	Unknown	None provided	251.40	- 251.40
30-Nov-17	No invoice provided	643	Unknown	None provided	268.44	- 268.44
01-Dec-17	No invoice provided	674	Unknown	None provided	718.90	- 718.90
01-Dec-17	No invoice provided	675	Unknown	None provided	609.70	- 609.70
01-Dec-17	No invoice provided	676	Unknown	None provided	263.24	- 263.24
01-Dec-17	No invoice provided	677	Unknown	None provided	767.52	- 767.52
01-Dec-17	No invoice provided	678	Unknown	None provided	767.52	- 767.52
01-Dec-17	No invoice provided	679	Unknown	None provided	263.87	- 263.87
01-Dec-17	No invoice provided	681	Unknown	None provided	659.92	- 659.92
01-Dec-17	No invoice provided	682	Unknown	None provided	513.85	- 513.85
01-Dec-17	No invoice provided	683	Unknown	None provided	296.40	- 296.40
04-Dec-17	No invoice provided	718	Unknown	None provided	1,973.88	- 1,973.88
05-Dec-17	No invoice provided	684	Unknown	None provided	353.34	- 353.34
06-Dec-17	No invoice provided	686	Unknown	None provided	270.45	- 270.45
06-Dec-17	No invoice provided	688	Unknown	None provided	973.54	- 973.54
06-Dec-17	No invoice provided	689	Unknown	None provided	280.67	- 280.67
07-Dec-17	No invoice provided	687	Unknown	None provided	1,438.05	- 1,438.05
11-Dec-17	No invoice provided	685	Unknown	None provided	318.00	- 318.00
12-Dec-17	No invoice provided	652	Unknown	None provided	103.57	- 103.57
15-Dec-17	No invoice provided	691	Unknown	None provided	2,433.80	- 2,433.80
15-Dec-17	No invoice provided	719	Unknown	None provided	17.57	- 17.57
15-Dec-17	No invoice provided	719	Unknown	None provided	17.57	- 17.57
18-Dec-17	No invoice provided	692	Unknown	None provided	386.32	- 386.32
19-Dec-17	No invoice provided	693	Unknown	None provided	350.41	- 350.41
21-Dec-17	No invoice provided	721	Unknown	None provided	257.06	- 257.06
21-Dec-17	No invoice provided	722	Unknown	None provided	257.06	- 257.06
21-Dec-17	No invoice provided	723	Unknown	None provided	148.24	- 148.24
27-Dec-17	No invoice provided	695	Unknown	None provided	453.47	- 453.47
29-Dec-17	No invoice provided	696	Unknown	None provided	366.61	- 366.61
02-Jan-18	No invoice provided	12222	Unknown	None provided	659.92	- 659.92
02-Jan-18	No invoice provided	12222	Unknown	None provided	513.85	- 513.85
02-Jan-18	No invoice provided	12222	Unknown	None provided	296.40	- 296.40
02-Jan-18	No invoice provided	12222	Unknown	None provided	609.70	- 609.70
02-Jan-18	No invoice provided	12222	Unknown	None provided	718.90	- 718.90
02-Jan-18	No invoice provided	12222	Unknown	None provided	295.88	- 295.88
02-Jan-18	No invoice provided	12222	Unknown	None provided	664.30	- 664.30
02-Jan-18	No invoice provided	12222	Unknown	None provided	420.23	- 420.23
02-Jan-18	No invoice provided	12222	Unknown	None provided	767.52	- 767.52
02-Jan-18	No invoice provided	12222	Unknown	None provided	767.52	- 767.52
02-Jan-18	No invoice provided	12222	Unknown	None provided	263.24	- 263.24
02-Jan-18	No invoice provided	12222	Unknown	None provided	263.87	- 263.87
02-Jan-18	No invoice provided	12222	Unknown	None provided	480.84	- 480.84
04-Jan-18	No invoice provided	12222	Unknown	None provided	2,025.65	- 2,025.65
218-01-05	No invoice provided	12222	Unknown	None provided	353.34	- 353.34
08-Jan-18	No invoice provided	12222	Unknown	None provided	280.67	- 280.67
12-Jan-18	No invoice provided	737	Unknown	None provided	55.19	- 55.19
15-Jan-18	No invoice provided	720	Unknown	None provided	2,388.60	- 2,388.60
15-Jan-18	No invoice provided	12222	Unknown	None provided	6.65	- 6.65
15-Jan-18	No invoice provided	12222	Unknown	None provided	6.65	- 6.65
18-Jan-18	No invoice provided	20259	Unknown	None provided	5.89	- 5.89
19-Jan-18	No invoice provided	12222	Unknown	None provided	12.89	- 12.89
22-Jan-18	No invoice provided	12222	Unknown	None provided	659.92	- 659.92
25-Jan-18	No invoice provided	12222	Unknown	None provided	148.24	- 148.24
25-Jan-18	No invoice provided	12222	Unknown	None provided	257.06	- 257.06
28-Jan-18	No invoice provided	12222	Unknown	None provided	34.51	- 34.51
29-Jan-18	No invoice provided	12222	Unknown	None provided	366.61	- 366.61
29-Jan-18	No invoice provided	12222	Unknown	None provided	453.47	- 453.47
30-Jan-08	No invoice provided	12222	Unknown	None provided	295.88	- 295.88
31-Jan-18	No invoice provided	12222	Unknown	None provided	664.30	- 664.30
31-Jan-18	No invoice provided	12222	Unknown	None provided	420.23	- 420.23
01-Feb-18	No invoice provided	12222	Unknown	None provided	263.87	- 263.87
01-Feb-18	No invoice provided	12222	Unknown	None provided	263.24	- 263.24
01-Feb-18	No invoice provided	12222	Unknown	None provided	767.52	- 767.52

Date of Invoice	Invoice #	Number from within G/L	Supplier Name	Description	ITC Amount Posted	Adjustment Required:
01-Feb-18	No invoice provided	12222	Unknown	None provided	767.52	- 767.52
01-Feb-18	No invoice provided	12222	Unknown	None provided	718.90	- 718.90
01-Feb-18	No invoice provided	12222	Unknown	None provided	513.85	- 513.85
01-Feb-18	No invoice provided	12222	Unknown	None provided	609.70	- 609.70
01-Feb-18	No invoice provided	12222	Unknown	None provided	296.40	- 296.40
02-Feb-18	No invoice provided	12222	Unknown	None provided	14.90	- 14.90
05-Feb-18	No invoice provided	12222	Unknown	None provided	257.06	- 257.06
05-Feb-18	No invoice provided	12222	Unknown	None provided	659.92	- 659.92
05-Feb-18	No invoice provided	12222	Unknown	None provided	353.34	- 353.34
05-Feb-18	No invoice provided	12222	Unknown	None provided	148.24	- 148.24
05-Feb-18	No invoice provided	12222	Unknown	None provided	2,025.65	- 2,025.65
06-Feb-18	No invoice provided	12222	Unknown	None provided	280.67	- 280.67
09-Feb-18	No invoice provided	12222	Unknown	None provided	7.48	- 7.48
15-Feb-18	No invoice provided	12222	Unknown	None provided	6.65	- 6.65
15-Feb-18	No invoice provided	12222	Unknown	None provided	6.65	- 6.65
15-Feb-18	No invoice provided	12222	Unknown	None provided	2,388.60	- 2,388.60
18-Feb-18	No invoice provided	12222	Unknown	None provided	13.26	- 13.26
23-Feb-18	No invoice provided	12222	Unknown	None provided	4.09	- 4.09
27-Feb-18	No invoice provided	12222	Unknown	None provided	453.47	- 453.47
28-Feb-18	No invoice provided	12222	Unknown	None provided	295.88	- 295.88
28-Feb-18	No invoice provided	12222	Unknown	None provided	664.30	- 664.30
28-Feb-18	No invoice provided	12222	Unknown	None provided	420.23	- 420.23
28-Feb-18	No invoice provided	12222	Unknown	None provided	366.61	- 366.61
01-Mar-18	No invoice provided	12222	Unknown	None provided	767.52	- 767.52
01-Mar-18	No invoice provided	12222	Unknown	None provided	263.24	- 263.24
01-Mar-18	No invoice provided	12222	Unknown	None provided	609.70	- 609.70
01-Mar-18	No invoice provided	12222	Unknown	None provided	767.52	- 767.52
01-Mar-18	No invoice provided	12222	Unknown	None provided	263.87	- 263.87
01-Mar-18	No invoice provided	12222	Unknown	None provided	513.85	- 513.85
01-Mar-18	No invoice provided	12222	Unknown	None provided	296.40	- 296.40
01-Mar-18	No invoice provided	12222	Unknown	None provided	659.92	- 659.92
05-Mar-18	No invoice provided	12222	Unknown	None provided	2,025.65	- 2,025.65
05-Mar-18	No invoice provided	12222	Unknown	None provided	257.06	- 257.06
05-Mar-18	No invoice provided	12222	Unknown	None provided	148.24	- 148.24
05-Mar-18	No invoice provided	12222	Unknown	None provided	353.34	- 353.34
06-Mar-18	No invoice provided	12222	Unknown	None provided	280.67	- 280.67
09-Mar-18	No invoice provided	12222	Unknown	None provided	11.51	- 11.51
15-Mar-18	No invoice provided	12222	Unknown	None provided	6.65	- 6.65
15-Mar-18	No invoice provided	12222	Unknown	None provided	6.65	- 6.65
15-Mar-18	No invoice provided	12222	Unknown	None provided	2,388.60	- 2,388.60

-\$ 207,668.41 -\$ 207,668.41
Legislative Reference

note 1: The registrant is in receivership. When the auditor attended the place of business it was discovered that not all records were available. There was no filing system as all records were moved from an office when the registrant was forcibly evicted. Documents were left behind the could not be retrieved. As a result documentation was incomplete. All available documentation for all 5 related companies was on a skid in boxes in the registrant's warehouse. As this is the case the above sampling was limited to a review of the reports provided by the receiver. As it would be unreasonable and inappropriate to deny all ITCs in this situation a review of the ledger was done to ascertain eligibility based on supplier and description. The above noted entries were all general journal entries and had no supplier or description. This does not allow the auditor to ascertain the nature nor the purpose of the transaction and provides no assurance that a transaction took place. All blank entries are being denied pursuant to subsections 169(1) and 169(4) of the Excise Tax Act (ETA).

169(1), 169(4)

Findings: The following adjustment are required to the returns (line 108), based on the findings, above:

Reference from above (note #)	Invoice Date	Adjustment to line 108	Return Period End	
169(1)	various	-35586.44 (35,586.44)	31-Mar-17	to DCR
169(1)	various	-32454.92 (32,454.92)	30-Jun-17	to DCR
169(1)	various	-33788.5 (33,788.50)	30-Sep-17	to DCR
169(1)	various	-68492.24 (68,492.24)	31-Dec-17	to DCR
169(1)	various	-37346.31 (37,346.31)	31-Mar-18	to DCR
		0.00	18-Apr-18	to DCR
Total Audit period total:		(207,668.41)		

Date of Invoice	Invoice #	Number from within G/L	Supplier Name	Description	ITC Amount Posted	Adjustment Required:
Conclusion:	Adjustments as above will be made to the quarterly returns in which discrepancies were uncovered. Changes are being made pursuant to subsections 169(1) and 169(4) of the Excise Tax Act (ETA).					

Account Name: Agriculture Technology Incorporated
 Account Number: 891174153RT0001
 Audit Period: January 1, 2017 to April 18, 2018

W/P # 7200
 Auditor: Ivan Galizio
 Date: 2018-08-29

INPUT TAX CREDITS - VERIFICATION OF SOURCE DOCUMENTS

Purpose: To quantify amounts for ITCs claimed but not paid on the date of receivership.

Procedure: Review the Notice and statement of receiver and calculate tax not paid on amounts owing on the date of receivership.

Source: Notice and statement of receiver

Date of Invoice	Number from within GST	Supplier Name	GST/HSST Calculated	Total Change	GST/HSST rate
Multiple Dates	Multiple Trans	401 Truck Source	524.14	4,556.00	13.00% ← note 3
Multiple Dates	Multiple Trans	Aabco Propane Inc.	298.08	2,591.00	13.00% ← note 3
Multiple Dates	Multiple Trans	Aqris Co-Operative Ltd.	368.42	3,185.00	13.00% ← note 3
Multiple Dates	Multiple Trans	Air Liquide	799.67	6,951.00	13.00% ← note 3
27-Oct-17	1087	All Pro Maintenance	115.10	893.00	13.00% ← note 1
Unable to Trace	Multiple Trans	Amico Infrastructures Inc.	4,391.23	38,083.00	13.00% ← note 5
Multiple Dates	Multiple Trans	BlueLino Rental Inc.	1,892.85	14,713.00	13.00% ← note 3
Multiple Dates	Multiple Trans	Bolton Smith	933.58	6,115.00	13.00% ← note 3
Multiple Dates	Multiple Trans	Border City (2014) Ltd.	1,238.50	10,748.00	13.00% ← note 3
Unable to Match	Multiple Trans	Canada Blower	290.14	2,522.00	13.00% ← note 4
21-Feb-18	17184	Chapman Signs	17.68	154.00	13.00% ← note 1
Multiple Dates	Multiple Trans	Climate Control Systems Inc.	34.40	299.00	13.00% ← note 3
Multiple Dates	Multiple Trans	Cogeco Cable Canada	88.16	775.00	13.00% ← note 3
Unable to Match	Multiple Trans	Cole's Metal Fabricating Ltd.	3,723.28	32,384.00	13.00% ← note 4
Multiple Dates	Multiple Trans	Collins Barrow Leanington LLP	5,885.78	50,987.00	13.00% ← note 3
Unable to Trace	Multiple Trans	Covergent Energy WI LLC	149.44	1,288.00	13.00% ← note 5
Unable to Trace	Multiple Trans	Creative Information Systems	71.33	620.00	13.00% ← note 5
Multiple Dates	Multiple Trans	Dart Machine Inc.	2,423.58	21,110.00	13.00% ← note 3
11-Sep-17	0673	Delicia Farms Ltd.	91.92	799.00	13.00% ← note 1
Multiple Dates	Multiple Trans	Delta Power Equipment	2,482.29	21,403.00	13.00% ← note 3
Unable to Trace	Multiple Trans	Duff Brush LLC	92.84	807.00	13.00% ← note 5
Multiple Dates	Multiple Trans	Erle Sand & Gravel Limited	611.23	5,313.00	13.00% ← note 3
08-Dec-17	8064	Essex Printing Co. Ltd.	68.70	760.00	13.00% ← note 1
Unable to Match	Multiple Trans	Forest Machine & Manufacturing	48.82	407.00	13.00% ← note 4
Unable to Match	Multiple Trans	Gerald Lozon Trucking Ltd.	230.09	2,000.00	13.00% ← note 4
Multiple Dates	Multiple Trans	Glen Knight Septic Tank	280.82	2,441.00	13.00% ← note 3
Multiple Dates	Multiple Trans	Global Horticultural Inc.	1,430.00	12,430.00	13.00% ← note 3
01-Jan-18	4547-	Global Medical Property Maintenance Ltd.	612.63	5,325.00	13.00% ← note 1
Multiple Dates	Multiple Trans	Gosfield North Communications	190.74	1,658.00	13.00% ← note 3
Unable to Match	Multiple Trans	Grand Valley Forfiers Ltd.	71.56	622.00	13.00% ← note 4

Date of Invoice	Number from within GL	Supplier Name	GST/HST Calculated	Total Change	GST/HST rate
Multiple Dates	Multiple Trans	Green Earth Trucking Ltd.	689.35	5,992.00	13.00% ← note 3
Multiple Dates	Multiple Trans	Gro-Bark (Ontario) Ltd.	1,372.94	11,834.00	13.00% ← note 3
Multiple Dates	Multiple Trans	Heaton Sanitation Ltd	135.20	1,176.00	13.00% ← note 3
Multiple Dates	Multiple Trans	Home Depot Credit Services	1,599.69	13,905.00	13.00% ← note 3
Unable to Match		Hydro One Networks - House	141.62	1,231.00	13.00% ← note 4
Unable to Match		Hydro One Networks - Luke	23.35	203.00	13.00% ← note 4
25-Oct-17	k3070	J.B. Hunt Transport Inc.	165.75	1,441.00	13.00% ← note 1
Multiple Dates	Multiple Trans	J.J. Tires Ltd/Kal Tire	304.18	2,644.00	13.00% ← note 3
Unable to Match		J.R. Filiter Investigative Services	722.71	6,282.00	13.00% ← note 4
Multiple Dates	Multiple Trans	Jack Smith Fuels Ltd.	9,346.31	81,241.00	13.00% ← note 3
27-Jul-17	18776	John & Sons Welding Hydraulics Ltd.	40.14	349.00	13.00% ← note 1
Multiple Dates	Multiple Trans	K-8 Trucking Ltd.	206.73	1,797.00	13.00% ← note 3
18-Oct-17	00102	Ken Lapatin & Sons Ltd.	50.85	442.00	13.00% ← note 1
Multiple Dates	Multiple Trans	Kent Compressox Inc.	387.35	3,387.00	13.00% ← note 3
16-Oct-17	Oct-16	Kirwin Painters LLP	250.20	2,523.00	13.00% ← note 1
15-Jun-18	21375	KMJ Machinery Movers Inc.	199.65	1,475.00	13.00% ← note 1
17-Jul-17	1708	Lakeshore Equipment Solutions	11.38	99.00	13.00% ← note 1
01-Mar-18	03001	Law Offices of Daniel W. Scott	650.00	5,650.00	13.00% ← note 1
Multiple Dates	Multiple Trans	Lektar Industrial Services Inc.	128.27	1,115.00	13.00% ← note 3
Multiple Dates	Multiple Trans	Lighting Plus Wholesale	11,701.38	101,712.00	13.00% ← note 3
Multiple Dates	Multiple Trans	M/C Business Solutions Ltd.	388.62	3,378.00	13.00% ← note 3
Multiple Dates	Multiple Trans	Miller Canfield LLP	656.56	5,707.00	13.00% ← note 3
Exempt Item		Ministry of Finance EHT	-	1,834.00	0.00% ← note 2
21-Dec-17	2343002	Neopost	10.51	81.00	13.00% ← note 1
Unable to Match		Newman Petroleum (1998) Inc.	77.08	670.00	13.00% ← note 4
Unable to Trace		Oxidation Technologies LLC	88.66	762.00	13.00% ← note 5
28-Sep-17	1715	Quality Turf (19568805 Ont. Ltd.)	442.00	3,842.00	13.00% ← note 1
03-Jan-18	1911	Rapid Drainage	87.76	763.00	13.00% ← note 1
Exempt Item		Receiver General	-	2,897.00	0.00% ← note 2
Unable to Match		Reliance Home Comfort	5.18	45.00	13.00% ← note 4
02-Jan-18	0470	Robert Rivest Farms	575.22	5,000.00	13.00% ← note 1
Multiple Dates	Multiple Trans	Russell A Farrow Ltd.	14.27	124.00	13.00% ← note 3
Multiple Dates	Multiple Trans	RWDI AIR Inc.	3,744.69	32,550.00	13.00% ← note 3
Multiple Dates	Multiple Trans	SFF Fabricated Structures	1,553.21	13,501.00	13.00% ← note 3
Unable to Match		SHR Engines	99.05	861.00	13.00% ← note 4
30-Oct-17	51285	Soil and Materials Engineering Inc.	481.00	4,181.00	13.00% ← note 1
Unable to Trace		Southeastern Freight Lines Inc.	23.81	207.00	13.00% ← note 5
Multiple Dates	Multiple Trans	Spartan Sling Manufacturing Inc.	534.50	4,646.00	13.00% ← note 3
Multiple Dates	Multiple Trans	Speedy Transport Group Inc.	34.97	304.00	13.00% ← note 3
Unable to Match		Sun Farrow Grower Supply Ltd.	82.37	716.00	13.00% ← note 4
29-Nov-17	9397	Superior Environmental Services	149.50	1,300.00	13.00% ← note 1
Multiple Dates	Multiple Trans	Telus Mobility	626.87	5,475.00	13.00% ← note 3
Multiple Dates	Multiple Trans	Thomas Communications	224.68	1,953.00	13.00% ← note 3
Multiple Dates	Multiple Trans	Timbu Steel Services	2,735.16	23,775.00	13.00% ← note 3
Multiple Dates	Multiple Trans	Timmermans Irrigation Ltd.	4,068.14	35,518.00	13.00% ← note 3
31-Dec-17	1284	Tracey Business Advisors Inc.	847.44	7,366.00	13.00% ← note 1
Unable to Match		Union Gas 192-6887 177-6887 ATI	571.42	4,987.00	13.00% ← note 4
Unable to Match		Union Gas 193-0147 177-7103 Irene	17.48	152.00	13.00% ← note 4
Unable to Match		Union Gas 538-6585 177-7104 Luke	23.35	203.00	13.00% ← note 4
Multiple Dates	Multiple Trans	Vulcan Greenhouse Technology Inc.	1,534.81	13,341.00	13.00% ← note 3

ITC Verification of Source Documents

Date of Invoice	Number from within GIL	Supplier Name	GST/HST Calculated	Total Charge	GST/HST rate
Multiple Dates	Multiple Trans	Williams & Sher Environmental Lawyers LL	10,676.80	92,806.00	13.00% ← note 3
Multiple Dates	Multiple Trans	Windsor Disposal Services	22.09	192.00	13.00% ← note 3
Exempt Item		Workplace Safety & Insurance Board	-	1,765.00	0.00% ← note 2
Total Invoices reviewed:			\$ 87,782.47	\$ 769,340.00	
Adjustment to ITC's:			\$ 87,782.47		

Legislative Reference

note 1:	These amounts have been traced to the HST Detail provided. As the amounts provided by the receiver were rounded to the nearest dollar, HST calculated was changed to the factual amounts located in the ledger. Review of the ledger was done in reverse order and the first exact matching entry found was used.	296(1)(b)
note 2:	These items do not attract tax. As such no ITC is being reclaimed on these amounts.	286(1)(b)
note 3:	These items did not have an exact match in the ledger and added up to more than the first located transaction. All of these creditors had multiple transactions with the registrant in the period under review.	299(1)(b)
note 4:	These items did not have an exact match and the first located ledger entry was bigger than the amount outstanding.	296(1)(b)
note 5:	These amounts could not be matched to any transaction as the supplier name could not be located. The ledger contained several entries for which no supplier name was present, also the only ledger reviewed in detail was Agriculture Technologies Incorporated and these items may appear in one of the other 4 related companies.	286(1)(b)

Findings: The following adjustment are required to the returns (line 105), based on the findings, above:

Reference from above (note #)	Invoice Date	Adjustment to line 105	Return Period
296(1)(b)	various	87,782.47	End
		87,782.47	18-Apr-18 to DCR

Conclusion: Pursuant to paragraph 296(1)(b) of the Excise Tax Act (ETA) the above amount is being assessed as the registrant did not pay the tax to its suppliers.

