

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)

In the Matter of the Notice of Intention to Make a Proposal of  
Prosysco Ltd. of the city of Mississauga  
in the Province of Ontario

and in the Matter of the Notice of Intention to Make a Proposal of  
1110615 Ontario Ltd. of the city of Mississauga  
in the Province of Ontario

THIRD REPORT OF ALBERT GELMAN INC.  
IN ITS CAPACITY AS PROPOSAL TRUSTEE

(Dated July 20, 2023)

I. INTRODUCTION

1. This third report (“Third Report”) is filed by Albert Gelman Inc. (“AGI”) in its capacity as proposal trustee (the “Proposal Trustee”) in connection with a Notice of Intention to Make a Proposal (“NOI”) filed by Prosysco Ltd. (“Prosysco”) and 1110615 Ontario Ltd. (“111Co.”, and together with Prosysco, the “Companies”) on April 1, 2023 under Section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) (the “BIA”). Attached hereto at **Appendix “A”** are copies of the NOI and Certificates of Appointment issued by the Office of the Superintendent of Bankruptcy for each of the Companies.

2. On April 24, 2023 on a motion made by the Companies the Honourable Justice Conway granted an order (the “April 24 Order”) approving, among other things, an administrative consolidation of the Companies proposal proceedings and an extension of the stay of proceedings afforded under the NOI to June 14, 2023. A copy of the April 24 Order and related Endorsement is attached hereto as **Appendix “B”**.

3. The Trustee prepared a report in respect of the April 24, 2023 motion dated April 19, 2023 (the “First Report”). Attached hereto as **Appendix “C”** is a copy of the First Report, without appendices.

4. On June 12, 2023 on a motion made by the Companies the Honourable Justice Kimmel granted an order (the “June 12 Order”) approving, among other things, an extension of the stay of proceedings afforded under the NOI to July 31, 2023. A copy of the June 12 Order and related Endorsement is attached hereto as **Appendix “D”**.

5. The Trustee prepared a report in respect of the June 12, 2023 motion dated June 8, 2023 (the “Second Report”). **Attached hereto as Appendix “E”** is a copy of the Second Report, without appendices.
6. The Companies are making a motion to the Court, to be heard jointly, returnable July 27, 2023 (the “July 27 Motion”) **seeking various relief. This** Third Report has been prepared largely in response to and in **support of the Companies’** July 27 Motion.
7. On its July 27 Motion, the Companies are seeking, amongst other things, an Order:
  - a. further extending the time for each of the Companies to file a proposal to September 14, 2023 **(the “Third Stay Extension”)**; and,
  - b. approving the activities and fees of the Proposal Trustee and its counsel.
8. **The Companies’ have filed with their** July 27 Motion the affidavit of Terrence Scott sworn July 19, 2023 **(the “Scott Affidavit”)**, **in support of the relief being sought. The** Proposal Trustee has reviewed the Scott Affidavit and has no reason to doubt or otherwise challenge the facts attested to therein.
9. For the reasons explained herein, the Proposal Trustee supports the relief sought by the Companies at their July 27 Motion.

## II. PURPOSE OF THIS REPORT

10. The purpose of this Third Report is to:
  - a. provide the Court with relevant information pertaining to the Companies which is not otherwise described in the Scott Affidavit;
  - b. provide information to the Court regarding the actions and activities of both the Proposal Trustee and the Companies subsequent to the date of the Second Report; and,
  - c. provide the Court with the Proposal Trustee’s **recommendations in respect of the** relief sought by the Companies.

## III. SCOPE AND TERMS OF REFERENCE

11. In preparing this Third Report, the Proposal Trustee has relied upon certain unaudited financial **information, the Companies’ books and records, discussions with** management and discussions with the **Companies’ legal counsel**, Reconstruct LLP.

12. While the Proposal Trustee has reviewed various documents provided by management and others, such review does not constitute an audit or verification of such information for accuracy, completeness or **compliance with Generally Accepted Accounting Principles (“GAAP”) or International Financial Reporting Standards (“IFRS”) or otherwise. Accordingly, the** Proposal Trustee expresses no opinion or other form of assurance pursuant to GAAP or IFRS or otherwise with respect to such information except as expressly stated herein.

13. This Third Report has been prepared for **the use of this Court and the Companies' stakeholders** as general information relating to the Companies and to assist the Court in making a determination of whether to approve the relief sought. Accordingly, the reader is cautioned that this Third Report may not be appropriate for any other purpose. The Proposal Trustee will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this Third Report contrary to the provisions of this paragraph.