Account Name: Agriculture Technology Incorporated
 Account Number: 881174153R10001
 Audit Period: 1-Jan-17 to 18-Apr-18

W/P # 7300
 Auditor: Ivan Galicic
 Date: 2018-09-20

INPUT TAX CREDITS - Accounts with Restricted ITC Implications

Purpose: To test the assertions of: existence, occurrence, ownership, and measurement. Specifically, to ensure that the ITCs recorded by the registrant in their system are adequately supported by source documents, that the registrant is the recipient in the invoices and that the recipient is using the items in commercial activity, and to verify that the invoices are reported at the accurate amount in the proper period.

Procedure: Using the provided HST detail ledger, review transactions for meals and entertainment expenses.

Source: Registrant's HST detail ledger

Notes:

Date of Invoice	Invoice #	Number from within s/L	Supplier Name	Description	ITC Amount Posted	Total Charge (net of HST)	Disallowed %	Adjustment Required	Note
14-Jan-17	none provided	13735	Gok's Steak House	Kitchener (meal witha traveling)	19.25	148.05	50%	(6.63)	Note 1
30-Jan-17	none provided	14028	Tim Hortons		6.12	47.07	50%	(3.06)	Note 1
31-Jan-17	none provided	14029	Tim Hortons		6.97	53.62	50%	(3.48)	Note 1
12-Feb-17	none provided	14265	Crandon's Tap & Eatery		5.76	44.33	50%	(2.88)	Note 1
10-Mar-17	none provided	14755	Gulligan's		4.84	43.70	50%	(2.32)	Note 1
22-Mar-17	none provided	14967	Tim Hortons		3.07	23.62	50%	(1.54)	Note 1
22-Mar-17	none provided	15007	Wendy's		5.17	38.75	50%	(2.58)	Note 1
14-Apr-17	none provided	15408	Tim Hortons		2.45	18.35	50%	(1.22)	Note 1
14-Apr-17	none provided	15408	KFC		8.69	52.98	50%	(3.45)	Note 1
25-Apr-17	none provided	15593	The Beer Store		9.61	73.69	100%	(9.61)	Note 2
26-Apr-17	none provided	15570	Tim Hortons		4.87	37.50	50%	(2.44)	Note 2
28-Apr-17	none provided	150151	The Beer Store		4.14	31.81	100%	(4.14)	Note 2
29-Apr-17	none provided	15695	Kelsoys		11.83	91.75	50%	(5.97)	Note 1
03-May-17	none provided	15772	LCBO	Credit Card Charge	4.63	35.62	100%	(4.63)	Note 2
04-May-17	none provided	15772	Zehrs		32.75	251.92	50%	(16.38)	Note 1
09-May-17	none provided	15843	Crabby Joe's		8.91	68.50	50%	(4.46)	Note 1
10-May-17	none provided	15808	The Beer Store		2.39	18.39	100%	(3.91)	Note 2
26-May-17	none provided	16159	Arby's		3.91	30.09	50%	(1.20)	Note 1
30-May-17	none provided	16218	Armanos Pizza		12.93	99.46	50%	(6.47)	Note 1
30-May-17	none provided	16237	The Beer Store		3.91	30.09	100%	(3.91)	Note 2
02-Jun-17	none provided	16276	Crabby Joos		10.85	83.43	50%	(5.43)	Note 1
02-Jun-17	none provided	16301	LCBO		4.71	36.24	100%	(4.71)	Note 2
09-Jun-17	none provided	06009	The Beer Store		3.91	30.09	100%	(3.91)	Note 2
16-Jun-17	none provided	06016	LCBO		3.65	28.05	100%	(3.65)	Note 2

25.51

85.50

Date	Description	Invoice Date	Amount	Percentage	Notes
24-Jul-17	Cooco's Restaurant	07/24	9.35	50%	Note 1 (4.88)
30-Jul-17	Foodland	07/30	3.41	50%	Note 1 (1.71)
13-Aug-17	Clamdon's Tap Eatery	08/13	16.16	50%	Note 1 (8.09)
15-Aug-17	The Beer Store	17655	4.37	100%	Note 2 (4.37)
21-Aug-17	LCBO	08/21	10.63	100%	Note 2 (10.63)
02-Aug-17	Zehrs	08/21	15.62	50%	Note 1 (7.76)
30-Aug-17	The Beer Store	08/30	2.87	100%	Note 2 (2.87)
02-Sep-17	Chuck's Roadhouse	17818	8.23	50%	Note 1 (4.12)
15-Sep-17	The Beer Store	09/15	45.76	100%	Note 2 (45.76)
03-Oct-17	RCCS	10/03	20.04	50%	Note 1 (10.02)
03-Oct-17	Zehrs	10/03	6.34	50%	Note 1 (3.17)
19-Oct-17	Meiro	10/19	26.17	50%	Note 1 (13.09)
19-Oct-17	Subway	10/19	2.85	50%	Note 1 (1.33)
23-Oct-17	Tim Hortons	10/19	1.05	50%	Note 1 (0.53)
23-Oct-17	Buffalo Wild Wings	10/23	20.43	50%	Note 1 (10.22)
23-Oct-17	LCBO	10/23	14.45	100%	Note 2 (14.45)
08-Nov-17	Tim Hortons	10/23	2.86	50%	Note 1 (1.43)
22-Dec-17	Zehrs	10/14	9.49	50%	Note 1 (4.75)
02-Jan-18	Chuck's Roadhouse	20005	8.02	50%	Note 1 (4.01)
08-Jan-18	LCBO	20068	12.22	100%	Note 2 (12.22)
08-Jan-18	The Beer Store	20068	4.65	100%	Note 2 (4.65)
06-Feb-18	Zehrs	20609	3.97	100%	Note 2 (3.97)
12-Feb-18	Calabria Coastal Bistro	02/12	8.01	50%	Note 1 (4.01)
14-Feb-18	Zehrs	02/14	19.15	50%	Note 1 (9.58)
05-Mar-18	Zehrs	03/05	0.02	50%	Note 1 (0.01)
			52.51	50%	Note 1 (26.26)
					328.90

94.14

63.05

60.70
328.90

note 1: Regis/rant did not reduce meals and entertainment by 50%. Nature of the transactions could not be determined however amounts are minor and as such will be allowed at 50% 153(4), 236

note 2: All ITCs for the purchase of alcohol have been denied in full. 169(1)

Findings: The following adjustments are required to the returns (line 109), based on the findings, above:

Invoice Date	Adjustment to line 109	Return Period End
various	25.51 (25.51)	31-Mar-17 to DCR
various	95.50 (65.50)	30-Jun-17 to DCR
various	94.14 (94.14)	30-Sep-17 to DCR
various	63.05 (63.05)	31-Dec-17 to DCR

various 31-Mar-18 to DCR

18-Apr-18 to DCR

Total Audit period total:

Conclusion: Adjustments as above will be made to the quarterly returns in which discrepancies were uncovered. Changes are being made pursuant to subsections 108(1) and 236 of the Excise Tax Act (ETA).



September 28, 2018

RECEIVED

OCT 03 2018

ARRRC INTERNATIONAL INC.
 c/o MNP Ltd.
 1002 - 148 FULLARTON ST
 LONDON ON N6A 5P3

Dear Brendan Hinton:

**Subject: Audit of the goods and services tax/harmonized sales tax (GST/HST) returns for
 the period from 2016-01-01 to 2018-04-18
 Account number: 85929 2401 RT0001**

We have completed our audit of the GST/HST returns for the above period.

We propose the following adjustments to the net tax payable on your GST/HST returns:

For the quarter ended: 2016-03-31

	Sales	GST/HST	ITCs	Net Tax
As Filed	120,249.53	15,628.41	29,680.94	(14,052.53)
Adjustments	0.00	0.00	0.00	0.00
Results	120,249.53	15,628.41	29,680.94	\$(14,052.53)

For the quarter ended: 2016-06-30

	Sales	GST/HST	ITCs	Net Tax
As Filed	1,039,568.57	135,780.88	133,600.91	2,179.97
Adjustments	(20,250.00)	0.00	1,440.27	(1,440.27)
Results	1,019,318.57	135,780.88	135,041.18	\$739.70

For the quarter ended: 2016-09-30

	Sales	GST/HST	ITCs	Net Tax
As Filed	207,662.66	26,880.72	67,029.80	(40,149.08)
Adjustments	20,250.00	0.00	166.28	(166.28)
Results	227,912.66	26,880.72	67,196.08	\$(40,315.36)

For the quarter ended: 2016-12-31

	Sales	GST/HST	ITCs	Net Tax
As Filed	294,987.42	38,348.34	105,710.32	(67,361.98)
Adjustments	11,923.98	673,402.57	(25,361.72)	698,764.29
Results	306,911.40	711,750.91	80,348.60	\$631,402.31

For the quarter ended: 2017-03-31

	Sales	GST/HST	ITCs	Net Tax
As Filed	1,223,893.84	159,106.20	127,150.13	31,956.07
Adjustments	(1,126,610.96)	(146,459.44)	(122,879.83)	(23,579.61)
Results	97,282.88	12,646.76	4,270.30	\$8,376.46

For the quarter ended: 2017-06-30

	Sales	GST/HST	ITCs	Net Tax
As Filed	21,100.00	2,743.00	7,235.31	(4,492.31)
Adjustments	(100.00)	(13.00)	(7,235.31)	7,222.31
Results	21,000.00	2,730.00	0.00	\$2,730.00

For the quarter ended: 2017-09-30

	Sales	GST/HST	ITCs	Net Tax
As Filed	500.00	65.00	10,730.67	(10,665.67)
Adjustments	(500.00)	75,985.00	(10,730.67)	86,715.67
Results	0.00	76,050.00	0.00	\$76,050.00

For the quarter ended: 31-Dec-17

	Sales	GST/HST	ITCs	Net Tax
As Filed	0.00	0.00	0.00	0.00
Adjustments	0.00	22,750.00	0.00	22,750.00
Results	0.00	22,750.00	0.00	\$22,750.00

For the quarter ended: 31-Mar-18

	Sales	GST/HST	ITCs	Net Tax
As Filed	0.00	0.00	0.00	0.00
Adjustments	0.00	0.00	0.00	0.00
Results	0.00	0.00	0.00	\$0.00

For the quarter ended: 18-Apr-18

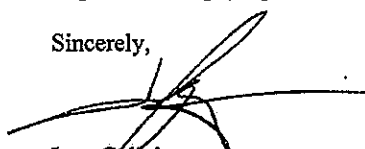
	Sales	GST/HST	ITCs	Net Tax
As Filed	0.00	0.00	0.00	0.00
Adjustments	0.00	0.00	0.00	0.00
Results	0.00	0.00	0.00	\$0.00

We have enclosed a summary of audit adjustments and detailed working papers to support the proposed adjustments.

If you have more information about the proposed adjustments that you would like us to consider, or if you have any questions, please call me at 519-973-7999 x6371, before October 29, 2018.

You will then receive a notice of reassessment that reflects these changes, and you will be responsible for paying the additional net GST/HST payable and interest as calculated.

Sincerely,



Ivan Galfzio
Audit Division
London-Windsor TSO

Telephone: 519 - 973-7999 x6371
Facsimile: 519 - 257-6911
Address: 185 Ouellette Avenue
Windsor, ON N9A 4H7
Website: www.canada.ca

Enclosures

Account Name:	ARRRC INTERNATIONAL INC.	W/P #	85
Account Number:	85828 2401 RT0001	Auditor:	Ivan Galizio
Audit Period:	January 1, 2016 to April 16, 2016	Date:	2018-09-18

Summary of Statement of Audit Adjustments

Purpose:	To summarize the changes to all return periods, all lines, and the overall effect on net tax, and to ensure that the statement of audit adjustments accurately reflects the figures calculated through the working papers
Procedure:	Using pre-prepared working papers (noted below), summarize the required changes, by period, to all return line items (sales, HST, and ITCs).
Source:	working papers 900, 5200, 5300 and 7100.

Return periods within the fiscal year ended: 2016-12-31

	WP#	2016-03-31	2016-06-30	2016-09-30	2016-12-31	Fiscal Year Totals
Sales line 101 (as filed)		120,249.53	1,039,568.57	207,682.66	294,987.42	1,662,488.18
Adjustments:	5300	0.00	(20,250.00)	20,250.00	11,923.96	11,923.96
Revised Line 101 Sales		120,249.53	1,019,318.57	227,932.66	306,911.40	1,674,392.16
GST/HST Collectible line 105 (as filed)		(a) 15,628.41	(a) 135,780.88	(a) 28,880.72	(a) 38,348.34	(a) 216,638.35
Adjustments per HST Reconciliation:	900				673,402.57	673,402.57
GST/HST Collectible line 105 as revised		(b) 15,628.41	(b) 135,780.88	(b) 28,880.72	(b) 711,750.91	(b) 890,040.92
ITCs Claimed line 108 (as filed)		(c) 29,680.94	(c) 133,600.91	(c) 67,029.80	(c) 105,710.32	(c) 336,021.97
Adjustments per ITC Reconciliation Testing:	900		1,440.27		(32,421.27)	(30,981.00)
Adjustments per ITC Substantive testing:	7100			166.28	7,059.55	7,225.83
ITCs Claimed line 108 as revised		(d) 29,680.94	(d) 135,041.18	(d) 67,196.08	(d) 80,348.60	(d) 312,266.80
Net Tax line 109 as reported	(e) = (a) - (c)	(14,052.53)	2,179.97	(40,149.08)	(67,381.96)	(119,383.62)
Net Tax after Adjustments	(f) = (b) - (d)	(14,052.53)	739.70	(40,316.38)	631,402.31	577,774.12
Net Adjustments to return	(g) = (f) - (e)	0.00	(1,440.27)	(166.28)	698,764.29	697,157.74
285 gross negligence penalty applied?	Y or N					
25% Penalty applied: greater of \$250, or	(g) * 25%	0.00	0.00	0.00	0.00	0.00

Return periods within the fiscal year ended: 2017-12-31

	WP#	2017-03-31	2017-06-30	2017-09-30	2017-12-31	Fiscal Year Totals
Sales line 101 (as filed)		1,223,893.84	21,100.00	500.00	0.00	1,245,493.84
Adjustments:	5300	(1,126,610.96)	(100.00)	(500.00)		(1,127,210.96)
Revised Line 101 Sales		97,282.88	21,000.00	0.00	0.00	118,282.88
GST/HST Collectible line 105 (as filed)		(a) 159,106.20	(a) 2,743.00	(a) 85.00	(a) 0.00	(a) 161,914.20
Adjustments per HST Reconciliation:	900	(146,459.44)	(13.00)	(65.00)		(146,537.44)
Adjustments per Sales / HST Substantive testing:	5200			76,050.00	22,750.00	98,800.00
GST/HST Collectible line 105 as revised		(b) 12,646.76	(b) 2,730.00	(b) 76,050.00	(b) 22,750.00	(b) 114,176.76
ITCs Claimed line 108 (as filed)		(c) 127,150.13	(c) 7,235.31	(c) 10,730.67	(c) 0.00	(c) 145,116.11
Adjustments per ITC Reconciliation Testing:	900	(122,878.83)	(7,235.31)	(10,730.67)		(140,844.81)
ITCs Claimed line 108 as revised		(d) 4,270.30	(d) 0.00	(d) 0.00	(d) 0.00	(d) 4,270.30
Net Tax line 109 as reported	(e) = (a) - (c)	31,956.07	(4,492.31)	(10,665.67)	0.00	16,798.09
Net Tax after Adjustments	(f) = (b) - (d)	8,376.46	2,730.00	76,050.00	22,750.00	109,906.46
Net Adjustments to return	(g) = (f) - (e)	(23,579.61)	7,222.31	86,715.67	22,750.00	93,108.37
285 gross negligence penalty applied?	Y or N					
25% Penalty applied: greater of \$250, or	(g) * 25%	0.00	0.00	0.00	0.00	0.00

Return period: within the fiscal year ended: 2018-04-18

	WP#	2018-03-31	2018-04-18	Fiscal Year Totals
Sales line 101 (as filed)		0.00	0.00	0.00
Revised Line 101 Sales		0.00	0.00	0.00
GST/HST Collectible line 105 (as filed)		(a) 0.00	(a) 0.00	(a) 0.00
GST/HST Collectible line 105 as revised		(b) 0.00	(b) 0.00	(b) 0.00
ITCs Claimed line 108 (as filed)		(c) 0.00	(c) 0.00	(c) 0.00
ITCs Claimed line 108 as revised		(d) 0.00	(d) 0.00	(d) 0.00
Net Tax line 109 as reported	(e) = (a) - (c)	0.00	0.00	0.00
Net Tax after adjustments	(f) = (b) - (d)	0.00	0.00	0.00
Net Adjustments to return	(g) = (f) - (e)	0.00	0.00	0.00
285 gross negligence penalty applied?	Y or N			
25% Penalty applied: greater of \$250, or	(g) * 25%	0.00	0.00	0.00

	Net Tax as Filed	Net Adjustments to returns	Revised Net Tax	285 Penalty:
Fiscal Year Ended: 2016-12-31	(119,383.62)	697,157.74	577,774.12	0.00
Fiscal Year Ended: 2017-12-31	16,798.09	93,108.37	109,906.46	0.00
Fiscal Year Ended: 2018-04-18	0.00	0.00	0.00	0.00
Audit Period Totals	(102,585.53)	790,266.11	687,680.58	0.00

Conclusion: If a summary matches to the SAA per the system, accordingly, all required adjustments have been accurately entered

Account Name: ARRC International Inc.
 Account Number: 859292401RT0001
 Audit Period: January 1, 2016 to April 18, 2018

W/P # 900
 Auditor: Ivan Galizio
 Date: 2018-08-21

Summary of Net GST/HST and ITC Variances

Purpose:	To summarize the results of the ITC account reconciliation and the GST/HST account reconciliation into one net return reconciliation summary.
Procedure:	The results column from spreadsheets 901- HST Reconciliation and 906 - ITC Reconciliation were copied to this page and summed to obtain the net effect of the variances.
Source:	See source working papers 901 and 906 for source information
Notes:	A negative figures in the GST/HST column represents an over-remittance of GST/HST whereas a negative figure in the ITCs column represents an over-claimed amount for ITC. The Net amount is calculated based on GST/HST over/short less ITCs over/short. A positive figure in the Net GST/HST outstanding column represents an additional tax liability for the registrant whereas a negative figure in this column represents tax recoverable by the registrant.

Period End	GST/HST (over) / short	less: ITCs (over) / short	equals: Net GST/HST outstanding
2016 03 31	0.00	To DCR 0.00	0.00 *
2016 06 30	0.00	1,440.27	To DCR (1,440.27) *
2016 09 30	0.00	0.00	0.00
2016 12 31	673,402.57	To DCR (32,421.27)	To DCR 705,823.84
2017 03 31	(146,459.44)	To DCR (122,879.83)	To DCR (23,579.61)
2017 06 30	(13.00)	To DCR (7,235.31)	To DCR 7,222.31
2017 09 30	(65.00)	To DCR (10,730.67)	To DCR 10,665.67
2017 12 31	0.00	0.00	0.00
2018 03 31	0.00	0.00	0.00
2018 04 18	0.00	0.00	0.00
			<u>698,691.94</u>

*description of any revision to amount assessed i.e. if GST/HST (over)/short - ITCs (over)/short doesn't equal adjustments.

Findings	Numerous changes are required to returns previously filed.
Conclusion	The registrant's returns will be adjusted to reflect the above-noted changes

Account Name: ARRC International Inc.
Account Number: 859292401RT0001
Audit Period: January 1, 2016 to April 18, 2018

W/P # 901
Auditor: Ivan Galizio
Date: 2018-08-21

General Ledger GST/HST Liability Account Reconciliation

2017 06 30	2,730.00	2,743.00	(13.00)
2017 09 30	0.00	65.00	(65.00)
2017-12-31	0.00	0.00	0.00
2018-03-31	0.00	0.00	0.00
2018-04-18	0.00	0.00	0.00
		<u>378,552.55</u>	<u>526,865.13</u>

Findings:

This working paper shows the figures recorded by the registrant as GST/HST collected/collectable. The actual GST/HST liability which should have been reported on line 105 was computed and compared to the amounts actually reported on each monthly return throughout the audit period. In summary, the registrant's system was effective in recording GST/HST collectable. However, there were a number of variances which will be adjusted.

Any variances will be assessed in this area, and these revised GST/HST collectable figures will then be used for comparison in other areas. These are the known figures, recorded by the registrant, any variances are the result of errors in the reporting system employed.

Conclusion(s):

Adjustments as above pursuant to subsections 221(1) and 225(1) of the Excise Tax Act (ETA).