14. Unless otherwise noted, all monetary amounts referenced are in Canadian dollars.

#### IV. BACKGROUND INFORMATION

15. Details regarding the reasons for the NOI filing for both Companies as well as general background information pertaining to both of the Companies, including details about the Companies secured and unsecured creditors, is included in the First Report.

#### V. ACTIVITIES OF THE COMPANIES

16. Since the date of the Second Report, the Companies have undertaken, among other things, the following activities:

- a. continue to have informal discussions with various secured and unsecured creditors in respect of the restructuring proceedings;
- b. continue to attend meetings with the **Proposal Trustee to discuss the Companies' objectives** and options in respect of these restructuring proceedings; and,
- c. provided the Proposal Trustee, on an ongoing basis, with financial and other information in order to allow the Proposal Trustee to monitor its cash receipts and disbursements.

17. The Companies are requesting an extension of time to file their proposals so that they may, among other things, have additional time to stabilize their business operations and to develop a proposal to their creditors. The Companies are also continuing to canvas the market to find either an investor or longer-term financing in order to payout the RBC indebtedness in full, retire unpaid source deductions and, generally, to recapitalize the business. As further discussed below, the Proposal Trustee **supports the Companies' request** for the Third Stay Extension.

#### VI. ACTIVITIES OF THE PROPOSAL TRUSTEE

18. Since the date of the Second Report the Proposal Trustee has undertaken, among other things, the following activities:

- a. **corresponded with RBC's legal counsel to provide updated information in respect of these restructuring proceedings and other matters as requested by RBC's legal counsel;**

- b. assisted the Companies with the preparation of the Second Revised Cash Flow Forecasts (defined below);
- c. **monitored on a regular basis the Companies' cash receipts and disbursements and compared same to the Revised Cash Flow Forecasts (defined in the Second Report) prepared by the Companies' for material variances;**
- d. continued to communicate extensively with management of the Companies and the **Companies' legal counsel to discuss, among other things, the following;**
  - i. the business, financial affairs and future prospects of the Companies;
  - ii. the options available to the Companies in relation to the NOI proceedings; and,
  - iii. **long-term financing options for the Companies';**
- e. communicated with several creditors and other stakeholders who contacted the Proposal Trustee directly regarding the status of these restructuring proceedings; and,
- f. maintained a Case Webpage with electronic copies of the Court materials related to these restructuring proceedings, located at [www.albertgelman.com/corporate-solutions/other-engagements/](http://www.albertgelman.com/corporate-solutions/other-engagements/).

#### VII. SECOND REVISED CASH FLOW FORECASTS

19. On July 19, 2023 the Companies each filed with the Proposal Trustee a revised statement of projected cash flows prepared on a weekly basis for the period of July 16 to September 30, 2023 (“Second Revised Cash Flow Forecasts”), **along with management’s report on the reasonableness of the Cash Flow Forecast**, in accordance with subsection 50.4(2) of the BIA. Attached hereto as **Appendix “F”** are copies of the Second **Revised Cash Flow Forecasts along with management’s and the Proposal Trustee’s report** thereon.

20. In the Proposal Trustee’s **opinion, the** Second Revised Cash Flow Forecasts demonstrate that the Companies can continue to operate during the forecast period without material prejudice to any of the **Companies’ creditors**. The accuracy of the Second Revised Cash Flow Forecasts are subject to the assumptions contained within the forecast and set out in the forecast notes.

#### VIII. REQUEST FOR EXTENSION

21. The Companies are seeking the Third Stay Extension pursuant to subsection 50.4(9) of the BIA.

22. The Proposal Trustee supports the Third Stay Extension as it is of the opinion that:

- a. the Companies have acted, and are acting, in good faith and with due diligence;

- b. the Companies would likely be able to make a viable Proposal if the extension being applied for were granted; and,
- c. no creditor would be materially prejudiced if the extension being applied for were granted.

23. The Proposal Trustee is also of the opinion that a Proposal developed by each of the Companies is more beneficial to all stakeholders than an immediate forced shut down of the Companies and a liquidation **of the Companies' assets**. This is so because a Proposal: (a) would likely provide for a significantly greater return to the Companies' unsecured creditors; (b) **would result in continued employment for Prosysco's** approximately 62 employees; and, (c) would result in a more orderly and efficient process to distribute funds to the **Companies'** secured and unsecured creditors.