Account Name:	ARRRC International Inc.
Account Number:	859292401RT0001
Audit Period:	January 1, 2016 to April 18, 2018

W/P #	901
Auditor:	Ivan Gallzio
Date:	2018-08-21

General Ledger GST/HST Liability Account Reconciliation

Purpose:	To calculate the GST/HST collected/collectable recorded in the registrant's general ledger and determine whether the registrant is accurately reporting all recorded GST/HST. To test the valuation and measurement assertions as they relate to GST/HST. Specifically ensuring the recorded values of the GST/HST collectable are accurately reported on the monthly GST/HST returns. In addition, the completeness assertion is tested only insofar as ensuring that all recorded transactions are reported.
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Procedure:	From the Registrant's HST detail report, manually transfer the closing balance at the end of each filing period, the opening balance (equivalent to the closing balance from the prior period), and the payments posted in the registrant's account to this working paper. Using this information, the actual GST/HST liability is calculated as follows: [CLOSING BALANCE]+[PAYMENTS]-[OPENING BALANCE]. This net result is then compared to the figures reported by the registrant on line 105 of the GST/HST return for each filing period and any discrepancy is computed.
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Source:	Registrant's HST detail report was examined for the entire audit period. Sample testing was not employed in this area.
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Notes:	Credit balances are shown as a positive number and debits are shown as a negative. The GST/HST collected/collectable is recorded as a liability in the registrant's books. If the net result in the "GST/HST (over)/short" column is negative, this represents a reduction in the GST/HST owing, and thus a reduction in the liability for the registrant.
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Period End	Closing Balance	<i>add back:</i> Payments	<i>deduct:</i> Opening Balance	<i>Equals:</i> Net Change
2016 03 31	0.00	15,628.41	0.00	15,628.41 to [A] below
2016 06 30	0.00	135,780.88	0.00	135,780.88 to [A] below
2016 09 30	0.00	26,880.72	0.00	26,880.72 to [A] below
2016 12 31	711,750.91	0.00	0.00	711,750.91 to [A] below
2017 03 31	724,397.67		711,750.91	12,646.76 to [A] below
2017 06 30	727,127.67		724,397.67	2,730.00 to [A] below
2017-09-30	727,127.67		727,127.67	0.00 to [A] below
2017-12-31	727,127.67		727,127.67	0.00 to [A] below
2018-03-31	727,127.67		727,127.67	0.00 to [A] below
2018-04-18	727,127.67		727,127.67	0.00 to [A] below
				<u>905,417.68</u>

Period End	[A] Net Change HST Collected	[D] line 105 GST/HST reported	[E] = [A] - [D] GST/HST (over) / short
2016 03 31	15,628.41	15,628.41	0.00
2016 06 30	135,780.88	135,780.88	0.00
2016 09 30	26,880.72	26,880.72	0.00
2016 12 31	711,750.91	38,348.34	673,402.57
2017 03 31	12,646.76	159,106.20	(146,459.44)

Account Name: ARRC International Inc.
Account Number: 859292401RT0001
Audit Period: January 1, 2016 to April 18, 2018

W/P # 906
Auditor: Ivan Galizio
Date: 2018-08-21

General Ledger ITC Account Reconciliation

Period End	[B] Net ITCs (HST) allowable	[D] line 108 ITCs claimed	[E] = [B] - [D] ITCs (over) / short
2016 03 31	29,680.94	29,680.94	0.00
2016 06 30	135,041.18	133,600.91	1,440.27
2016 09 30	67,029.80	67,029.80	0.00
2016 12 31	73,289.05	105,710.32	(32,421.27)
2017 03 31	4,270.30	127,150.13	(122,879.83)
2017 06 30	0.00	7,235.31	(7,235.31)
2017 09 30	0.00	10,730.67	(10,730.67)
2017-12-31	0.00	0.00	0.00
2018-03-31	0.00	0.00	0.00
2018-04-18	0.00	0.00	0.00
			<u>(171,826.81)</u>

Summary by Fiscal year:	ITCs (HST) posted per registrant G/L	line 108 ITCs claimed	ITCs (over) / short	Adjusted Amounts
31-Dec-16	305,040.97	336,021.97	(30,981.00)	(30,981.00)
31-Dec-17	4,270.30	145,116.11	(140,845.81)	(140,845.81)
18-Apr-18	0.00	0.00	0.00	0.00
				<u>(171,826.81)</u>

Findings:

This working paper shows the figures recorded by the registrant as ITCs allowable. The actual ITC totals per the registrant's records were computed and compared to the amounts actually claimed on each quarterly return throughout the audit period. In summary, the registrant over claimed the ITCs. Accordingly, the returns in error will be adjusted to reflect the actual allowable ITCs in each period.

Any variances will be assessed in this area, and these revised ITC allowable figures will then be used for comparison in other areas. These are only the figures recorded by the registrant, any variances are the result of errors in the reporting system employed. This testing makes no determinations in the validity of the sources / amounts posted to the ITC account. This will be tested elsewhere.

Conclusion(s):

Returns will be adjusted in all periods where a valid (unexplained) variance was calculated in the GST/HST payable account

Account Name: ARRC International Inc.
Account Number: 859292401RT0001
Audit Period: January 1, 2016 to April 18, 2018

WIP # 906
Auditor: Ivan Galizio
Date: 2018-08-21

General Ledger ITC Account Reconciliation

Purpose: To calculate the allowable ITCs as recorded in the registrant's general ledger and determine whether the registrant is accurately reporting all recorded ITCs. To test the valuation and measurement assertions as they relate to ITCs. Specifically are the recorded values of ITCs being accurately reported on the monthly GST/HST returns. In addition, the completeness assertion is tested only insofar as ensuring that all recorded transactions are reported.

Procedure: From the Registrant's HST detail report manually transfer the closing balance at the end of each filing period, the opening balance (equivalent to the closing balance from the prior period), and the payments posted in the registrant's account to this working paper. Using this information, the actual ITCs allowable are calculated as follows: [CLOSING BALANCE]+[PAYMENTS]-[OPENING BALANCE]. This net result is then compared to the figures reported by the registrant on line of the GST/HST return for each filing period and any discrepancy is computed.

Source: Registrant's HST detail report was examined for the entire audit period. Sample testing was not employed in this area.

Notes: Debit balances are shown as a positive number and credits are shown as a negative, to reflect that the ITCs are recorded as an asset in the registrant's books (or a reduction to a liability). If the net result in the "ITCs (over)/short" column is negative, this represents a reduction in the allowable ITC, and thus a liability for the registrant.

HST PAID ON PURCHASES

Period End	Closing Balance	<i>add back:</i> Credits / Payments received (DR = NEG)	<i>deduct:</i> Opening Balance	<i>Equals:</i> Net ITCs allowable (HST)
2016 03 31	(1,440.27)	29,680.94	(1,440.27)	29,680.94 to [B] below
2016 06 30	0.00	133,600.91	(1,440.27)	135,041.18 to [B] below
2016 09 30	0.00	67,029.80	0.00	67,029.80 to [B] below
2016 12 31	73,289.05	0.00	0.00	73,289.05 to [B] below
2017 03 31	77,559.35		73,289.05	4,270.30 to [B] below
2017 06 30	77,559.35		77,559.35	0.00 to [B] below
2017 09 30	77,559.35		77,559.35	0.00 to [B] below
2017-12-31	77,559.35		77,559.35	0.00 to [B] below
2018-03-31	77,559.35		77,559.35	0.00 to [B] below
2018-04-18	77,559.35		77,559.35	0.00 to [B] below

WIP # 5200
 Auditor: Ivan Galizio
 Date: September 26, 2018

0 April 18, 2018

Analysis of Sales Invoices / Contracts

iling of GST/HST on progress billings and to ensure sales and GST/HST completeness. To verify the
 nition and the GST/HST on the revenue.

ices, review the GST/HST charged on the invoices (to ensure it is consistent with legislative requirements)
 ensure all amounts are accurately posted.

Invoice #	JE#	Description	Amount	Amount of		Adjust?	Explanation
				GST/HST charged	GST/HST posted		
0101	Missing	Management Fee	180,000.00	23,400.00	0.00	Y	Management fee ITC taken by related corporation tax not collected
0102	Missing	Management Fee	405,000.00	52,650.00	0.00	Y	Management fee ITC taken by related corporation tax not collected
0103	Missing	Management Fee	40,000.00	5,200.00	0.00	Y	Management fee ITC taken by related corporation tax not collected
0104	Missing	Management Fee	135,000.00	17,550.00	0.00	Y	Management fee ITC taken by related corporation tax not collected
			760,000.00	98,800.00	0.00		

Leg Ref
 98,800.00 221(1), 225(1)
 to DCR

GST/HST charged, not reported / remitted:

Management fees were undertaken for the 5 companies in the receivership group. The above amounts are
 ITC was claimed but the corresponding HST collected was not reported. Amounts are being assessed
 1(1) and 225(1) of the Excise Tax Act (ETA).

W/P # 5300
 Auditor: Ivan Galizio
 Date: 2018-09-05

Account Name: ARRC International Inc.
 Account Number: 859292401RT0001
 Audit Period: January 1, 2016 to April 18, 2018

Taxable Supplies line 101 Reconciliation

Purpose: To verify the figures reported by the registrant on line 101 for total sales.

Procedure: Review the total value of the taxable supplies transacted in each filing period, and compare to the amount reported on line 101. Consider any GST/HST implications, if applicable.

Source: HST detail report

Filing Period End	Reported on line 101	Reference From	Taxable supplies identified in the period	Variance	Adjustment Required to line 101	Reference To	Legislative reference	Description
2016-03-31	120,249.53		120,249.53	0.00	0.00	DCR	238(4)	to correct line 101 to include all taxable revenue
2016-06-30	1,039,568.57		1,019,318.57	(20,250.00)	(20,250.00)	DCR		
2016-09-30	207,662.66		227,912.66	20,250.00	20,250.00	DCR		
2016-12-31	294,987.42		306,971.40	11,923.98	11,923.98	DCR		
2017-03-31	1,223,853.84		97,282.88	(1,126,610.96)	(1,126,610.96)	DCR		
2017-06-30	21,100.00		21,000.00	(100.00)	(100.00)	DCR		
2017-09-30	500.00		-	(500.00)	(500.00)	DCR		
2017-12-31	0.00		-	0.00	0.00	DCR		
2018-03-31	0.00		-	0.00	0.00	DCR		
2018-04-18	0.00		-	0.00	0.00	DCR		
					(1,115,286.98)	total net change required		

Findings and Conclusion: The sales will be adjusted within the audit period by a net amount of \$-1,115,286.98

WIP # 7100
 Auditor: Ivan Galizio
 Date: 2018-09-14

to 18-Apr-18

INPUT TAX CREDITS - VERIFICATION OF SOURCE DOCUMENTS

ence, occurrence, ownership, and measurement. Specifically, to ensure that the ITCs recorded by the registrant in their system are adequately supported
 : registrant is the recipient on the invoices and that the recipient is using the items in commercial activity, and to verify that the invoices are reported at the
 ' period.

om the registrant's general ledger HST ITC account. Attempted to choose a wide variety of expenses and suppliers by including those suppliers which
 suppliers where the GST paid was material (in excess of \$200).

t

Supplier Name	Description	ITC Amount Posted	Adjustment Required:
None Provided	General Ledger	166.28	166.28
None Provided	General Ledger	- 7,150.00	7,150.00
None Provided	General Ledger	67.46	67.46
None Provided	General Ledger	22.99	22.99

Adjustment to ITC's: \$ 7,225.63

Legislative Reference

ip. When the auditor attended the place of business it was discovered that not all records were available. There was no filing system as all records were moved from an office
 ly evicted. Documents were left behind the could not be retrieved. As a result documentation was incomplete. All available documentation for all 5 related companies was on a
 s warehouse. As this is the case the above sampling was limited to a review of the reports provided by the receiver. As it would be unreasonable and inappropriate to deny all
 of the ledger was done to ascertain eligibility based on supplier and description. The above noted entries were all general journal entries and had no supplier or description.
 ir to ascertain the nature nor the purpose of the transaction and provides no assurance that a transaction took place. All blank entries are being denied pursuant to
) of the Excise Tax Act (ETA).

169(1), 169(4)

are required to the returns (line 108),
due:

Amount	Return Period	End
166.28	2016 09 30	to DCR
166.28		
7,059.55	2016 12 31	to DCR
7,059.55		
7,225.83		

Changes made to the quarterly returns in which discrepancies were uncovered. Changes are being made pursuant to subsections 169(1) and 169(4) of the Excise Tax Act (ETA).

Canada

Results	319,324.73	37,747.40	18,719.95	\$19,027.45
Adjustments	28,960.00	0.00	13,003.14	(13,003.14)
As Filed	290,364.73	37,747.40	5,716.81	32,030.59
Sales	GST/HST	ITCs	Net Tax	
For the quarter ended: 2017-09-30				

Results	80,392.02	14,740.96	16,237.22	\$(1,496.26)
Adjustments	(32,999.98)	0.00	(51.51)	51.51
As Filed	113,392.00	14,740.96	16,288.73	(1,547.77)
Sales	GST/HST	ITCs	Net Tax	
For the quarter ended: 2017-06-30				

Results	278,422.98	74,102.98	23,632.90	\$50,470.08
Adjustments	165,030.98	59,362.02	23,632.90	35,729.12
As Filed	113,392.00	14,740.96	0.00	14,740.96
Sales	GST/HST	ITCs	Net Tax	
For the quarter ended: 2017-03-31				

Results	123,000.00	15,990.00	23,985.00	\$(7,995.00)
Adjustments	(120,884.96)	(15,715.04)	0.00	(15,715.04)
As Filed	243,884.96	31,705.04	23,985.00	7,720.04
Sales	GST/HST	ITCs	Net Tax	
For the quarter ended: 2016-12-31				

We propose the following adjustments to the net tax payable on your GST/HST returns:

We have completed our audit of your GST/HST returns for the above period.

Subject: Audit of the goods and services tax/harmonized sales tax (GST/HST) returns for the period from 2015-01-01 to 2018-04-18
Account number: 80421 2009 RT0001

Dear Brendan Hinton:

2292760 ONTARIO INC.
c/o MNP Ltd.
1002 - 148 FULLARTON ST
LONDON ON N6A 5P3

September 28, 2018

 Canada Revenue Agency
Agence du revenu du Canada

RECEIVED
OCT 03 2018

For the quarter ended: 31-Dec-17

	Sales	GST/HST	ITCs	Net Tax
As Filed	0.00	0.00	0.00	0.00
Adjustments	206,802.99	20,265.60	17,755.80	2,509.80
Results	206,802.99	20,265.60	17,755.80	\$2,509.80

For the quarter ended: 31-Mar-18

	Sales	GST/HST	ITCs	Net Tax
As Filed	0.00	0.00	0.00	0.00
Adjustments	91,536.51	10,412.75	13,111.75	(2,699.00)
Results	91,536.51	10,412.75	13,111.75	\$(2,699.00)

For the quarter ended: 18-Apr-18

	Sales	GST/HST	ITCs	Net Tax
As Filed	0.00	0.00	0.00	0.00
Adjustments	25,602.10	3,281.00	4,143.75	(862.75)
Results	25,602.10	3,281.00	4,143.75	\$(862.75)

We have enclosed a summary of audit adjustments and detailed working papers to support the proposed adjustments.

If you have more information about the proposed adjustments that you would like us to consider, or if you have any questions, please call me at 519-973-7999 x6371, before October 29, 2018. My team leader, Shalini Jain, may also be reached at 519-973-7999 x6389. If we do not hear from you before October 29, 2018, we will finalize the audit based on the adjustments proposed.

You will then receive a notice of reassessment that reflects these changes, and you will be responsible for paying the additional net GST/HST payable and interest as calculated.

Sincerely,



Ivan Galizio
Audit Division
London-Windsor TSO

Telephone: 519 - 973-7990 x6371
Facsimile: 519 - 257-6911
Address: 185 Ouellette Avenue
Windsor, ON N9A 4H7
Website: www.canada.ca

Enclosures

Account Name:	2202760 ONTARIO INC.	W/P #:	85
Account Number:	80421 2009 RT0001	Auditor:	Ivan Galizio
Audit Period:	January 1, 2015 to April 18, 2018	Date:	2018-09-18

Summary of Statement of Audit Adjustments

Purpose:	To summarize the changes to all return periods, all lines, and the overall effect on net tax, and to ensure that the statement of audit adjustments accurately reflects the figures calculated through the working papers
Procedure:	Using pre-prepared working papers (noted below), summarize the required changes, by period, to all return line items (sales, HST, and ITCs).
Source:	working papers 900, 5200, 5300 and 7100
Return periods within the fiscal year ended:	2016-12-31

	W/P#	2016-03-31	2016-06-30	2016-09-30	2016-12-31	Fiscal Year Totals
Sales line 101 (as filed)		0.00	0.00	120,884.96	243,884.96	364,769.92
Adjustments:						0.00
Revised Line 101 Sales	5300	0.00	0.00	120,884.96	123,000.00	243,884.96
GST/HST Collectible line 105 (as filed)		(a)	(a)	(a)	(a)	(a)
Adjustments per HST Reconciliation:	900	0.00	0.00	15,715.04	31,705.04	47,420.08
Adjustments per Sales / HST Substantive testing:					(15,715.04)	(15,715.04)
GST/HST Collectible line 105 as revised		(b)	(b)	(b)	(b)	(b)
		0.00	0.00	15,715.04	15,890.00	31,705.04
ITCs Claimed line 108 (as filed)		(c)	(c)	(c)	(c)	(c)
		0.00	0.00	14,709.56	23,985.00	38,694.56
ITCs Claimed line 108 as revised		(d)	(d)	(d)	(d)	(d)
		0.00	0.00	14,709.56	23,985.00	38,694.56
Net Tax line 109 as reported	(e) = (a) - (c)	0.00	0.00	1,005.48	7,720.04	8,725.52
Net Tax after Adjustments	(f) = (b) - (d)	0.00	0.00	1,005.48	(7,995.00)	(6,989.52)
Net Adjustments to return	(g) = (f) - (e)	0.00	0.00	0.00	(15,715.04)	(15,715.04)
285 gross negligence penalty applied?	Y or N	N	N	N	N	N
25% Penalty applied:	greater of \$250, or (g) * 25%	0.00	0.00	0.00	0.00	0.00

Return periods within the fiscal year ended: 2017-12-31

	W/P#	2017-03-31	2017-06-30	2017-09-30	2017-12-31	Fiscal Year Totals
Sales line 101 (as filed)		113,392.00	113,392.00	290,364.73	0.00	517,148.73
Adjustments:						0.00
Revised Line 101 Sales	5300	165,030.98	(32,999.99)	28,960.00	206,802.99	367,793.99
		278,422.98	80,392.02	319,324.73	206,802.99	884,942.72
GST/HST Collectible line 105 (as filed)		(a)	(a)	(a)	(a)	(a)
Adjustments per HST Reconciliation:	900	14,740.96	14,740.96	37,747.40	0.00	67,229.32
Adjustments per Sales / HST Substantive testing:		59,362.02			20,265.60	79,627.62
GST/HST Collectible line 105 as revised		(b)	(b)	(b)	(b)	(b)
		74,102.98	14,740.96	37,747.40	20,265.60	146,856.94
ITCs Claimed line 108 (as filed)		(c)	(c)	(c)	(c)	(c)
Adjustments per ITC Reconciliation Testing:	900	0.00	16,288.73	5,716.81	0.00	22,005.54
Adjustments per Sales / HST Substantive testing:		23,640.51		13,542.51	17,925.37	55,108.39
ITCs claimed without description/vendor:	7100	(7.61)	(51.51)	(539.37)	(169.57)	(768.06)
ITCs Claimed line 108 as revised		(d)	(d)	(d)	(d)	(d)
		23,632.90	16,237.22	18,719.95	17,755.80	76,345.87
Net Tax line 109 as reported	(e) = (a) - (c)	14,740.96	(1,547.77)	32,030.69	0.00	45,223.78
Net Tax after Adjustments	(f) = (b) - (d)	50,470.08	(1,486.26)	19,027.45	2,509.80	70,511.07
Net Adjustments to return	(g) = (f) - (e)	35,729.12	51.51	(13,003.14)	2,509.80	25,287.29
285 gross negligence penalty applied?	Y or N					
25% Penalty applied:	greater of \$250, or (g) * 25%	0.00	0.00	0.00	0.00	0.00

Return period: within the fiscal year ended: 2018-04-18

	WP#	2018-03-31	2018-04-18	Fiscal Year Totals
Sales line 101 (as filed)		0.00	0.00	0.00
Adjustments:				0.00
Revised Line 101 Sales	5300	91,536.51	25,602.10	117,138.61
		91,536.51	25,602.10	117,138.61
GST/HST Collectible line 105 (as filed)		(a)	(a)	(a)
Adjustments per GST Reconciliation:	900	0.00	0.00	0.00
		10,412.75	3,281.00	13,693.75
GST/HST Collectible line 105 as revised		(b)	(b)	(b)
		10,412.75	3,281.00	13,693.75
ITCs Claimed line 108 (as filed)		(c)	(c)	(c)
Adjustments per ITC Reconciliation Testing:	900	0.00	0.00	0.00
Adjustments per Sales / HST Substantive testing:		13,375.64	4,143.75	17,519.39
ITCs claimed without description/vendor	7100	(263.69)		(263.69)
ITCs Claimed line 108 as revised		(d)	(d)	(d)
		13,111.75	4,143.75	17,255.50
Net Tax line 109 as reported	(e) = (a) - (c)	0.00	0.00	0.00
Net Tax after adjustments	(f) = (b) - (d)	(2,699.00)	(862.75)	(3,561.75)
Net Adjustments to return	(g) = (f) - (e)	(2,699.00)	(862.75)	(3,561.75)
285 gross negligence penalty applied?	Y or N	N	N	N
25% Penalty applied: greater of \$250, or	(g) * 25%	0.00	0.00	0.00

	Net Tax as Filed	Net Adjustments to returns	Revised Net Tax	285 Penalty:
Fiscal Year Ended: 2016-12-31	8,725.52	(15,715.04)	(6,989.52)	0.00
Fiscal Year Ended: 2017-12-31	45,223.78	25,287.29	70,511.07	0.00
Fiscal Year Ended: 2018-04-18	0.00	(3,561.75)	(3,561.75)	0.00
Audit Period Totals	53,949.30	8,010.50	59,959.80	0.00

Conclusion: This summary matches to the SAA per the system, accordingly, all required adjustments have been accurately entered

Account Name: 2292760 Ontario Inc.
Account Number: 804212009RT0001
Audit Period: January 1, 2015 to December 31, 20

W/P # 900
Auditor: Ivan Galizio
Date: 2018-08-30

Summary of Net GST/HST and ITC Variances

Purpose:	To summarize the results of the ITC account reconciliation and the GST/HST account reconciliation into one net return reconciliation summary.
Procedure:	The results column from spreadsheets 901 - HST ACCOUNT LIABILITY and 906 - ITC ACCOUNT ANALYSIS were copied to this page and summed to obtain the net effect of the variances.
Source:	See source working papers 901 and 906 for source information
Notes:	A negative figures in the GST/HST column represents an over-remittance of GST/HST whereas a negative figure in the ITCs column represents an over-claimed amount for ITC. The Net amount is calculated based on GST/HST over/short less ITCs over/short. A positive figure in the Net GST/HST outstanding column represents an additional tax liability for the registrant whereas a negative figure in this column represents tax recoverable by the registrant.

Period End	GST/HST (over) / short	less:	ITCs (over) / short	equals:	Net GST/HST outstanding
2015 03 31	0.00		10,400.00		(10,400.00) Not assessed
2015 06 30	0.00		(10,400.00)		10,400.00 Not assessed
2015 12 31	0.00		0.00		0.00
2016 03 31	0.00		0.00		0.00
2016 06 30	0.00		0.00		0.00
2016 09 30	0.00		0.00		0.00
2016 12 31	(15,715.04)	To DCR	0.00		(15,715.04)
2017 03 31	59,362.02	To DCR	23,640.51	To DCR	35,721.51
2017 06 30	0.00		0.00		0.00
2017 09 30	0.00		13,542.51	To DCR	(13,542.51)
2017-12-31	20,265.60	To DCR	17,925.37	To DCR	2,340.23
2018-03-31	10,412.75	To DCR	13,375.64	To DCR	(2,962.89)
2018-04-18	3,281.00	To DCR	4,143.75	To DCR	(862.75)
					<u>4,978.55</u>

** RI Change accepted.

*description of any revision to amount assessed i.e. if GST/HST (over)/short - ITCs (over)/short doesn't equal adjustments.

Findings	Numerous changes are required to returns previously filed. A refund integrity review was conducted for the p/es 2017-03-31 and 2017-06-30. ITCs in the 03-31 period are being added back as they were denied by RI for a lack of provided documentation. The 06-30 period is being left as reassessed as documents were provided and reviewed and valid changes were made.
Conclusion	The registrant's returns will be adjusted to reflect the above-noted changes

Account Name: 2292760 Ontario Inc.
Account Number: 804212009RT0001
Audit Period: January 1, 2015 to December 31, 2018

W/P # 901
Auditor: Ivan Galizio
Date: 2018-08-30

General Ledger GST/HST Liability Account Reconciliation

Purpose:	To calculate the GST/HST collected/collectable recorded in the registrant's general ledger and determine whether the registrant is accurately reporting all recorded GST/HST. To test the valuation and measurement assertions as they relate to GST/HST. Specifically ensuring the recorded values of the GST/HST collectible are accurately reported on the monthly GST/HST returns. In addition, the completeness assertion is tested only insofar as ensuring that all recorded transactions are reported.
Procedure:	From the Registrant's HST detail report, manually transfer the closing balance at the end of each filing period, the opening balance (equivalent to the closing balance from the prior period), and the payments posted in the registrant's account to this working paper. Using this information, the actual GST/HST liability is calculated as follows: [CLOSING BALANCE]+[PAYMENTS]-[OPENING BALANCE]. This net result is then compared to the figures reported by the registrant on line 105 of the GST/HST return for each filing period and any discrepancy is computed.
Source:	Registrant's HST detail report was examined for the entire audit period. Sample testing was not employed in this area.
Notes:	Credit balances are shown as a positive number and debits are shown as a negative. The GST/HST collected/collectable is recorded as a liability in the registrant's books. If the net result in the "GST/HST (over)/short" column is negative, this represents a reduction in the GST/HST owing, and thus a reduction in the liability for the registrant.

Period End	Closing Balance	<i>add back:</i> Payments	<i>deduct:</i> Opening Balance	<i>Equals:</i> Net Change
2015 03 31			0.00	0.00 to [A] below
2015 06 30			0.00	0.00 to [A] below
2015 12 31	0.00	9,100.00	0.00	9,100.00 to [A] below
2016 03 31			0.00	0.00 to [A] below
2016 06 30			0.00	0.00 to [A] below
2016 09 30	0.00	15,715.04	0.00	15,715.04 to [A] below
2016 12 31	0.00	15,990.00	0.00	15,990.00 to [A] below
2017 03 31	10,400.00	63,702.98	0.00	74,102.98 to [A] below
2017 06 30	10,400.00	14,740.96	10,400.00	14,740.96 to [A] below
2017 09 30	10,400.00	37,747.40	10,400.00	37,747.40 to [A] below
2017-12-31	30,665.60	0.00	10,400.00	20,265.60 to [A] below
2018-03-31	41,078.35		30,665.60	10,412.75 to [A] below
2018-04-18	44,359.35		41,078.35	3,281.00 to [A] below
				<u>187,661.98</u>

Account Name: 2292760 Ontario Inc.
Account Number 804212009RT0001
Audit Period: January 1, 2015 to December 31, 2016

W/P # 901
Auditor: Ivan Galizio
Date: 2018-08-30

General Ledger GST/HST Liability Account Reconciliation

	[A]	[D]	[E] = [A] - [D]
Period End	Net Change HST Collected	line 105 GST/HST reported	GST/HST (over) / short
2015 03 31	0.00	0.00	0.00
2015 06 30	0.00	0.00	0.00
2015 12 31	9,100.00	9,100.00	0.00
2016 03 31	0.00	0.00	0.00
2016 06 30	0.00	0.00	0.00
2016 09 30	15,715.04	15,715.04	0.00
2016 12 31	15,990.00	31,705.04	(15,715.04)
2017 03 31	74,102.98	14,740.96	59,362.02
2017 06 30	14,740.96	14,740.96	0.00
2017 09 30	37,747.40	37,747.40	0.00
2017-12-31	20,265.60	0.00	20,265.60
2018-03-31	10,412.75	0.00	10,412.75
2018-04-18	3,281.00	0.00	3,281.00
		<u>123,749.40</u>	<u>77,606.33</u>

	HST owing per registrant G/L (ACCT #)	line 105 GST/HST reported	GST/HST (over) / short
Summary by Fiscal year:			
31-Dec-15	9,100.00	9,100.00	0.00
31-Dec-16	105,808.02	62,161.04	43,646.98
31-Dec-17	72,753.96	52,488.36	20,265.60
18-Apr-18	13,693.75	0.00	13,693.75
			<u>77,606.33</u>

Findings:

This working paper shows the figures recorded by the registrant as GST/HST collected/collectable. The actual GST/HST liability which should have been reported on line 105 was computed and compared to the amounts actually reported on each quarterly return throughout the audit period. In summary, the registrant's system was effective in recording and reporting GST/HST collectable. However, there were a number of variances which will be adjusted.

Any variances will be assessed in this area, and these revised GST/HST collectable figures will then be used for comparison in other areas. These are the known figures, recorded by the registrant, any variances are the result of errors in the reporting system employed.

Conclusion(s):

Adjustments will be made as above. Net adjustments for the audit are \$77,606.33

Account Name:	2292760 Ontario Inc.
Account Number:	804212009RT0001
Audit Period:	January 1, 2015 to December 31, 2016

WIP #	906
Auditor:	Ivan Galizio
Date:	2018-08-30

General Ledger ITC Account Reconciliation

Purpose:	To calculate the allowable ITCs as recorded in the registrant's general ledger and determine whether the registrant is accurately reporting all recorded ITCs. To test the valuation and measurement assertions as they relate to ITCs. Specifically are the recorded values of ITCs being accurately reported on the monthly GST/HST returns. In addition, the completeness assertion is tested only insofar as ensuring that all recorded transactions are reported.
-----------------	--

Procedure:	From the Registrant's HST detail report , manually transfer the closing balance at the end of each filing period, the opening balance (equivalent to the closing balance from the prior period), and the payments posted in the registrant's account to this working paper. Using this information, the actual ITCs allowable are calculated as follows: [CLOSING BALANCE]+[PAYMENTS]-[OPENING BALANCE]. This net result is then compared to the figures reported by the registrant on line of the GST/HST return for each filing period and any discrepancy is computed.
-------------------	---

Source:	Registrant's HST detail report was examined for the entire audit period. Sample testing was not employed in this area.
----------------	--

Notes:	Debit balances are shown as a positive number and credits are shown as a negative, to reflect that the ITCs are recorded as an asset in the registrant's books (or a reduction to a liability). If the net result in the "ITCs (over)/short" column is negative, this represents a reduction in the allowable ITC, and thus a liability for the registrant.
---------------	---

- HST PAID ON PURCHASES

Period End	Closing Balance	add back:		deduct:	Equals:
		Credits / Payments received (DR = NEG)	Opening Balance		
				Net ITCs (HST) allowable	
2015 03 31	10,400.00	0.00	0.00	0.00	10,400.00 to [B] below
2015 06 30	0.00	0.00	10,400.00	(10,400.00)	to [B] below
2015 12 31	0.00	10,400.00	0.00	10,400.00	to [B] below
2016 03 31	10,400.00	0.00	10,400.00	0.00	to [B] below
2016 06 30	10,400.00	0.00	10,400.00	0.00	to [B] below
2016 09 30	10,400.00	14,709.56	10,400.00	14,709.56	to [B] below
2016 12 31	17,389.52	16,995.48	10,400.00	23,985.00	to [B] below
2017 03 31	0.00	41,030.03	17,389.52	23,640.51	to [B] below
2017 06 30	0.00	39,151.16	0.00	39,151.16	to [B] below
2017 09 30	0.00	19,259.32	0.00	19,259.32	to [B] below
2017-12-31	17,925.37	0.00	0.00	17,925.37	to [B] below
2018-03-31	31,301.01		17,925.37	13,375.64	
2018-04-18	35,444.76		31,301.01	4,143.75	

Account Name: 2292760 Ontario Inc.
 Account Number: 804212009RT0001
 Audit Period: January 1, 2015 to December 31, 2016

W/P # 906
 Auditor: Ivan Galizio
 Date: 2018-08-30

General Ledger ITC Account Reconciliation

	[B] Net ITCs (HST) allowable	[D] line 108 ITCs claimed	[E] = [B] - [D] ITCs (over) / short
Period End			
2015 03 31	10,400.00	0.00	10,400.00
2015 06 30	(10,400.00)	0.00	(10,400.00)
2015 12 31	10,400.00	10,400.00	0.00
2016 03 31	0.00	0.00	0.00
2016 06 30	0.00	0.00	0.00
2016 09 30	14,709.56	14,709.56	0.00
2016 12 31	23,985.00	23,985.00	0.00
2017 03 31	23,640.51	0.00	23,640.51
2017 06 30	39,151.16	16,288.73	22,862.43
2017 09 30	19,259.32	5,716.81	13,542.51
2017-12-31	17,925.37	0.00	17,925.37
2018-03-31	13,375.64	0.00	13,375.64
2018-04-18	4,143.75	0.00	4,143.75
			<u>95,490.21</u>

Findings:

This working paper shows the figures recorded by the registrant as ITCs allowable. The actual ITC totals per the registrant's records were computed and compared to the amounts actually claimed on each quarterly return throughout the audit period. In summary, the registrant under claimed the ITCs. Accordingly, the returns in error will be adjusted to reflect the actual allowable ITCs in each period.

Any variances will be assessed in this area, and these revised ITC allowable figures will then be used for comparison in other areas. These are only the figures recorded by the registrant, any variances are the result of errors in the reporting system employed. This testing makes no determinations in the validity of the sources / amounts posted to the ITC account. This will be tested elsewhere.

Conclusion(s):

Returns will be adjusted in all periods where a variance was calculated in the GST/HST payable account

Account Name: 2292760 Ontario Inc. c/s AR3C
 Account Number: 804212008RT0001
 Audit Period: January 1, 2015 to April 18, 2018

W/P # 5300
 Auditor: Ivan Galizio
 Date: 2018-09-14

Taxable Supplies line 101 Reconciliation

Purpose: To verify the figures reported by the registrant on line 101 for total sales.

Procedure: Review the total value of the taxable supplies transacted in each filing period, and compare to the amount reported on line 101. Consider any GST/HST implications, if applicable.

Source: HST ledger detail provided by the receiver.

Filing Period End	Reported on line 101	Reference From	Taxable supplies identified in the period	Variance	Adjustment Required to line 101	Reference To	Legislative reference	Description
2015-03-31	0.00		-	0.00	0.00			
2015-06-30	0.00		-	0.00	0.00			
2015-12-31	70,000.00		70,000.00	0.00	0.00			
2016-03-31	0.00		-	0.00	0.00			
2016-06-30	120,884.98		120,884.98	0.00	0.00			
2016-12-31	243,884.98		123,000.00	(120,884.98)	(120,884.98)	DCR	238(4)	To correct line 101 to include all taxable revenue
2017-03-31	113,392.00		276,422.98	165,030.98	165,030.98	DCR	238(4)	To correct line 101 to include all taxable revenue
2017-06-30	113,392.00		80,392.02	(32,999.98)	(32,999.98)	DCR	238(4)	To correct line 101 to include all taxable revenue
2017-09-30	280,364.73		318,324.73	28,960.00	28,960.00	DCR	238(4)	To correct line 101 to include all taxable revenue
2017-12-31	0.00		208,802.99	208,802.99	208,802.99	DCR	238(4)	To correct line 101 to include all taxable revenue
2018-03-31	0.00		91,536.51	91,536.51	91,536.51	DCR	238(4)	To correct line 101 to include all taxable revenue
2018-04-18	0.00		25,602.10	25,602.10	25,602.10	DCR	238(4)	To correct line 101 to include all taxable revenue
					246,909.03			total net change required

Findings and Conclusion: The sales will be adjusted within the audit period by a net amount of \$246,909.03 pursuant to subsection 238(4) of the Excise Tax Act (ETA).

W/P # 7100
 Auditor: Ivan Galizio
 Date: 2018-08-31

R3C
 to 18-Apr-18

INPUT TAX CREDITS - VERIFICATION OF SOURCE DOCUMENTS

ence, occurrence, ownership, and measurement. Specifically, to ensure that the ITCs recorded by the registrant in their system are adequately supported
 : registrant is the recipient on the invoices and that the recipient is using the items in commercial activity, and to verify that the invoices are reported at the
 : period.

om the registrant's general ledger HST ITC account. Attempted to choose a wide variety of expenses and suppliers by including those suppliers which
 suppliers where the GST paid was material (in excess of \$200). Initial sample selected within #DATE TO DATE##. Period or sample may be extended

provided by the receiver.

Supplier Name	Description	ITC Amount Posted	Adjustment Required:
No Name provided	No Description Available	4.29 -	4.29
No Name provided	No Description Available	3.32 -	3.32
No Name provided	No Description Available	0.74 -	0.74
No Name provided	No Description Available	60.77 -	60.77
No Name provided	No Description Available	50.77 -	50.77
No Name provided	No Description Available	1.70 -	1.70
No Name provided	No Description Available	1.72 -	1.72
No Name provided	No Description Available	0.67 -	0.67
No Name provided	No Description Available	4.65 -	4.65
No Name provided	No Description Available	53.70 -	53.70
No Name provided	No Description Available	1.35 -	1.35
No Name provided	No Description Available	0.51 -	0.51
No Name provided	No Description Available	20.09 -	20.09
No Name provided	No Description Available	5.95 -	5.95
No Name provided	No Description Available	5.95 -	5.95
No Name provided	No Description Available	31.67 -	31.67
No Name provided	No Description Available	0.07 -	0.07
No Name provided	No Description Available	1.35 -	1.35
No Name provided	No Description Available	2.21 -	2.21

No Name provided	No Description Available	53.70	-	53.70
No Name provided	No Description Available	0.81	-	0.81
No Name provided	No Description Available	0.03	-	0.03
No Name provided	No Description Available	302.47	-	302.47
No Name provided	No Description Available	0.68	-	0.68
No Name provided	No Description Available	6.12	-	6.12
No Name provided	No Description Available	1.64	-	1.64
No Name provided	No Description Available	53.71	-	53.71
No Name provided	No Description Available	53.71	-	53.71
No Name provided	No Description Available	53.71	-	53.71
No Name provided	No Description Available	53.71	-	53.71
No Name provided	No Description Available	48.80	-	48.80
No Name provided	No Description Available	53.96	-	53.96
No Name provided	No Description Available	53.71	-	53.71
No Name provided	No Description Available	53.71	-	53.71

Adjustment to ITCs:

- \$ 1,031.95 - \$ 1,031.95

Legislative Reference

ship. When the auditor attended the place of business it was discovered that not all records were available. There was no filing system as all records were moved from an office to its warehouse. Documents were left behind the could not be retrieved. As a result documentation was incomplete. All available documentation for all 5 related companies was on a ledger of the ledger was done to ascertain eligibility based on supplier and description. The above noted entries were all general journal entries and had no supplier or description. (4) of the Excise Tax Act (ETA).

169(1), 169(4)

are required to the returns (line 108),
 ove:

Adjustment to	Return Period End
line 108	

(7.61)
(7.61) 31-Mar-17 to DCR
 (51.51)

<u>(51.51)</u>	30-Jun-17	to DCR
<u>(539.37)</u>	30-Sep-17	to DCR
<u>(169.57)</u>	31-Dec-17	to DCR
<u>(263.89)</u>	31-Mar-18	to DCR
<u>0.00</u>	18-Apr-18	to DCR
<u>(1,031.95)</u>		

3 made to the quarterly returns in which discrepancies were uncovered. Changes are being made pursuant to subsections 169(1) and 169(4) of the Excise Tax Act (ETA).



Canada Revenue Agency
Agence du revenu du Canada

RECEIVED
OCT 03 2018

September 28, 2018

2517748 ONTARIO INC.
c/o MNP Ltd.
1002 - 148 FULLARTON ST
LONDON ON N6A5P3

Dear Brendan Hinton:

Subject: Audit of the goods and services tax/harmonized sales tax (GST/HST) returns for the period from 2016-01-01 to 2018-04-18
Account number: 76957 9921 RT0001

We have completed our audit of the GST/HST returns for the above period.

We propose the following adjustments to the net tax payable on your GST/HST returns:

For the year ended: 2016-12-31

	Sales	GST/HST	ITCs	Net Tax
As Filed	218,431.00	28,396.21	32,129.91	(3,733.70)
Adjustments	(3,553.68)	3,554.47	(7,052.21)	10,606.68
Results	214,877.32	31,950.68	25,077.70	\$6,872.98

For the year ended: 31-Dec-17

	Sales	GST/HST	ITCs	Net Tax
As Filed	0.00	0.00	0.00	0.00
Adjustments	421,292.64	54,821.66	25,535.92	29,285.74
Results	421,292.64	54,821.66	25,535.92	\$29,285.74

For the year ended: 18-Apr-18

	Sales	GST/HST	ITCs	Net Tax
As Filed	0.00	0.00	0.00	0.00
Adjustments	0.00	0.00	6,984.40	(6,984.40)
Results	0.00	0.00	6,984.40	\$(6,984.40)

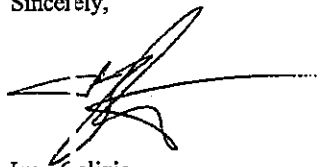
We have enclosed a summary of audit adjustments and detailed working papers to support the proposed adjustments.

If you have more information about the proposed adjustments that you would like us to consider, or if you have any questions, please call me at 519-973-7999 x6371, before October 29, 2018. My team leader, Shalini Jain, may also be reached at 519-973-7999 x6389. If we do not hear from you before October 29, 2018, we will finalize the audit based on the adjustments proposed.

Canada

You will then receive a notice of (re)assessment that reflects these changes, and you will be responsible for paying the additional net GST/HST payable and interest as calculated.

Sincerely,



Ivan Calizio
Audit Division
London-Windsor TSO

Telephone: 519 - 973-7999
Facsimile: 519 - 257-7796
Address: 185 Ouellette Avenue
Windsor, ON N9A 4H7
Website: www.canada.ca

Enclosures

Account Name:	2517748 ONTARIO INC.	W/P #	85
Account Number:	76957 9921 RT0001	Auditor:	Ivan Galizio
Audit Period:	January 1, 2016 to April 18, 2018	Date:	2018-09-07

Summary of Statement of Audit Adjustments

Purpose: To summarize the changes to all return periods, all lines, and the overall effect on net tax, and to ensure that the statement of audit adjustments accurately reflects the figures calculated through the working papers

Procedure: Using pre-prepared working papers (noted below), summarize the required changes, by period, to all return line items (sales, HST, and ITCs).

Source: working papers 900 and 7000

	W/P#	2016-12-31	2017-12-31	2018-04-18	Audit Totals
Sales line 101 (as filed)		218,431.00	0.00	0.00	218,431.00
Adjustments:					0.00
Sales reconciliation	5300	(3,553.65)	421,292.64	0.00	417,738.99
Revised Line 101 Sales		214,877.32	421,292.64	0.00	636,169.96
GST/HST Collectible line 105 (as filed)		(a) 28,396.21	(a) 0.00	(a) 0.00	(a) 28,396.21
Adjustments per HST Reconciliation:	900	3,554.47	54,821.66	0.00	58,376.13
GST/HST Collectible line 105 as revised		(b) 31,950.68	(b) 54,821.66	(b) 0.00	(b) 86,772.34
ITCs Claimed line 108 (as filed)		(c) 32,129.91	(c) 0.00	(c) 0.00	(c) 32,129.91
Adjustments per ITC Reconciliation Testing:	900	0.00	26,453.38	7,000.99	33,454.37
Adjustments per Sales / HST Substantive testing:	7100	(7,052.21)	(917.46)	(16.59)	(7,986.26)
ITCs Claimed line 108 as revised		(d) 25,077.70	(d) 25,535.92	(d) 6,984.40	(d) 57,598.02
Net Tax line 109 as reported	(e) = (a) - (c)	(3,733.70)	0.00	0.00	(3,733.70)
Net Tax after Adjustments	(f) = (b) - (d)	6,872.98	29,285.74	(6,984.40)	29,174.32
Net Adjustments to return	(g) = (f) - (e)	10,606.68	29,285.74	(6,984.40)	32,908.02
285 gross negligence penalty applied?	Y or N	N	N	N	
25% Penalty applied: greater of \$250, or	(g) * 25%	0.00	0.00	0.00	0.00

Conclusion: The summary matches to the SAA per the system, accordingly, all required adjustments have been accurately entered

Account Name: 2517748 Ontario Inc
Account Number: 769579921RT0001
Audit Period: January 1, 2016 to April 18, 2018

W/P # 900
Auditor: Ivan Galizio
Date: August 23, 2018

Summary of Net GST/HST and ITC Variances

Purpose:	To summarize the results of the ITC account reconciliation and the GST/HST account reconciliation into one net return reconciliation summary.
Procedure:	The results column from spreadsheets 901 - HST ACCOUNT LIABILITY and 906 - ITC ACCOUNT ANALYSIS were copied to this page and summed to obtain the net effect of the variances.
Source:	See source working papers 901 and 906 for source information
Notes:	A negative figures in the GST/HST column represents an over-remittance of GST/HST whereas a negative figure in the ITCs column represents an over-claimed amount for ITC. The Net amount is calculated based on GST/HST over/short less ITCs over/short. A positive figure in the Net GST/HST outstanding column represents an additional tax liability for the registrant whereas a negative figure in this column represents tax recoverable by the registrant.

		<i>less:</i>		<i>equals:</i>
Period End	GST/HST (over) / short		ITCs (over) / short	Net GST/HST outstanding
31-Dec-16	3,554.47		0.00	3,554.47 *
31-Dec-17	54,821.66	<i>To DCR</i>	26,453.38	<i>To DCR</i> 28,368.28 *
18-Apr-18	0.00		7,000.99	<i>To DCR</i> (7,000.99)
	<u>58,376.13</u>		<u>33,454.37</u>	<u>24,921.76</u>

*description of any revision to amount assessed i.e. if GST/HST (over)/short - ITCs (over)/short doesn't equal adjustments.

Findings	Numerous changes are required to returns previously filed.
Conclusion	The registrant's returns will be adjusted to reflect the above-noted changes

Account Name:	2517748 Ontario Inc
Account Number:	769579921RT0001
Audit Period:	January 1, 2016 to April 18, 2018

W/P #	901
Auditor:	Ivan Galizio
Date:	August 23, 2018

General Ledger GST/HST Liability Account Reconciliation

Purpose:	To calculate the GST/HST collected/collectable recorded in the registrant's general ledger and determine whether the registrant is accurately reporting all recorded GST/HST. To test the valuation and measurement assertions as they relate to GST/HST. Specifically ensuring the recorded values of the GST/HST collectable are accurately reported on the monthly GST/HST returns. In addition, the completeness assertion is tested only insofar as ensuring that all recorded transactions are reported.
-----------------	--

Procedure:	From the Registrant's HST detail ledger, manually transfer the closing balance at the end of each filing period, the opening balance (equivalent to the closing balance from the prior period), and the payments posted in the registrant's account to this working paper. Using this information, the actual GST/HST liability is calculated as follows: [CLOSING BALANCE]+[PAYMENTS]-[OPENING BALANCE]. This net result is then compared to the figures reported by the registrant on line 105 of the GST/HST return for each filing period and any discrepancy is computed.
-------------------	--

Source:	Registrant's HST detail ledger was examined for the entire audit period. Sample testing was not employed in this area.
----------------	--

Notes:	Credit balances are shown as a positive number and debits are shown as a negative. The GST/HST collected/collectable is recorded as a liability in the registrant's books. If the net result in the "GST/HST (over)/short" column is negative, this represents a reduction in the GST/HST owing, and thus a reduction in the liability for the registrant.
---------------	--

Period End	Closing Balance	<i>add back:</i> Payments	<i>deduct:</i> Opening Balance	<i>Equals:</i> Net Change
2016-12-31	31,950.68		0.00	31,950.68 to [A] below
2017-12-31	83,038.64	3,733.70	31,950.68	54,821.66 to [A] below
2018-04-18	83,038.64		83,038.64	0.00 to [A] below
				86,772.34

Fiscal Year-End	[A] Net Change HST Collected	[D] line 105 GST/HST reported	[E] = [A] - [D] GST/HST (over) / short
2016-12-31	31,950.68	28,396.21	3,554.47
2017-12-31	54,821.66	0.00	54,821.66
2018-04-18	0.00	0.00	0.00
	86,772.34	28,396.21	58,376.13

Account Name:	2517748 Ontario Inc
Account Number	769579921RT0001
Audit Period:	January 1, 2016 to April 18, 2018

W/P #	901
Auditor:	Ivan Galizio
Date:	August 23, 2018

General Ledger GST/HST Liability Account Reconciliation
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Findings:

This working paper shows the figures recorded by the registrant as GST/HST collected/collectable. The actual GST/HST liability which should have been reported on line 105 was computed and compared to the amounts actually reported on each annual return throughout the audit period. In summary, the registrant's system was effective in recording and reporting GST/HST collectable. However, there were a number of variances which will be adjusted.

Any variances will be assessed in this area, and these revised GST/HST collectable figures will then be used for comparison in other areas. These are the known figures, recorded by the registrant, any variances are the result of errors in the reporting system employed.

Conclusion(s):

Adjustments are being made as above, pursuant to subsections 221(1) and 225(1) of the Excise Tax Act (ETA).

Account Name: 2517748 Ontario Inc
Account Number: 769579921RT0001
Audit Period: January 1, 2016 to April 18, 2018

W/P # 906
Auditor: Ivan Galizio
Date: August 23, 2018

General Ledger ITC Account Reconciliation

Purpose: To calculate the allowable ITCs as recorded in the registrant's general ledger and determine whether the registrant is accurately reporting all recorded ITCs. To test the valuation and measurement assertions as they relate to ITCs. Specifically are the recorded values of ITCs being accurately reported on the monthly GST/HST returns. In addition, the completeness assertion is tested only insofar as ensuring that all recorded transactions are reported.

Procedure: From the Registrant's HST detail report, manually transfer the closing balance at the end of each filing period, the opening balance (equivalent to the closing balance from the prior period), and the payments posted in the registrant's account to this working paper. Using this information, the actual ITCs allowable are calculated as follows: [CLOSING BALANCE]+[PAYMENTS]-[OPENING BALANCE]. This net result is then compared to the figures reported by the registrant on line of the GST/HST return for each filing period and any discrepancy is computed.

Source: Registrant's HST detail report was examined for the entire audit period. Sample testing was not employed in this area.

Notes: Debit balances are shown as a positive number and credits are shown as a negative, to reflect that the ITCs are recorded as an asset in the registrant's books (or a reduction to a liability). If the net result in the "ITCs (over)/short" column is negative, this represents a reduction in the allowable ITC, and thus a liability for the registrant.

Period End	Closing Balance	<i>add back:</i> Credits / Payments received (DR = NEG)	<i>deduct:</i> Opening Balance	<i>Equals:</i> Net ITCs (HST) allowable	
31-Dec-16	32,129.91		0.00	32,129.91	to [B] below
31-Dec-17	58,583.29		32,129.91	26,453.38	to [B] below
18-Apr-18	65,584.28		58,583.29	7,000.99	to [B] below
				65,584.28	

Fiscal Year-End	[B] Net ITCs (HST) allowable	[D] line 108 ITCs claimed	[E] = [B] - [D] ITCs (over) / short
31-Dec-16	32,129.91	32,129.91	0.00
31-Dec-17	26,453.38	0.00	26,453.38
18-Apr-18	7,000.99	0.00	7,000.99
	65,584.28		33,454.37

Findings:

This working paper shows the figures recorded by the registrant as ITCs allowable. The actual ITC totals per the registrant's records were computed and compared to the amounts actually claimed on each annual return throughout the audit period. In summary, the registrant under claimed the ITCs. Accordingly, the returns in error will be adjusted to reflect the actual allowable ITCs in each period.

Any variances will be assessed in this area, and these revised ITC allowable figures will then be used for comparison in other areas. These are only the figures recorded by the registrant, any variances are the result of errors in the reporting system employed. This testing makes no determinations in the validity of the sources / amounts posted to the ITC account. This will be tested elsewhere.

Conclusion(s):

Returns will be adjusted in all periods where a valid (unexplained) variance was calculated in the GST/HST payable account

Account Name: 2517748 Ontario Inc.
 Account Number: 769579921RT0001
 Audit Period: January 1, 2016 to April 18, 2018

W/P # 5300
 Auditor: Ivan Galizio
 Date: 2018-09-17

Taxable Supplies line 101 Reconciliation

Purpose: To verify the figures reported by the registrant on line 101 for total sales.

Procedure: Review the total value of the taxable supplies transacted in each filing period, and compare to the amount reported on line 101. Consider any GST/HST implications, if applicable.

Source: Registrant's HST detail report

Filing Period End	Reported on line 101	Reference From	Taxable supplies identified in the period	Variance	Adjustment Required to line 101	Reference To	Legislative reference	Description
2016-12-31	218,431.00		214,877.32	(3,553.68)	(3,553.68)	DCR	238(4)	to correct line 101 to include all taxable revenue
2017-12-31	0.00		421,292.64	421,292.64	421,292.64	DCR	238(4)	to correct line 101 to include all taxable revenue
2018-04-18	0.00		-	0.00	0.00	DCR		
					417,738.96			
					total net change required			

Findings and Conclusion: The sales will be adjusted within the audit period by a net amount of \$417738.96

WIP # 7100
 Auditor: Ivan Galizio
 Date: 2018-09-05

to 18-Apr-18

INPUT TAX CREDITS - VERIFICATION OF SOURCE DOCUMENTS

ence, occurrence, ownership, and measurement. Specifically: to ensure that the ITCs recorded by the registrant in their system are adequately supported; registrant is the recipient on the invoices and that the recipient is using the items in commercial activity, and to verify that the invoices are reported at the r period.

om the registrant's general ledger HST ITC account. Attempted to choose a wide variety of expenses and suppliers by including those suppliers which suppliers where the GST paid was material (in excess of \$200).

Supplier Name	Description	ITC Amount Posted	Adjustment Required:
none provided	none provided	7,150.00	7,150.00
none provided	none provided	-	97.79
none provided	none provided	3.90	3.90
none provided	none provided	18.06	18.06
none provided	none provided	2.69	2.69
none provided	none provided	14.86	14.86
none provided	none provided	71.52	71.52
none provided	none provided	14.55	14.55
none provided	none provided	3.82	3.82
none provided	none provided	25.22	25.22
none provided	none provided	14.78	14.78
none provided	none provided	63.33	63.33
none provided	none provided	26.03	26.03
none provided	none provided	170.28	170.28
none provided	none provided	2.34	2.34
none provided	none provided	2.34	2.34
none provided	none provided	1.42	1.42
none provided	none provided	4.18	4.18
none provided	none provided	63.54	63.54

none provided	none provided	153.00	-	153.00
none provided	none provided	16.37	-	16.37
none provided	none provided	32.76	-	32.76
none provided	none provided	13.68	-	13.68
none provided	none provided	12.92	-	12.92
none provided	none provided	5.42	-	5.42
none provided	none provided	11.18	-	11.18
none provided	none provided	5.20	-	5.20
none provided	none provided	3.38	-	3.38
none provided	none provided	1.99	-	1.99
none provided	none provided	68.90	-	68.90
none provided	none provided	9.48	-	9.48
none provided	none provided	5.53	-	5.53
none provided	none provided	2.14	-	2.14
none provided	none provided	3.25	-	3.25
none provided	none provided	33.66	-	33.66
none provided	none provided	2.38	-	2.38
none provided	none provided	5.53	-	5.53
none provided	none provided	5.53	-	5.53
none provided	none provided	3.25	-	3.25
none provided	none provided	0.77	-	0.77
none provided	none provided	3.67	-	3.67
none provided	none provided	5.53	-	5.53
none provided	none provided	0.09	-	0.09
none provided	none provided	3.41	-	3.41
none provided	none provided	5.53	-	5.53
none provided	none provided	0.05	-	0.05
none provided	none provided	5.53	-	5.53
none provided	none provided	5.53	-	5.53
none provided	none provided	5.53	-	5.53

Adjustment to ITC's:

\$ 7,986.26

Legislative Reference

ship. When the auditor attended the place of business it was discovered that not all records were available. There was no filing system as all records were moved from an office and stored in a warehouse. Documents were left behind the could not be retrieved. As a result documentation was incomplete. All available documentation for all 5 related companies was on a CD-ROM. As this is the case the above sampling was limited to a review of the reports provided by the receiver. As it would be unreasonable and inappropriate to deny all of the ledger was done to ascertain eligibility based on supplier and description. The above noted entries were all general journal entries and had no supplier or description. The auditor was unable to ascertain the nature nor the purpose of the transaction and provides no assurance that a transaction took place. All blank entries are being denied pursuant to subsection 169(1), 169(4) of the Excise Tax Act (ETA).

are required to the returns (line 108), above:

Adjustment to line 108	Return Period End
7,052.21	31-Dec-16 to DCR
917.46	31-Dec-17 to DCR
16.59	18-Apr-18 to DCR
7,986.26	

Changes are being made pursuant to subsections 169(1) and 169(4) of the Excise Tax Act (ETA).



Canada Revenue Agency / Agence du revenu du Canada

RECEIVED
OCT 03 2018

September 28, 2018

2265469 ONTARIO INC.
c/o MNP Ltd.
1002 - 148 FULLARTON ST
LONDON ON N6A 5P3

Dear Brendan Hinton:

Subject: Audit of the goods and services tax/harmonized sales tax (GST/HST) returns for the period from 2017-01-01 to 2018-04-18
Account number: 83620 5807 RT0001

We have completed our audit of the GST/HST returns for the above period.

We propose the following adjustments to the net tax payable on your GST/HST returns:

For the quarter ended: 2017-03-31

	Sales	GST/HST	ITCs	Net Tax
As Filed	55,000.00	7,150.00	11,720.04	(4,570.04)
Adjustments	0.00	1,396.07	0.00	1,396.07
Results	55,000.00	8,546.07	11,720.04	\$(3,173.97)

For the quarter ended: 2017-06-30

	Sales	GST/HST	ITCs	Net Tax
As Filed	3,233.00	420.29	8,059.60	(7,639.31)
Adjustments	0.00	0.00	132.38	(132.38)
Results	3,233.00	420.29	8,191.98	\$(7,771.69)

For the quarter ended: 2017-09-30

	Sales	GST/HST	ITCs	Net Tax
As Filed	0.00	0.00	57,462.05	(57,462.05)
Adjustments	0.00	0.00	(42,759.35)	42,759.35
Results	0.00	0.00	14,702.70	\$(14,702.70)

For the quarter ended: 31-Dec-17

	Sales	GST/HST	ITCs	Net Tax
As Filed	0.00	0.00	0.00	0.00
Adjustments	91,400.00	11,882.00	15,674.09	(3,792.09)
Results	91,400.00	11,882.00	15,674.09	\$(3,792.09)

For the quarter ended: **31-Mar-18**

	Sales	GST/HST	ITCs	Net Tax
As Filed	0.00	0.00	0.00	0.00
Adjustments	0.00	0.00	1,808.87	(1,808.87)
Rest Its	0.00	0.00	1,808.87	\$(1,808.87)

For the quarter ended: **18-Apr-18**

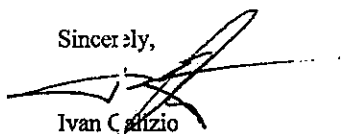
	Sales	GST/HST	ITCs	Net Tax
As Filed	0.00	0.00	0.00	0.00
Adjustments	0.00	0.00	0.00	0.00
Rest Its	0.00	0.00	0.00	\$0.00

We have enclosed a summary of audit adjustments and detailed working papers to support the proposed adjustments.

If you have more information about the proposed adjustments that you would like us to consider, or if you have any questions, please call me at 519-973-7999 x6371, before October 29, 2018. My team leader, Shalini Jain, may also be reached at 519-973-7999 x6389. If we do not hear from you before October 29, 2018, we will finalize the audit based on the adjustments proposed.

You will then receive a notice of reassessment that reflects these changes, and you will be responsible for paying the additional net GST/HST payable and interest as calculated.

Sincerely,



Ivan Caffio
Audit Division
London-Windsor TSO

Telephone: 519 - 973-7999 x6371
Facsimile: 519 - 257-6911
Address: 185 Ouellette Avenue
Windsor, ON N9A 4H7
Website: www.canada.ca

Enclosures

Account Name:	2265469 ONTARIO INC.
Account Number:	83620 5807 RT0001
Audit Period:	January 1, 2017 to April 18, 2018

W/P #	85
Auditor:	Ivan Galizzo
Date:	2018-09-07

Summary of Statement of Audit Adjustments

Purpose: To summarize the changes to all return periods, all lines, and the overall effect on net tax, and to ensure that the statement of audit adjustments accurately reflects the figures calculated through the working papers

Procedure: Using pre-prepared working papers (noted below), summarize the required changes, by period, to all return line items (sales, HST, and ITCs).

Source: working papers 900, 5300 and 7000

Return periods within the fiscal year ended: 2017-12-31

	WP#	2017-03-31	2017-06-30	2017-09-30	2017-12-31	Fiscal Year Totals
Sales line 101 (as filed)		55,000.00	3,233.00	0.00	0.00	58,233.00
Adjustments:						0.00
Sales Reconciliation change	5300				91,400.00	91,400.00
Revised Line 101 Sales		55,000.00	3,233.00	0.00	91,400.00	149,633.00
GST/HST Collectible line 105 (as filed)		(a) 7,150.00	(a) 420.29	(a) 0.00	(a) 0.00	(a) 7,570.29
Adjustments per HST Reconciliation:	900	1,396.07			11,882.00	13,278.07
GST/HST Collectible line 105 as revised		(b) 8,546.07	(b) 420.29	(b) 0.00	(b) 11,882.00	(b) 20,848.36
ITCs Claimed line 108 (as filed)		(c) 11,720.04	(c) 8,059.60	(c) 57,462.05	(c) 0.00	(c) 77,241.69
Adjustments per ITC Reconciliation Testing:	900		23,207.38	(42,395.61)	2,144.90	(17,043.33)
Adjustments per ITC substantive testing:	7100		(23,075.00)	(363.74)	13,528.19	(9,909.55)
ITCs Claimed line 108 as revised		(d) 11,720.04	(d) 8,191.98	(d) 14,702.70	(d) 15,674.09	(d) 50,288.81
Net Tax line 109 as reported	(e) = (a) - (c)	(4,570.04)	(7,639.31)	(57,462.05)	0.00	(69,671.40)
Net Tax after Adjustments	(f) = (b) - (d)	(3,173.97)	(7,771.69)	(14,702.70)	(3,782.09)	(29,440.45)
Net Adjustments to return	(g) = (f) - (e)	1,396.07	(132.38)	42,759.35	(3,782.09)	40,230.95
285 gross negligence penalty applied?	Y or N	N	N	N	N	N
25% Penalty applied: greater of \$250, or	(g) * 25%	0.00	0.00	0.00	0.00	0.00

Return periods within the fiscal year ended: 2018-04-18

	WP#	2018-03-31	2018-04-18	Fiscal Year Totals
Sales line 101 (as filed)		0.00	0.00	0.00
Adjustments:				0.00
Revised Line 101 Sales		0.00	0.00	0.00
GST/HST Collectible line 105 (as filed)		(a) 0.00	(a) 0.00	(a) 0.00
Adjustments per HST Reconciliation:		0.00		0.00
GST/HST Collectible line 105 as revised		0.00	0.00	0.00
ITCs Claimed line 108 (as filed)		(c) 0.00	(c) 0.00	(c) 0.00
Adjustments per ITC Reconciliation Testing:	900	4,578.14		4,578.14
Adjustments per Sales / HST Substantive testing:	7100	(2,769.27)		(2,769.27)
ITCs Claimed line 108 as revised		(d) 1,808.87	(d) 0.00	(d) 1,808.87
Net Tax line 109 as reported	(e) = (a) - (c)	0.00	0.00	0.00
Net Tax after Adjustments	(f) = (b) - (d)	(1,808.87)	0.00	(1,808.87)
Net Adjustments to return	(g) = (f) - (e)	(1,808.87)	0.00	(1,808.87)
285 gross negligence penalty applied?	Y or N	N	N	
25% Penalty applied: greater of \$250, or	(g) * 25%	0.00	0.00	0.00

		Net Tax as Filed	Net Adjustments to returns	Revised Net Tax	285 Penalty
Fiscal Year Ended:	2017-12-31	(69,671.40)	40,230.95	(29,440.45)	0.00
Fiscal Year Ended:	2018-04-18	0.00	(1,808.87)	(1,808.87)	0.00
Audit Period Totals		(69,671.40)	38,422.08	(31,249.32)	0.00

Conclusion: TTR summary matches to the SAA per the system, accordingly, all required adjustments have been accurately entered

Account Name: 2265469 Ontario Inc. o/a WEC02
Account Number: 836205807RT0001
Audit Period: January 1, 2017 to April 18, 2018

W/P # 900
Auditor: Ivan Galizio
Date: 2018-09-07

Summary of Net GST/HST and ITC Variances

Purpose:	To summarize the results of the ITC account reconciliation and the GST/HST account reconciliation into one net return reconciliation summary.
Procedure:	The results column from spreadsheets 901 - HST Reconciliation and 906 - ITC Reconciliation were copied to this page and summed to obtain the net effect of the variances.
Source:	See source working papers 901 and 906 for source information
Notes:	A negative figures in the GST/HST column represents an over-remittance of GST/HST whereas a negative figure in the ITCs column represents an over-claimed amount for ITC. The Net amount is calculated based on GST/HST over/short less ITCs over/short. A positive figure in the Net GST/HST outstanding column represents an additional tax liability for the registrant whereas a negative figure in this column represents tax recoverable by the registrant.

	<i>less:</i>		<i>equals:</i>	
Period End	GST/HST (over) / short	ITCs (over) / short	Net GST/HST outstanding	
2017 03 31	1,396.07	<i>To DCR</i> 0.00	<i>To DCR</i> 1,396.07 *	
2017 06 30	0.00	23,207.38	<i>To DCR</i> (23,207.38) *	
2017 09 30	0.00	(42,395.61)	<i>To DCR</i> 42,395.61	
31-Dec-17	11,882.00	<i>To DCR</i> 2,144.90	<i>To DCR</i> 9,737.10	
31-Mar-18	0.00	4,578.14	<i>To DCR</i> (4,578.14)	
18-Apr-18	0.00	0.00	0.00	
			<u>25,743.26</u>	

Findings	Numerous changes are required to returns previously filed.
Conclusion	The registrant's returns will be adjusted to reflect the above-noted changes

Account Name: 2265469 Ontario Inc. o/a WEC02
Account Number: 836205807RT0001
Audit Period: January 1, 2017 to April 18, 2018

W/P # 901
Auditor: Ivan Galizio
Date: 2018-09-07

General Ledger GST/HST Liability Account Reconciliation

Purpose:	To calculate the GST/HST collected/collectable recorded in the registrant's general ledger and determine whether the registrant is accurately reporting all recorded GST/HST. To test the valuation and measurement assertions as they relate to GST/HST. Specifically ensuring the recorded values of the GST/HST collectable are accurately reported on the monthly GST/HST returns. In addition, the completeness assertion is tested only insofar as ensuring that all recorded transactions are reported.
Procedure:	From the provided HST Detail Ledger, manually transfer the closing balance at the end of each filing period, the opening balance (equivalent to the closing balance from the prior period), and the payments posted in the registrant's account to this working paper. Using this information, the actual GST/HST liability is calculated as follows: [CLOSING BALANCE]+[PAYMENTS]-[OPENING BALANCE]. This net result is then compared to the figures reported by the registrant on line 105 of the GST/HST return for each filing period and any discrepancy is computed.
Source:	HST Detail Ledger provided by the receiver were examined for the entire audit period. Sample testing was not employed in this area.
Notes:	Credit balances are shown as a positive number and debits are shown as a negative. The GST/HST collected/collectable is recorded as a liability in the registrant's books. If the net result in the "GST/HST (over)/short" column is negative, this represents a reduction in the GST/HST owing, and thus a reduction in the liability for the registrant.

Period End	Closing Balance	<i>add back:</i> Payments	<i>deduct:</i> Opening Balance	<i>Equals:</i> Net Change
2017 03 31	0.00	8,546.07	0.00	8,546.07 to [A] below
2017 06 30	0.00	420.29	0.00	420.29 to [A] below
2017 09 30	0.00	0.00	0.00	0.00 to [A] below
2017-12-31	11,882.00	0.00	0.00	11,882.00 to [A] below
2018-03-31	0.00	0.00	0.00	0.00 to [A] below
2018-04-18	0.00	0.00	0.00	0.00 to [A] below
				<u>20,848.36</u>

Period End	[A] Net Change HST Collected	[D] line 105 GST/HST reported	[E] = [A] - [D] GST/HST (over) / short
2017 03 31	8,546.07	7,150.00	1,396.07
2017 06 30	420.29	420.29	0.00
2017 09 30	0.00	0.00	0.00
2017-12-31	11,882.00	0.00	11,882.00
2018-03-31	0.00	0.00	0.00
2018-04-18	0.00	0.00	0.00
		<u>7,570.29</u>	<u>13,278.07</u>

Account Name: 2265469 Ontario Inc. o/a WEC02
Account Number: 836205807RT0001
Audit Period: January 1, 2017 to April 18, 2018

W/P # 901
Auditor: Ivan Galizio
Date: 2018-09-07

General Ledger GST/HST Liability Account Reconciliation

Summary by Fiscal year:	HST owing per registrant G/L	line 105 GST/HST reported	GST/HST (over) / short
31-Dec-17	20,848.36	7,570.29	13,278.07
18-Apr-18	0.00	0.00	0.00
			<u>13,278.07</u>

Findings:

This working paper shows the figures recorded by the registrant as GST/HST collected/collectable. The actual GST/HST liability which should have been reported on line 105 was computed and compared to the amounts actually reported on each quarterly return. Noted discrepancies are being assessed to ensure filed returns agree with the HST detail provided by the receiver.

Any variances will be assessed in this area, and these revised GST/HST collectable figures will then be used for comparison in other areas. These are the known figures, recorded by the registrant, any variances are the result of errors in the reporting system employed.

Conclusion(s):

The following returns will be adjusted 2017-03-31 and 2017-12-31 in the registrant's 2017 fiscal year. The total net variance is \$13278.07.

Account Name:	2265469 Ontario Inc. o/a WEC02
Account Number:	836205807RT0001
Audit Period:	January 1, 2017 to April 18, 2018

W/P #	906
Auditor:	Ivan Galizio
Date:	2018-09-07

General Ledger ITC Account Reconciliation

Purpose:	To calculate the allowable ITCs as recorded in the registrant's HST detail report and determine whether the registrant is accurately reporting all recorded ITCs. To test the valuation and measurement assertions as they relate to ITCs. Specifically are the recorded values of ITCs being accurately reported on the quarterly GST/HST returns. In addition, the completeness assertion is tested only insofar as ensuring that all recorded transactions are reported.
-----------------	---

Procedure:	From the Registrant's HST detail report, manually transfer the closing balance at the end of each filing period, the opening balance (equivalent to the closing balance from the prior period), and the payments posted in the registrant's account to this working paper. Using this information, the actual ITCs allowable are calculated as follows: [CLOSING BALANCE]+[PAYMENTS]-[OPENING BALANCE]. This net result is then compared to the figures reported by the registrant on line 108 of the GST/HST return for each filing period and any discrepancy is computed.
-------------------	--

Source:	Registrant's HST detail report provided by the receiver was examined for the entire audit period. Sample testing was not employed in this area.
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Notes:	Debit balances are shown as a positive number and credits are shown as a negative, to reflect that the ITCs are recorded as an asset in the registrant's books (or a reduction to a liability). If the net result in the "ITCs (over)/short" column is negative, this represents a reduction in the allowable ITC, and thus a liability for the registrant.
---------------	---

Period End	Closing Balance	<i>add back:</i> Credits / Payments received (DR = NEG)	<i>deduct:</i> Opening Balance	<i>Equals:</i> Net ITCs (HST) allowable	
2017 03 31	0.00	117,475.04	105,755.00	11,720.04	to [B] below
2017 06 30	23,595.00	7,671.98	0.00	31,266.98	to [B] below
2017 09 30	23,595.00	15,066.44	23,595.00	15,066.44	to [B] below
31-Dec-17	11,934.59	13,805.31	23,595.00	2,144.90	to [B] below
31-Mar-18	16,512.73	0.00	11,934.59	4,578.14	to [B] below
18-Apr-18	16,512.73	0.00	16,512.73	0.00	to [B] below

Period End	[B] Net ITCs (HST) allowable	[D] line 108 ITCs claimed	[E] = [B] - [D] ITCs (over) / short
2017 03 31	11,720.04	11,720.04	0.00
2017 06 30	31,266.98	8,059.60	23,207.38
2017 09 30	15,066.44	57,462.05	(42,395.61)
31-Dec-17	2,144.90	0.00	2,144.90
31-Mar-18	4,578.14	0.00	4,578.14
18-Apr-18	0.00	0.00	0.00
			<u>(12,465.19)</u>

Summary by Fiscal year:	ITCs (HST) posted per registrant G/L	line 108 ITCs claimed	ITCs (over) / short	Adjusted Amounts
31-Dec-17	60,198.36	77,241.69	(17,043.33)	(17,043.33)
18-Apr-18	4,578.14	0.00	4,578.14	4,578.14
				<u>(12,465.19)</u>

Account Name:	2265469 Ontario Inc. o/a WEC02
Account Number:	836205807RT0001
Audit Period:	January 1, 2017 to April 18, 2018

W/P #	906
Auditor:	Ivan Gallizio
Date:	2018-09-07

General Ledger ITC Account Reconciliation
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Findings:

This working paper shows the figures recorded by the registrant as ITCs allowable. The actual ITC totals per the registrant's records were computed and compared to the amounts actually claimed on each quarterly return throughout the audit period. In summary, the registrant over claimed the ITCs. Accordingly, the returns in error will be adjusted to reflect the actual allowable ITCs in each period.

Any variances will be assessed in this area, and these revised ITC allowable figures will then be used for comparison in other areas. These are only the figures recorded by the registrant, any variances are the result of errors in the reporting system employed. This testing makes no determinations in the validity of the sources / amounts posted to the ITC account. This will be tested elsewhere.

Conclusion(s):

Returns will be adjusted in all periods where a variance was calculated in the GST/HST payable account

W/P # 5300
 Auditor: Ivan Galizio
 Date: 2018-09-13

Account Name: 2265469 Ontario Inc.
 Account Number: 836205807RT0001
 Audit Period: January 1, 2017 to April 18, 2018

Taxable Supplies line 101 Reconciliation

Purpose: To verify the figures reported by the registrant on line 101 for total sales.

Procedure: Review the total value of the taxable supplies transacted in each filing period, and compare to the amount reported on line 101. Consider any GST/HST implications, if applicable.

Source: Receiver provided HST detail report from Quickbooks.

Filing Period End	Reported on line 101	Reference From	Taxable supplies identified in the period	Variance	Adjustment Required to line 101	Reference To	Legislative reference	Description
2017-03-31	55,000.00		55,000.00	0.00	0.00			
2017-06-30	3,233.00		3,233.00	0.00	0.00			
2017-09-30	0.00		-	0.00	0.00			
2017-12-31	0.00		91,400.00	91,400.00	91,400.00	DCR	238(4)	to correct line 101 to include all taxable revenue
2018-03-31	0.00		-	0.00	0.00			
2018-04-18	0.00		-	0.00	0.00			
					total net change required			
					91,400.00			

Findings and Conclusion: The sales will be adjusted within the audit period by a net amount of \$91400

W/P # 7100
 Auditor: Ivan Galizio
 Date: 2018-09-04

to 18-Apr-18

INPUT TAX CREDITS - VERIFICATION OF SOURCE DOCUMENTS

ence, occurrence, ownership, and measurement. Specifically: to ensure that the ITCs recorded by the registrant in their system are adequately supported; registrant is the recipient on the invoices and that the recipient is using the items in commercial activity, and to verify that the invoices are reported at the period.

from the registrant's general ledger HST ITC account. Attempted to choose a wide variety of expenses and suppliers by including those suppliers which suppliers where the GST paid was material (in excess of \$200).

provided by the receiver.

Supplier Name	Description	GST/HST charged on supplier invoice	ITC Amount Posted	Adjustment Required:
No Name provided	No Description Available		23,075.00	- 23,075.00
No Name provided	No Description Available		39.00	- 39.00
No Name provided	No Description Available		72.74	- 72.74
No Name provided	No Description Available		130.22	- 130.22
No Name provided	No Description Available		28.19	- 28.19
No Name provided	No Description Available		14.83	- 14.83
No Name provided	No Description Available		78.76	- 78.76
No Name provided	No Description Available		133.49	- 133.49
No Name provided	No Description Available		35.02	- 35.02
No Name provided	No Description Available		14.88	- 14.88
No Name provided	No Description Available		61.25	- 61.25
No Name provided	No Description Available		31.48	- 31.48
No Name provided	No Description Available		13,805.31	- 13,805.31
No Name provided	No Description Available		27.72	- 27.72
No Name provided	No Description Available		9.26	- 9.26
No Name provided	No Description Available		714.45	- 714.45
No Name provided	No Description Available		71.94	- 71.94
No Name provided	No Description Available		3.35	- 3.35

No Name provided	No Description Available	20.33	-	20.33
No Name provided	No Description Available	0.87	-	0.87
No Name provided	No Description Available	136.52	-	136.52
No Name provided	No Description Available	16.90	-	16.90
No Name provided	No Description Available	6.11	-	6.11
No Name provided	No Description Available	67.75	-	67.75
No Name provided	No Description Available	110.53	-	110.53
No Name provided	No Description Available	722.59	-	722.59
No Name provided	No Description Available	604.50	-	604.50
No Name provided	No Description Available	13.00	-	13.00
No Name provided	No Description Available	218.49	-	218.49
No Name provided	No Description Available	24.96	-	24.96

\$ 12,578.82

Adjustment to ITC's:

Legislative Reference

169(1), 169(4)

ip, When the auditor attended the place of business it was discovered that not all records were available. There was no filing system as all records were moved from an office by evicted. Documents were left behind the could not be retrieved. As a result, documentation was incomplete. All available documentation for all 5 related companies was on a r of the ledger was done to ascertain eligibility based on supplier and description. The above noted entries were all general journal entries and had no supplier or description. or to ascertain the nature nor the purpose of the transaction and provides no assurance that a transaction took place. All blank entries are being denied pursuant to 4) of the Excise Tax Act (ETA).

are required to the returns (line 108),
ve:

Adjustment to line 108	Return Period	End
0.00	31-Mar-17	to DCR
23,075.00	30-Jun-17	to DCR
363.74	30-Sep-17	to DCR
363.74		

ITC Verification of Source Documents

<u>(13,529.19)</u> <u>(13,529.19)</u>	31-Dec-17	to DCR
<u>2,769.27</u> <u>2,769.27</u>	31-Mar-18	to DCR
<u>0.00</u>	18-Apr-18	to DCR
<u>12,678.82</u>		

: above to remove blank transactions uncovered.

APPENDIX “H”

**SECONDARY DEBT SALE TRADE CONFIRMATION**

To: Bank of Montreal



From: Maynbridge Capital Inc.



This Secondary Debt Sale Trade Confirmation (the "Trade Confirmation") is entered into by and between the Seller and the Buyer on the Trade Date for the purpose of outlining the general terms and conditions governing the purchase and sale of the loans and commitments (if any) described herein.

Trade Date: November 16, 2018

Seller: Bank of Montreal, acting as Principal

Buyer: Maynbridge Capital Inc., acting as Principal

Credit Facilities: 1) the Letter of Agreement dated December 27, 2017, as same may have been amended or restated from time to time, between ARRC International Inc., as borrower, the guarantors named therein and Bank of Montreal, as lender, which details various credit facilities entered into between the parties;

2) the Letter of Agreement dated May 5, 2017, as same may have been amended or restated from time to time, between Agriculture Technology Incorporated, as borrower, the guarantors named therein and Bank of Montreal, as lender, which details various credit facilities entered into between the parties; and

3) the various credit facilities, reflecting all of Borrowers' outstanding indebtedness to the Bank of Montreal, as detailed in the Excel spreadsheet sent to the Buyer in an e-mail dated October 11, 2018 by Chaitons LLP, on behalf of Bank of Montreal.

Borrowers: ARRC International Inc. and Agriculture Technology Incorporated

Guarantors: Steven Posthumus, Matthew Posthumus, Mark Posthumus, Luke Posthumus, Irene Posthumus, ARRC International Inc., Agriculture Technology Incorporated, 2292760 Ontario Inc., 2517748 Ontario Inc., and 2265469 Ontario Inc.

Form of Purchase: Non-Recourse Assignment on an "as is, where is" basis

**Purchase Amount/
Type of Debt:**

	Principal Amount	Unfunded Commitments	Type of Debt
ARRRC Loan #0018-6996-976	\$2,516,277.28	\$0.00	Demand Loan
ARRRC Loan #0018-6996-052	\$11,105,828.88	\$0.00	Demand Loan
ARRRC Loan #0348-6989-253	\$185,000.00	\$0.00	Receiver Certificate
ATI Loan #0347-6999-570	\$47,677.98	\$0.00	Credit Card Loan
ATI Loan #0347-6999-597	\$983,225.61	\$0.00	Demand Loan
Total	\$14,838,009.75		

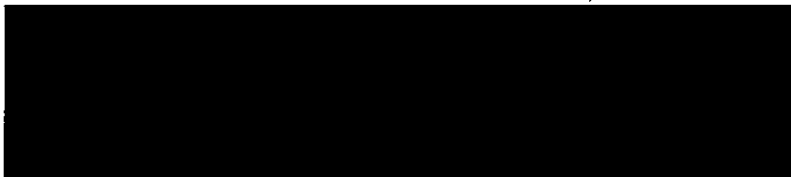
Purchase Rate: [REDACTED]

Purchase Price:

	Purchase Price Amount
ARRRC Loan #0018-6996-976	[REDACTED]
ARRRC Loan #0018-6996-052	[REDACTED]
ARRRC Loan #0348-6989-253	[REDACTED]
ATI Loan #0347-6999-570	[REDACTED]
ATI Loan #0347-6999-597	[REDACTED]
Total	[REDACTED]

Accrued Interest and Fees: Trades flat – any outstanding accrued interest, fees and expenses under the Credit Facilities are included in the trade, along with the principal, for the Purchase Price set forth above.

Additional Compensation:



Credit Documentation
to be provided by Seller:

Credit Facility Agreements, evidence of indebtedness and security.

Other Terms of Trade:

1) The trade is subject to the Buyer's confirmation of the amounts owing to the Seller under the Credit Facilities and its satisfactory review of Seller's credit documentation, including, *intra alia*, the various loan and security agreements, guarantees and any other relevant documentation in connection with the Credit Facilities;

2) The trade is subject to the Seller discharging the mandate and covering any unpaid fees and expenses of MNP Corporate Finance Inc., in its capacity as Receiver; provided, however this will constitute the last and sole remaining condition to completion of this transaction. Closing funds in the amount of [REDACTED] will be lodged with the Buyer's solicitor in escrow prior to obtaining the court order;

3) The trade is subject to the final approval of the Buyer's credit committee;

4) Negotiation, execution and delivery of assignment agreements and transfer documentation acceptable to the Buyer and Seller to evidence the assignment of the Credit Facilities;

5) The terms and conditions contained herein shall remain strictly confidential between the Buyer and Seller unless compelled to disclose any such terms and conditions pursuant to court order, other than as reasonably required to obtain the court order terminating the receivership, provided any such disclosure to the court is made under seal and kept confidential from the Borrowers and Guarantors; and

6) Any applicable transfer or assignment fees are waived by Seller.

Settlement Date: The subject trade shall be null and void if the conditions hereinbefore set out under "Other Terms of Trade" are not satisfied or waived on or before December 14, 2018, unless such date is extended in writing by the parties.

Governing Law: This Trade Confirmation is governed by and interpreted in accordance with the laws of the Province of Ontario and the parties hereto irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

Please arrange to have a duly authorized signatory execute this Trade Confirmation and send a signed copy by e-mail to the attention of [REDACTED]

This Trade Confirmation shall be null and void if it is not received by the Buyer before 5:00 p.m. Eastern Standard Time on November 20, 2018.

SELLER

BUYER

Bank of Montreal
[REDACTED]

Maynbridge Capital Inc.
[REDACTED]

APPENDIX “I”

**Receiver's Final Statement of Receipts and Disbursements
As at November 21, 2018**

	(\$)	(\$)	(\$)	Notes
Receipts				
Secured creditor advance	185,000			
Receiver sales	107,940			1
Accounts receivable	30,603			2
Return of retainer	9,730			
HST on sales	6,529			
Interest	255			
Total Receipts		340,057		
Disbursements				
Storm water action plan	(69,145)			3
Wages	(61,870)			4
Insurance	(43,019)			5
Utilities	(33,410)			
Professional fees	(26,613)			6
Appraisal Fees	(27,291)			
HST	(20,890)			
Miscellaneous and advertising	(7,177)			
Repairs and maintenance	(1,932)			
Total Disbursements		(291,346)		
Excess Receipts over Disbursements		48,711		
Represented by Bank Balance at November 21, 2018			48,711	
Less: provisional disbursements (exclusive of HST)				
Storm water action plan		(60,000)		3
Real property holding costs		(26,980)		5
Pro-rata equipment lease obligations		(15,000)		7
Professional fees for tax preparation		(9,000)		6
Court approved professional fees		(202,262)		
Unapproved professional fees		(59,602)		
Estimated fees to finalize administration		(23,500)		
Total provisional disbursements			(396,343)	
Excess receipts over provisional disbursements			(347,632)	
Additional receivership funding required			347,632	
Total			-	

1) Total material sales by the Receiver amount to \$135,491. A portion of these sales were reduced by customer set off claims. The Receiver has collected the net balance of all receiver sales totaling \$107,940.

2) The consolidated book value of the Companies accounts receivable at the date of receivership was \$306,028 (net of intercompany account balances). The Receiver confirmed \$248,115 of outstanding accounts are subject to contra set-off claims and therefore are not collectible. A further \$17,492 was confirmed to be uncollectible due to invoicing errors and accounting disputes.

3) The Receiver paid \$69,145 to execute two NASM plan applications in order to manage the Pad and Lagoons. The Receiver estimates a further \$60,000 will be incurred to complete a third NASM application, details of which are discussed in Section 2. The Receiver has included this estimate as a provisional costs to finalize the receivership administration.

4) Members of the Posthumous family were engaged to monitor and manage the Pad, Lagoons, ship material inventory, assist with accounting and the sales process and conduct any required maintenance at the 329 Property. In conjunction with labour and property management requirements, effective September the Receiver retained one consultant to carry out the forgoing activities.

5) In addition to the insurance expense, the Receiver has accrued a further \$22,580 payable to ATI's former insurer for premiums due from the date of receivership to July 31, 2018 when the policy expired. The Receiver has included this amount as a provisional costs to finalize the receivership administration.

6) The Receiver paid \$15,000 to ATI's former environmental legal counsel and a deposit of \$9,000 to the Companies former accountant to finalize the 2017 financial statements and file a final tax return. Professional fees of \$9,000 payable to the accountant are included as a provisional costs to finalize the receivership administration.

7) The Receiver estimates \$15,000 as payable to lessors for the pro-rata use of equipment during the course of the Receiver's possession. The Receiver has included this estimate as a provisional costs to finalize the receivership administration.

APPENDIX “J”

Court File No. CV-18-595565-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

BANK OF MONTREAL

Plaintiff

and

**ARRRC INTERNATIONAL INC.,
AGRICULTURE TECHNOLOGY INCORPORATED,
2265469 ONTARIO INC., 2292760 ONTARIO INC. and 2517748 Ontario Inc.**

Defendants

**AFFIDAVIT OF ROB SMITH
(Sworn November 19, 2018)**


I, Rob Smith, of the city of London, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am a Senior Vice President and Licensed Insolvency Trustee at MNP Ltd. ("MNP") and, as such, I have knowledge of the matters to which I hereinafter depose.
2. MNP was appointed as receiver (the "Receiver"), without security, of all of the assets, undertakings and properties of ARRC International Inc., Agriculture Technology Incorporated, 2265469 Ontario Inc., 2292760 Ontario Inc. and 2517748 Ontario Inc. by the Ontario Superior Court of Justice on April 18, 2018.
3. The Receiver has prepared a Statement of Account in connection with its appointment as Receiver, detailing its services rendered and disbursements, namely:
 - (a) an account dated November 19, 2018 for the period from August 1 to November 19, 2018. Attached hereto and marked as Exhibit "A" to this my Affidavit, is a copy of the Statement of Account. The average hourly rate is \$333.89.


4. To the best of my knowledge the rates charged by MNP in connection with the within matter are comparable to the rates charges by other insolvency professionals in the Southwestern Ontario market for the provision of similar services.

5. This Affidavit is made in support of a motion to, inter alia, approve the fees and disbursements of the Receiver.

SWORN before me at the City of)
London, in the Province of Ontario)
This 19th day of November 2018.)



A Commissioner, etc.



Rob Smith

Anne Patricia Nelligan, a Commissioner, etc.,
Province of Ontario, for MNP Limited.
Expires February 7, 2020.

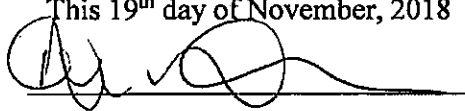
Attached is Exhibit "A"

Referred to in the

AFFIDAVIT OF ROB SMITH

Sworn before me

This 19th day of November, 2018

A handwritten signature in black ink, appearing to read 'Anne Nelligan', is written over a horizontal line.

Commissioner for taking Affidavits, etc

Anne Patricia Nelligan, a Commissioner, etc.,
Province of Ontario, for MNP Limited.
Expires February 7, 2020.

Invoice

Invoice Number : 0

Client Number : 0712312

Invoice Date : Nov 19 2018

Invoice Terms : Due Upon Receipt

Rob Smith
ARRRC International Inc. & Agriculture Technology Incorporated
MNP Ltd.
1002-148 Fullarton Street
London, ON N6A 5P3

For Professional Services Rendered :

For professional services rendered in connection with our engagement as court-appointed receiver of ARRC International, Agriculture Technology Incorporated, 2265469 Ontario Inc., 2292760 Ontario Inc. and 2517748 Ontario Inc.

<u>Name</u>	<u>Hours</u>	
Senior Vice-President Rob Smith	24.8	
Vice-President Brendan Hinton	86.0	
Administrative	9.0	
Total Professional Fees	119.8	42,569.40
Plus Disbursements		
Mileage & Travel	1,264.63	
Other (accounting software license fees, search fees)	740.00	
Total Disbursements		2,004.63
Less: Discretionary Discount		-4,574.03
	Sub Total :	40,000.00
	Harmonized Sales Tax :	5,200.00
	Total (CAD) :	45,200.00

HST Registration Number : 103697215 RT 0001

Invoices are due and payable upon receipt.

Continued on page 2..

Thank you for your business. We
sincerely appreciate your trust in us.

Licensed Insolvency Trustees
148 FULLARTON STREET, SUITE 1002; LONDON ON; N6A 5P3
P: 310-3328 F: (519) 964-2210 www.MNP.ca

Invoice



Invoice Number : 0

Client Number : 0712312

Invoice Date : Nov 19 2018

Invoice Terms : Due Upon Receipt

Rob Smith
ARRRC International Inc. & Agriculture Technology Incorporated
MNP Ltd.
1002-148 Fullarton Street
London, ON N6A 5P3

...Continued from page 1

DRAFT

Thank you for your business. We
sincerely appreciate your trust in us.

Licensed Insolvency Trustees
148 FULLARTON STREET, SUITE 1002; LONDON ON; N6A 5P3
P: 310-3328 F: (519) 964-2210 www.MNP.ca

Date	Description	Units	Amount	Notes
31-Oct-2018	Alexandra Ramos	1.00	303.00	Updated ATI Hydro accounts excel spreadsheet with hydro payment info, and issue payment
14-Nov-2018	Angela Liu	.40	85.20	Save court orders and receiver's reports to court in K drive; post the same to website; email to B. Hinton to update
02-Aug-2018	Anne Nelligan	.20	28.40	posting cheques
13-Aug-2018	Anne Nelligan	.10	14.20	posting cheques
14-Aug-2018	Anne Nelligan	.20	28.40	posting cheques
16-Aug-2018	Anne Nelligan	.20	20.60	posting cheques
27-Aug-2018	Anne Nelligan	.10	10.30	posting cheques
28-Aug-2018	Anne Nelligan	.20	28.40	posting cheques
10-Sep-2018	Anne Nelligan	.20	20.60	banking
12-Sep-2018	Anne Nelligan	.20	20.60	PPSA
18-Sep-2018	Anne Nelligan	.20	28.40	posting
20-Sep-2018	Anne Nelligan	.20	20.60	posting cheques
01-Oct-2018	Anne Nelligan	.40	41.20	chq's and saving
03-Oct-2018	Anne Nelligan	.10	10.30	posting cheques
04-Oct-2018	Anne Nelligan	.20	20.60	posting cheques
11-Oct-2018	Anne Nelligan	.20	20.60	banking
16-Oct-2018	Anne Nelligan	.10	10.30	chq prep
25-Oct-2018	Anne Nelligan	.20	20.60	banking
31-Oct-2018	Anne Nelligan	.20	20.60	posting cheques
02-Nov-2018	Anne Nelligan	.20	20.60	banking
06-Nov-2018	Anne Nelligan	.20	20.60	posting cheques
09-Nov-2018	Anne Nelligan	.20	20.60	banking
12-Nov-2018	Anne Nelligan	.10	10.30	posting cheques
		3.90	436.80	
01-Aug-2018	Brendan Hinton	2.80	980.00	Deal with NASM plan application and coordinating execution. F/u and deal with insurance. Discussions with management. Gather/prepare materials for CRA HST audit on Tuesday. Deal with banking matter and Receiver sale reconciliation.
02-Aug-2018	Brendan Hinton	1.90	665.00	Deal with plastic sales invoicing and reconciliation/banking matter. Review and consider response to LPW energy information request. Draft responses. Re-draft certain forms and Internal inquiry with CF team.
07-Aug-2018	Brendan Hinton	6.50	2,275.00	Address CRA information request and prepare for HST audit. Compile multiple records to action extensive financial information request. Communication with CRA and management. Address pond and coordinate NASM application. Various communication throughout day. Discussion with Grodan and prepare memo. Prepare response and address queries of multiple lessor claimants and property owners.
08-Aug-2018	Brendan Hinton	6.80	2,380.00	Begin draft Receiver's second Court report. Review file and notes to address activities and introduction. Begin amending R&D and fee schedule. Continue to organize NASM application. Calls with various third parties. Address R. Smith query on pond.
09-Aug-2018	Brendan Hinton	4.30	1,505.00	Deal with property claim and communication with management. Deal with banking matter. Continue drafting Court report. Review banking and WIEPP materials. Address NASM plan and continue coordinating third party vendors.
13-Aug-2018	Brendan Hinton	3.00	1,050.00	Draft edits and additions to Court report. Review banking and reconciliation of sales and AR. Prepare R&D.
14-Aug-2018	Brendan Hinton	2.80	980.00	Finalize Court report and changes for R. Smith. Communication to execute NASM plan. Communication with third party vendors to organize. F/u and address management queries.
15-Aug-2018	Brendan Hinton	.90	315.00	Deal with NASM matters. Communication with pad manager. Discussions on strategy.
20-Aug-2018	Brendan Hinton	1.50	525.00	Finalize Court report and schedules.
21-Aug-2018	Brendan Hinton	.50	175.00	Communication on NASM. Discussion with prospective purchaser and coordinate attendance at farm.
22-Aug-2018	Brendan Hinton	.80	280.00	Deal with interested party queries. Discussions with Luke re: NASM. Discussions with NASM plan developer. Communication with MOE.
23-Aug-2018	Brendan Hinton	.70	245.00	Deal with interested party query and response. F/u and address management queries. Discussions on NASM plan.
27-Aug-2018	Brendan Hinton	1.00	350.00	Deal with interested parties. Deal with banking matters. Communication with management. Draft R&D and budget. Communication with NASM vendors.
28-Aug-2018	Brendan Hinton	.50	175.00	Communication with interested parties. F/u on management queries.
29-Aug-2018	Brendan Hinton	1.80	630.00	Deal with lessor queries. Review bin reconciliation for counsel and draft response. Communication with management re: update. F/u and address interested party queries. Deal with banking matters. Communication on receiver sales and reconciliation exercise.
30-Aug-2018	Brendan Hinton	1.00	350.00	Communication on receiver sales and reconciliation exercise to confirm indebtedness. F/u and draft requisitions for payments on various accounts.
04-Sep-2018	Brendan Hinton	2.50	875.00	Attend facility to inspect premise and meet with management for update. Communication with MOE. Deal with management queries.
05-Sep-2018	Brendan Hinton	.50	175.00	Communication with NASM plan developer. Deal with Banking matter. Deal with CRA and draft communication and prepare package to address info request.
06-Sep-2018	Brendan Hinton	.50	175.00	Deal with sales process matters. Reach out to prospective purchaser to provide details of opportunity. F/u on email communication from management. Discussions internally to plan/strategize next steps.
11-Sep-2018	Brendan Hinton	1.00	350.00	Deal with banking matters and reconciling cash flow to bank balance. Communicate with additional BMO referred interested party. Review offers with R. Smith and plan next steps. Reconcile GroBank invoices.
12-Sep-2018	Brendan Hinton	.50	175.00	Discussions re: proposals and file planning with R. Smith.

13-Sep-2018	Brendan Hinton	1.70	595.00	Deal with banking. Reconcile account and prepare budget for R. Smith. Planning/budgeting conversations throughout morning to support additional BMO funding request. Communication with interested parties. Discussion with ESA and draft memo for T. Van and R. Smith. Communication with lessors. Communication with Lessors.
17-Sep-2018	Brendan Hinton	1.50	525.00	Deal with banking. Reconcile receiver sales and connections for Ascend. F/u on status of HST audit. Communication re: insurance. Review bin question from T. Van Klink and prepare memo with reconciliation to support counter proposal. Communication with interested parties re: extension.
19-Sep-2018	Brendan Hinton	.50	175.00	Communication with auctioneer. F/u and address queries. Deal with banking matters.
21-Sep-2018	Brendan Hinton	1.50	525.00	Travel to property to inspect site and take pictures. Draft response to insurer to provide assurance regarding payment.
24-Sep-2018	Brendan Hinton	1.00	350.00	Deal with banking matter. F/u and address management queries.
25-Sep-2018	Brendan Hinton	.80	280.00	Deal with banking matters. Call with HydroOne. Address management queries.
01-Oct-2018	Brendan Hinton	1.50	525.00	Draft communication with CRA. Prepare packages for 74 mailout. Deal with banking. Address queries from interested parties. Communication with management.
02-Oct-2018	Brendan Hinton	.50	175.00	Deal with lessors. Respond to queries. Review MOE communication. Deal with banking and receiver sales.
03-Oct-2018	Brendan Hinton	.50	175.00	Deal with receiver sales and follow up. Manage banking. Cut payments.
10-Oct-2018	Brendan Hinton	.80	280.00	Deal with WEPP. Look into Kapestanov family issue. Reorganize file and resubmit.
16-Oct-2018	Brendan Hinton	2.00	700.00	Discussion with management in AM. Draft update to R. Smith and Bank. Deal with lessor calls. Calls with bailiff and extension discussion. F/u on banking matters.
22-Oct-2018	Brendan Hinton	1.00	350.00	Review HST reconciliation and meet with R. Smith to discuss next steps. Understand entries and address audit discrepancies.
24-Oct-2018	Brendan Hinton	2.00	700.00	Reconcile Receiver sales and deal with banking matters. Communication with customers and collection of AR. Address prospective purchaser queries. Communication with CRA and request for extension to provide documentation.
29-Oct-2018	Brendan Hinton	.50	175.00	Review offer to BMO to refinance and Posthumous communication.
30-Oct-2018	Brendan Hinton	1.50	525.00	Internal planning meeting. Conference call with Bank to discuss next steps. F/u on HST matter. Communication with lessors.
31-Oct-2018	Brendan Hinton	.70	245.00	Communication with lessors. Draft communication on HST matter and F/u.
01-Nov-2018	Brendan Hinton	.20	70.00	Deal with property claim and communication with claimant.
05-Nov-2018	Brendan Hinton	.20	70.00	Communication with multiple lessor claimants. Communication with MOE. Discussions with Luke and Matthew re: pond and NASM application requirements.
06-Nov-2018	Brendan Hinton	1.60	560.00	Communication with MOE. Discussions with Luke and Matthew re: pond and NASM application requirements.
07-Nov-2018	Brendan Hinton	.50	175.00	Deal with WEPP issue and draft extensive response on maternity leave.
09-Nov-2018	Brendan Hinton	.20	70.00	Communication with prospective new lender re: site attendance.
12-Nov-2018	Brendan Hinton	3.50	1,225.00	Begin drafting Receiver's third court report. Review file and compile information. Review banking.
13-Nov-2018	Brendan Hinton	6.50	2,275.00	Travel to and from premise to meet with Maynards appraisers. Deal with NASM matter and organize further application. Draft Receiver's Report.
14-Nov-2018	Brendan Hinton	4.50	1,575.00	Organize NASM plan. Calls with various service providers. Discussions/planning with R. Smith. Answer multiple queries throughout day. Continue drafting Receiver's third court report. Review banking and correct several errors. Reconcile account.
15-Nov-2018	Brendan Hinton	3.50	1,225.00	Complete draft of main report for R. Smith review. Review file and begin compiling documents for appendices. Deal with organizing NASM application throughout day. Various calls with vendors and developer. Edits to cost analysis. F/u and address R. Smith queries. Deal with lessor claimant queries and response.
16-Nov-2018	Brendan Hinton	3.50	1,225.00	Review R. Smith notes to main report. Finalize and begin compiling appendices. Complete Supplemental draft and begin compiling appendices. Communication with vendors for NASM plan development.
19-Nov-2018	Brendan Hinton	2.00	700.00	Deal with NASM plan application and finalize Court reports (main and supplement).
		86.00	30,100.00	
01-Aug-2018	Dania Hasan	1.50	372.00	reached out to prospects on CIM list to inform them about extension of bid
01-Aug-2018	Jen Naus	1.00	142.00	Pisettes invoice; Return deposit funds to Budget Environmental; Employee call to update address; Verify Wire ;
07-Aug-2018	Jen Naus	.30	42.60	Input Employee claim. Verify SIN, Set up WEPP; email to Luis Moreno
13-Aug-2018	Jen Naus	.10	14.20	Employee call re WEPP
14-Aug-2018	Jen Naus	.10	14.20	Chq Req
15-Aug-2018	Jen Naus	.70	99.40	Bank Rec; Employee call re WEPP; Chq Reqs for utilities; follow up call to hydro one
		2.20	312.40	
03-Aug-2018	Rob Smith	.60	270.00	weekly update to BMO
13-Aug-2018	Rob Smith	.40	180.00	respond to A. Hall email re L2W and pond; update from B Hinton on pond; brief weekly update to BMO
14-Aug-2018	Rob Smith	.40	180.00	review pond pump quotes; email to BMO re recommendations for pond pump; follow up email to B. Mihalis
15-Aug-2018	Rob Smith	2.50	1,125.00	review and edits to second court report and R&D, email to T. Van Klink re same
16-Aug-2018	Rob Smith	.30	135.00	fee affidavit
17-Aug-2018	Rob Smith	.20	90.00	follow up email to T Van Klink re 2nd court report and provide Vaspa mailing address to add to service list
21-Aug-2018	Rob Smith	1.00	450.00	fee quote for BMO; call with Toop Whiteley from TerraPave; update email to BMO
28-Aug-2018	Rob Smith	.20	90.00	call with R. Vespa, review motion material and email to T. Van Klink
30-Aug-2018	Rob Smith	.10	45.00	July bank rec
30-Aug-2018	Rob Smith	.10	45.00	August bank rec
30-Aug-2018	Rob Smith	1.00	450.00	attend court for approval of second court report
04-Sep-2018	Rob Smith	.60	270.00	weekly update to BMO; call with A. Hall to discuss potential offer delays
06-Sep-2018	Rob Smith	1.30	585.00	call with Stan Dickson re potential financing, call with M. Posthumus re status of deal; update call to A. Hall
11-Sep-2018	Rob Smith	2.20	990.00	call with T. Whiteley from TerraPave re update on due diligence; call with M. Posthumus re update on offer and his negotiations; review offers received; update email to BMO summarizing offers

12-Sep-2018	Rob Smith	2.20	990.00	call with BMO to discuss offers and 45 day extension requests; review draft tax info for carry back sent from Collins Barrow, respond re questionable inventory valuation, email to M. Posthumus for comment; call with m. Posthumus re ongoing ops, tax return, sales process
17-Sep-2018	Rob Smith	.20	90.00	emails with T. Van Klink re Vespa
18-Sep-2018	Rob Smith	.20	90.00	email to A. Hall re funding request
25-Sep-2018	Rob Smith	.30	135.00	review update from Posthumus, forward details to BMO
01-Oct-2018	Rob Smith	.50	225.00	call with M. Posthumus re weekly update; weekly update to BMO
09-Oct-2018	Rob Smith	.60	270.00	update call on lenders with M. Posthumus; update email to BMO; call with T. Van Klink re roll of bins and court date
11-Oct-2018	Rob Smith	.10	45.00	Aug bank rec
22-Oct-2018	Rob Smith	.50	225.00	call with M. Posthumus re status of offer; update email to BMO
23-Oct-2018	Rob Smith	.30	135.00	review summary of HST assessed liability, email to T. Van Klink re same
24-Oct-2018	Rob Smith	.10	45.00	respond to T. Van Klink email re sales process and timing of Court date
26-Oct-2018	Rob Smith	.80	360.00	review Posthumus offer and follow up letter, email to BMO to update; email to BMO to advise of HST issue
29-Oct-2018	Rob Smith	2.10	945.00	call with I. Cooke, review J. Cooke email and Equis Capital letter, email to BMO to advise of changes to Posthumus proposal; review offer to BMO re debt purchase; call with Van Klink to discuss Posthumus offer and BMO debt purchase
30-Oct-2018	Rob Smith	1.50	675.00	review emails and documentation from Posthumus and Cooke re new proposal; call with BMO to discuss next steps and debt purchase offer; call to Posthumus
02-Nov-2018	Rob Smith	.40	180.00	prepare estimated cost budget to complete administration to Nov 15; call with T. Van Klink re source deduction priority and BMO receiver certificate charge
12-Nov-2018	Rob Smith	.20	90.00	call to T. Van Klink re requirements for 3rd court report
13-Nov-2018	Rob Smith	.30	135.00	call with M. Posthumus re his offer and ponds
14-Nov-2018	Rob Smith	.30	135.00	call with Feldman and Van Klink; msg to A Hall re ponds
15-Nov-2018	Rob Smith	.80	360.00	review of third court report
16-Nov-2018	Rob Smith	2.10	945.00	review and edits to final version of draft ATI report and confidential supplement, email same to T. Van Klink for comment
19-Nov-2018	Rob Smith	.40	180.00	MNP fee affidavit
		24.80	11,160.00	
	Total Professional Fees		119.80	42,569.40

Disbursements				
Mileage & Travel				
20-Jun-2018	Brendan Hinton		146.97	Mileage: Return travel from London to Ruthven
09-Jul-2018	Brendan Hinton		146.97	Mileage: Return travel from London to Ruthven
12-Jul-2018	Brendan Hinton		146.97	Mileage: Return travel from London to Ruthven
18-Jul-2018	Brendan Hinton		146.97	Mileage: Return travel from London to Ruthven
26-Jul-2018	Rob Smith		113.84	Mileage: Aldershot Go (court attendance)
31-Jul-2018	Rob Smith		146.97	Mileage: meet M. Posthumus to discuss offer
30-Aug-2018	Rob Smith		122.00	Via train to Toronto (court attendance)
04-Sep-2018	Brendan Hinton		146.97	Mileage: Return travel from London to Ruthven
21-Sep-2018	Brendan Hinton		146.97	Mileage: Return travel from London to Ruthven
			<u>1,264.63</u>	

Other Disbursements				
22-Jul-2018	Misc. Disbursements		180.00	Quickbooks License Renewal - July
22-Aug-2018	Misc. Disbursements		180.00	Quickbooks License Renewal - August
12-Sep-2018	Misc. Disbursements		20.00	PPSA Vespa Search
22-Sep-2018	Misc. Disbursements		180.00	Quickbooks License Renewal - Sept
22-Oct-2018	Misc. Disbursements		180.00	Quickbooks License Renewal - October
			<u>740.00</u>	
	Total Disbursements		2,004.63	

APPENDIX “K”

Court File No. CV-18-595565-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

ARRRC INTERNATIONAL INC., AGRICULTURE TECHNOLOGY INCORPORATED,
2265469 ONTARIO INC., 2292760 ONTARIO INC. and 2517748 ONTARIO INC.

Respondents

APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.
B-3, and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43.

FEE AFFIDAVIT OF SHERRY KETTLE


I, Sherry Kettle, of the City of London, in the County of Middlesex, in the Province of Ontario, MAKE OATH AND SAY:

1. I am a partner with the law firm of Miller Thomson LLP ("MT"), lawyers for MNP Ltd., in its capacity as Court-appointed Receiver (the "Receiver"), of the assets, undertakings and properties of ARRC International Inc., Agriculture Technology Incorporated, 2265469 Ontario Inc., 2292760 Ontario Inc. and 2517748 Ontario Inc. and, as such, have knowledge of the matters to which I hereinafter depose.
2. I make this Affidavit in support of the Receiver's motion for, among other things, having the fees and disbursements of MT, as legal counsel to the Receiver, approved.
3. Attached hereto to this my Affidavit and marked as Exhibit "A" are copies of the invoices rendered by MT to MNP for the period July 1, 2018 through October 31, 2018 (the "Period"). The invoices rendered by MT and appended hereto as Exhibit "A" (the "MT Invoices") accurately reflect the services provided by MT in connection with the Period and the fees and disbursements claimed by it. During the Period, the total fees billed were \$18,943.00, the disbursements billed were \$658.88, plus applicable taxes in the amount of

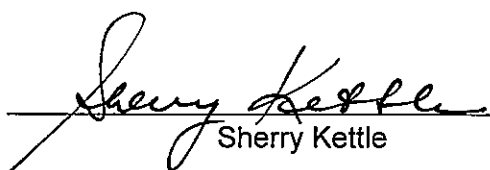
\$2,527.45. Attached hereto to this my Affidavit and marked as Exhibit "B" is a statement summarizing MT's fees for the Period. Lawyers and staff at MT have collectively expended a total of 36 billable hours in connection with this matter as outlined in the summary of fees attached as Exhibit "B".

4. To the best of my knowledge, the rates charged by MT throughout these proceedings are comparable to the rates charged by other firms in the Southwestern Ontario market for the provision of similar services. No premiums have been charged.

SWORN before me at the City of London,)
in the County of Middlesex, Province of)
Ontario this 21st day of November, 2018)



A Commissioner for taking affidavits.)



Sherry Kettle)

**Julia Christina Zanetti, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires June 12, 2020.**

Attached are Exhibits "A" and "B" to the
Affidavit of Sherry Kettle sworn the 21st
day of November, 2018



A Commissioner, Etc.

**Julia Christina Zanetti, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law,
Expires June 12, 2020.**

EXHIBIT "A"



MILLER THOMSON
AVOCATS | LAWYERS

MILLER THOMSON LLP
ONE LONDON PLACE
255 QUEENS AVENUE, SUITE 2010
LONDON, ON N6A 5R8
CANADA

T 519.931.3500
F 519.858.8511

MILLERTHOMSON.COM

August 22, 2018

Invoice Number 3221077

MNP Ltd.
1002-148 Fullarton Street
London, ON N6A 5P3

Attention: Rob Smith, Senior Vice-President

To Professional Services Rendered in connection with the following matter(s) including:

Re: ARRC International and Agriculture Technology
Our File No. 0223176.0003

Date	Initials	Description	Hours
07/03/2018	AVK	Working on security opinion	2.50
07/04/2018	AVK	Working on and finalizing security opinion	1.60
07/05/2018	AVK	Receive and review Notice of Withdrawal of Appeal - Environmental Tribunal	0.10
07/06/2018	AVK	Telephone call with lawyer for Blueshore Leasing	0.20
07/06/2018	AVK	Letter to counsel for Echelon	0.10
07/06/2018	AVK	Letter to counsel for Nicas investments	0.10
07/11/2018	AVK	E-mail to Mr. Hinton	0.10
07/24/2018	AVK	Review correspondence from counsel to Blueshore and respond to same	0.20
07/24/2018	AVK	Reviewing Nicas Investments Debt Assignment and Security Agreement, reviewing Echelon Insurance Indemnity and Security Agreement, e-mails to MNP thereon	0.80
07/25/2018	AVK	E-mails with Mr. Smith; telephone call with Mr. Smith re status of sale process	0.30
07/25/2018	AVK	Preparing for court attendance	0.70
07/25/2018	AVK	Reviewing pleadings for Town of Kingsville action	0.60

Please return the Account Summary and Remittance Form with your payment.
Terms: Accounts due when rendered. Interest at the rate of 12.0% per annum will be

33574777.1 charged on accounts overdue 30 days or more. Any disbursements not posted to your account on the date of this account will be billed later.



Invoice 3221077

Date	Initials	Description	Hours
07/26/2018	AVK	Attend on motion to approve activities and sales process; attend to entry of Order at court office; travel to and from	6.50
07/27/2018	AVK	Letter to service list	0.10
07/27/2018	AVK	Telephone call with Mr. Smith	0.20
07/27/2018	AVK	Reviewing e-mail from Mr. Smith and offers	0.20
07/31/2018	AVK	Telephone call with Mr. Cooke	0.50
07/31/2018	AVK	Reviewing e-mail from Mr. Hall	0.10
07/31/2018	AVK	Telephone call with Mr. Smith	0.30
Total Hours			15.20

Our Fee: **8,892.00**

Taxable Disbursements

Agent's Fees	30.00	
Mileage/Parking Expenses	118.58	
Out of town travel expenses	21.24	
Total Taxable Disbursements	169.82	\$169.82

Total Fees and Disbursements **\$9,061.82**

Ontario HST 13% (R119440766)

On Fees		\$1,155.96
On Disbursements		\$22.08

Total Amount Due **\$10,239.86**

E.&O.E.

Please return the Account Summary and Remittance Form with your payment.

Terms: Accounts due when rendered. Interest at the rate of 12.0% per annum will be

33574777.1 charged on accounts overdue 30 days or more. Any disbursements not posted to your account on the date of this account will be billed later.



MILLER THOMSON
AVOCATS | LAWYERS

MILLER THOMSON LLP
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LONDON, ON N6A 5R8
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F 519.858.8511

MILLERTHOMSON.COM

September 30, 2018

Invoice Number 3239515

MNP Ltd.
1002-148 Fullarton Street
London, ON N6A 5P3

Attention: Rob Smith, Senior Vice-President

To Professional Services Rendered in connection with the following matter(s) including:

Re: ARRRC International and Agriculture Technology
Our File No. 0223176.0003

Date	Initials	Description	Hours
08/01/2018	AVK	E-mails with other counsel and trial coordinator regarding Town of Kingsville action and adjournment of pretrial	0.20
08/17/2018	AVK	Reviewing and revising receiver's draft second report; preparing motion materials	2.00
08/17/2018	SK	Review and swear fee affidavit;	0.10
08/20/2018	AC	Obtain Corporation Profile Report for 2435895 Ontario Limited and provide same to J. Franchini;	0.10
08/20/2018	AVK	Working on motion materials for second report and related correspondence	0.50
08/21/2018	AVK	Telephone call with Mr. Vespa	0.10
08/29/2018	AVK	Reviewing Blueshore Leasing issue; e-mails with lawyer for Blueshore; telephone calls with lawyer for Mr. Vespa; telephone call with lawyer for Blueshore; working on draft order; e-mail to lawyer for Mr. Vespa	1.60
08/30/2018	AVK	Attend on motion for 2nd Report of the Receiver; attend to entry of Order at court office	7.00
08/31/2018	AVK	Letter to Service List	0.10
09/11/2018	AVK	E-mail from Mr. Smith regarding sales process status	0.10

Please return the Account Summary and Remittance Form with your payment.
Terms: Accounts due when rendered. Interest at the rate of 12.0% per annum will be

34545366.1 charged on accounts overdue 30 days or more. Any disbursements not posted to your account on the date of this account will be billed later.



Invoice 3239515

Date	Initials	Description	Hours
09/17/2018	AVK	Telephone call with lawyer for Mr. Vespa; reviewing ESA equipment issue; e-mails to MNP	0.50
09/18/2018	AK	Researching whether a Receiver can sell equipment which does not have Electrical Safety Authority approval;	1.20
09/19/2018	AK	Researching the requirement of a receiver to comply with an order from the Electrical Safety Authority to have equipment approved before a sale can occur;	3.30
Total Hours			16.80

Our Fee: **7,711.00**

Taxable Disbursements

Delivery	146.44
Agent's Fees	34.80
Mileage/Parking Expenses	118.58
Out of town travel expenses	21.24
Corporate or Securities file searches	8.00

Total Taxable Disbursements	329.06	\$329.06
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Non-Taxable Disbursements

Issue Notice of Motion	160.00
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Total Non-Taxable Disbursements	160.00	\$160.00
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Total Fees and Disbursements **\$8,200.06**

Ontario HST 13% (R119440766)

On Fees	\$1,002.43
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On Disbursements	\$42.78
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Total Amount Due **\$9,245.27**

E.&O.E.

Please return the Account Summary and Remittance Form with your payment.

Terms: Accounts due when rendered. Interest at the rate of 12.0% per annum will be

34545366.1 charged on accounts overdue 30 days or more. Any disbursements not posted to your account on the date of this account will be billed later.



MILLER THOMSON LLP
 ONE LONDON PLACE
 255 QUEENS AVENUE, SUITE 2010
 LONDON, ON N6A 5R8
 CANADA

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 F 519.858.8511

MILLERTHOMSON.COM

October 31, 2018

Invoice Number 3249482

MNP Ltd.
 1002-148 Fullarton Street
 London, ON N6A 5P3

Attention: Rob Smith, Senior Vice-President

To Professional Services Rendered in connection with the following matter(s) including:

Re: ARRRC International and Agriculture Technology
Our File No. 0223176.0003

Date	Initials	Description	Hours
10/03/2018	AVK	Reviewing Town of Kingsville matter and motion record for security for costs; e-mails to lawyer for Town of Kingsville and Mr. Smith	1.00
10/09/2018	AVK	Telephone call with Mr. Smith; e-mails with court office, e-mails with Mr. Feldman	0.30
10/18/2018	AVK	Telephone call with Mr. Allen	0.10
10/23/2018	AVK	Consideration of CRA refund issue and e-mails with Mr. Smith thereon	0.90
10/24/2018	AVK	E-mails with Mr. Smith	0.20
10/29/2018	AVK	E-mails with Mr. Smith; reviewing e-mail from Mr. Hall and attachments; telephone call with Mr. Smith	0.90
10/30/2018	AVK	Conference call with BMO and BMO counsel	0.60
		Total Hours	4.00

Our Fee: 2,340.00

Please return the Account Summary and Remittance Form with your payment.

35368136.1 charged on accounts overdue 30 days or more. Any disbursements not posted to your account on the date of this account will be billed later.



Ontario HST 13% (R119440766)
On Fees

\$304.20

Total Amount Due

\$2,644.20

E.&O.E.

Please return the Account Summary and Remittance Form with your payment.

Terms: Accounts due when rendered. Interest at the rate of 12.0% per annum will be

35368136.1 charged on accounts overdue 30 days or more. Any disbursements not posted to your account on the date of this account will be billed later.

EXHIBIT "B"
Miller Thomson's Fees

Hours	Year of Call	Rate 2018	Invoice #3221077 22-Aug-18	Invoice #3239515 20-Sep-18	Invoice #3249482 31-Oct-18	Total
T. Van Klink	1988	\$585.00	15.20	12.10	4.00	31.30
S. Kettle	2007	\$335.00	0.00	0.10	0.00	0.10
A. Kelner - Student	N/A	\$130.00	0.00	4.50	0.00	4.50
A. Chornaby - Clerk*	N/A	\$175.00	0.00	0.10	0.00	0.10
			15.20	16.80	4.00	36.00
Total \$			\$8,892.00	\$7,078.50	\$2,340.00	\$18,310.50
T. Van Klink	1988	\$585.00	\$0.00	\$33.50	\$0.00	\$33.50
S. Kettle	2007	\$335.00	\$0.00	\$585.00	\$0.00	\$585.00
A. Kelner - Student	N/A	\$130.00	\$0.00	\$14.00	\$0.00	\$14.00
A. Chornaby - Clerk*	N/A	\$175.00	\$8,892.00	\$7,711.00	\$2,340.00	\$18,943.00
Summary			\$8,892.00	\$7,711.00	\$2,340.00	\$18,943.00
Fees			\$169.82	\$489.06	\$0.00	\$658.88
Disbursements			\$1,178.04	\$1,045.21	\$304.20	\$2,527.45
HST			\$10,239.86	\$9,245.27	\$2,644.20	\$22,129.33
Total						

* Fixed Fee Amount Charged

BANK OF MONTREAL

and

ARRRC INTERNATIONAL INC., et al.

Applicant

Respondents

Court File No: CV-18-595565-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**FEE AFFIDAVIT OF SHERRY KETTLE
(SWORN NOVEMBER 21, 2018)**

MILLER THOMSON LLP
One London Place
255 Queens Avenue, Suite 2010
London, ON Canada N6A 5R8

Tony Van Klink LSO#: 29008M
tvanklink@millerthomson.com
Tel: 519.931.3509
Fax: 519.858.8511

Lawyers for MNP Ltd., the Court-appointed
Receiver of the assets, undertakings and
properties of ARRC International Inc.,
Agriculture Technology Incorporated, 2265469
Ontario Inc., 2292760 Ontario Inc. and 2517748
Ontario Inc.

TAB 3

Court File No. CV-18-595565-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE _____) WEEKDAY TUESDAY, THE #4TH
JUSTICE _____) DAY OF MONTH DECEMBER, 20YR 2018

BETWEEN:

PLAINTIFF

Plaintiff

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

DEFENDANT

Defendant

ARRRC INTERNATIONAL INC., AGRICULTURE TECHNOLOGY INCORPORATED,
2265469 ONTARIO INC., 2292760 ONTARIO INC. and 2517748 ONTARIO INC.

Respondents

APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3,
and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43.

DISCHARGE ORDER

THIS MOTION, made by [~~RECEIVER'S NAME~~] MNP Ltd. in its capacity as the Court-appointed receiver and manager (the "Receiver") of the ~~undertaking, property and assets of~~ [DEBTOR] (, undertakings, and properties of ARRC International Inc., Agriculture Technology Incorporated, 2265469 Ontario Inc., 2292760 Ontario Inc. and 2517748 Ontario Inc. (collectively, the "Debtor/Debtors")); for, inter alia, an order: -

- (a) if necessary, abridging the time for and validating service of this Notice of Motion and the Third and Final Report of the Receiver to the Court dated November 21, 2018 (the "Final Report") and directing that any further service of this Notice of Motion and the Final Report be dispensed with such that this motion is properly returnable on December 4, 2018;
- (b) ~~1. approving the Final Report and the conduct and activities of the Receiver as set out in the report of the Receiver dated [DATE] (the "Report") reported therein;~~
- (c) approving the Receiver's Statement of Receipts and Disbursements for the period April 18, 2018 to November 21, 2018;
- (d) ~~2. approving the fees and disbursements of the Receiver and its counsel;~~
professional fees and disbursements of the Receiver and its legal counsel, including the estimated fees to complete the administration of the receivership;
- 3. ~~approving the distribution of the remaining proceeds available in the estate of the Debtor;~~
~~{and}~~
- 4. ~~discharging [RECEIVER'S NAME] as Receiver of the undertaking, property and assets of the Debtor;~~ ~~and~~
- 5. ~~releasing [RECEIVER'S NAME]~~
- (e) sealing the Confidential Supplement to the Final Report;
- (f) subject to the completion of the assignment by Bank of Montreal ("BMO") to Maynbridge Capital Inc. ("Maynbridge") of the indebtedness owing to BMO by the Debtors and the security held by BMO for that indebtedness as contemplated by the Secondary Debt Sale Trade Confirmation dated November 16, 2018 between BMO and Maynbridge (the "Trade Confirmation") and the Receiver completing its administration of the receivership estate as described in the Final Report and filing a Certificate of Completion and a copy of the Final Statement of Receipts and Disbursements with this Honourable Court, discharging MNP Ltd. as receiver

of the assets, undertakings and properties of the Debtors and releasing MNP Ltd. from any and all liability, as set out in paragraph 5 of this Order¹; and

(g) such further and other relief as counsel may advise and this Honourable Court may deem just.

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report, ~~the affidavits of the Receiver and its counsel as to fees (the "Fee Affidavits"), Notice of Motion, the Final Report~~ and on hearing the submissions of counsel for the Receiver and all other parties present as noted on the Counsel Slip, no one else appearing for any other person on the service list, although properly served as evidenced by appears from the Affidavit affidavit of [NAME] Julie Franchini sworn [DATE], November 2018, filed²;

1. THIS COURT ORDERS that the Final Report and the conduct and activities of the Receiver, as set out in the Report, reported therein be and the same are hereby approved.

1. THIS COURT ORDERS that the Receiver's Statement of Receipts and Disbursements for the period from April 18, 2018 to November 21, 2018 be and is hereby approved.

2. THIS COURT ORDERS that the Confidential Supplement to the Final Report shall be sealed until further order of this Court.

3. ~~2-~~ THIS COURT ORDERS that the professional fees and disbursements of the Receiver and its Miller Thomson LLP, counsel to the Receiver, as set out in ~~the Report and the Fee Affidavits~~, forth in the fee affidavit of Rob Smith sworn November 19, 2018 and the fee affidavit of Sherry Kettle sworn November 21, 2018 together with the MNP Fee Accrual and MT Fee Accrual, as defined in the Final Report, be and are hereby approved.

¹ If this relief is being sought, stakeholders should be specifically advised, and given ample notice. See also Note 4, below.

² This model order assumes that the time for service does not need to be abridged.

~~4. 3. THIS COURT ORDERS that, after payment of the fees and disbursements herein approved, the Receiver shall pay the monies remaining in its hands to [NAME OF PARTY]³.~~

~~4. THIS COURT ORDERS that upon payment of the amounts set out in paragraph 3 hereof [and upon the Receiver filing a certificate certifying that it has completed the other activities described in the Report] the transaction contemplated by the Trade Confirmation has been completed and it has completed the administration of the receivership estate together with a copy of the Final Statement of Receipts and Disbursements, the Receiver shall be discharged as Receiverreceiver of the undertaking, property and assets, undertakings and properties of the DebtorDebtors, provided however that notwithstanding its discharge herein (a) the Receiver shall remain Receiverreceiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of [RECEIVER'S NAME]MNP Ltd. in its capacity as Receiver.~~

5. {THIS COURT ORDERS AND DECLARES that [RECEIVER'S NAME]MNP Ltd. is hereby released and discharged from any and all liability that [RECEIVER'S NAME]MNP Ltd. now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of [RECEIVER'S NAME]MNP Ltd. while acting in its capacity as Receiver herein, save and except for any gross negligence or wilful misconduct on the Receiver's part. Without limiting the generality of the foregoing, [RECEIVER'S NAME]MNP Ltd. is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership proceedings, save and except for any gross negligence or wilful misconduct on the Receiver's part.}⁴

³ ~~This model order assumes that the material filed supports a distribution to a specific secured creditor or other party.~~

⁴ ~~The model order subcommittee was divided as to whether a general release might be appropriate. On the one hand, the Receiver has presumably reported its activities to the Court, and presumably the reported activities have been approved in prior Orders. Moreover, the Order that appointed the Receiver likely has protections in favour of the Receiver. These factors tend to indicate that a general release of the Receiver is not necessary. On the other hand, the Receiver has acted only in a representative capacity, as the Court's officer, so the Court may find that it is appropriate to insulate the Receiver from all liability, by way of a general release. Some members of the subcommittee felt that, absent a general release, Receivers might hold back funds and/or wish to conduct a claims bar process, which would unnecessarily add time and cost to the receivership. The general release language has~~

6. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

been added to this form of model order as an option only, to be considered by the presiding Judge in each specific case. See also Note 1, above.

BANK OF MONTREAL

and

ARRRC INTERNATIONAL INC., et al.

Applicant

Respondents

Court File No: CV-18-595565-00C1

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at TORONTO

DISCHARGE ORDER

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2265469 Ontario Inc., 2292760 Ontario Inc.
and 2517748 Ontario Inc.

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Total changes	177

BANK OF MONTREAL

and

ARRRC INTERNATIONAL INC., et al.

Applicant

Respondents

Court File No. CV-18-595565-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**MOTION RECORD
(RETURNABLE DECEMBER 4, 2018)**

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