#### IX. ACCOUNTS OF THE PROPOSAL TRUSTEE AND ITS COUNSEL

24. Attached hereto as **Appendix "G"** is the affidavit of Bryan Gelman regarding the Proposal Trustee's fees from June 5 to July 19, 2023 **accompanied by the supporting time docket (the "Fee Affidavit")**.

25. The Proposal Trustee is of the opinion that its fees, as set out in the Fee Affidavit, are fair and reasonable, justified in the circumstances, and accurately reflect the work done by the Proposal Trustee in connection with these NOI proceedings.

26. The Proposal Trustee therefore requests and recommends approval of the fees and disbursements set out in the Fee Affidavit.

#### X. PROPOSAL TRUSTEE'S RECOMMENDATION

27. For the reasons explained herein, the Proposal Trustee respectfully recommends that this Honourable Court make an Order or Orders approving:

- a. the actions and activities of the Proposal Trustee as described in this Third Report;
- b. the Third Stay Extension; and,
- c. the fees and disbursements of the Proposal Trustee set out in the Fee Affidavit.

All of which is respectfully submitted this 20th day of July 2023

ALBERT GELMAN INC., solely in its capacity as Trustee of *re* the Notice of Intention to Make a Proposal of Prosysco Ltd. and 1110615 Ontario Ltd. and not its Personal or any other Capacity

Per:   
\_\_\_\_\_  
Tom McElroy, CPA, CA, CBV, CIRP, LIT

**Appendices to the Third Report of  
Albert Gelman Inc., in its capacity as Proposal Trustee**

Appendix A-1	Certificate of Appointment re Prosysco Ltd.
Appendix A-2	Form 33 - NOI - Prosysco
Appendix A-3	Certificate of Appointment - 1110615 Ontario Ltd.
Appendix A-4	Form 33 - NOI - 1110615 Ontario Ltd.
Appendix B-1	Order and Endorsement of Justice Conway dated April 24, 2023
Appendix B-2	Endorsement of Justice Conway
Appendix C	First Report of the Trustee dated April 12, 2023 (without Appendices)
Appendix D-1	Order of Justice Kimmel dated June 12, 2023 (Extension of Stay of Proceedings)
Appendix D-2	Endorsement of Justice Kimmel (Stay Extension)
Appendix E	Trustee's Second Report dated June 8, 2023 (without Appendices)
Appendix F	Second Revised Cash flow (both companies)
Appendix G	Affidavit of Fees of the Proposal Trustee

# **APPENDIX A - 1**



Industry Canada  
Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada  
Bureau du surintendant  
des faillites Canada

District of Ontario  
Division No. 09 - Mississauga  
Court No. 32-2929201  
Estate No. 32-2929201

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

**Prosysco Ltd.**

Insolvent Person

**ALBERT GELMAN INC.**

Licensed Insolvency Trustee

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Date of the Notice of Intention:

April 01, 2023

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

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

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

Date: April 03, 2023, 12:37

E-File/Dépôt Electronique

Official Receiver

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

**Canada**

# **APPENDIX A - 2**

District of: Ontario  
Division No. 09 - Mississauga  
Court No.  
Estate No.

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

In the Matter of the Proposal of  
Prosysco Ltd.  
of the City of Mississauga, in the Province of Ontario

Take notice that:

1. I, Prosysco Ltd., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. Albert Gelman Inc. of 60 Shaftesbury Avenue, Toronto, ON, M4T 1A3, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the City of Toronto in the Province of Ontario, this 1st day of April 2023.



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Prosysco Ltd.  
Insolvent Person

To be completed by Official Receiver:

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Filing Date

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Official Receiver

District of: Ontario  
 Division No. 09 - Mississauga  
 Court No. 32-2929201  
 Estate No. 32-2929201

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

In the Matter of the Proposal of  
 Prosysco Ltd.  
 of the City of Mississauga, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Abell Pest Control Inc	246 Attwell Drive Etobicoke ON M9W 5B4		523.20
ACI Central Inc	PO Box 53 Charlottetown PE C1A 7K1		1,094.14
Acklands Grainger Inc.	P.O. Box 2970 Winnipeg MB R3C 4B5		2,176.97
Advanced Motion & Controls LTD	26 Saunders Road Barrie ON L4N 9A8		5,308.15
Air Liquide	1700 Steeles Ave. E Bramalea ON L6T 1A6		3,480.02
Alantra Leasing	P.O. Box 4375, 98 Cogle Road Sussex NB E4E 5L5		4,156.10
Alfa Laval Inc. Zahra Akbari	c/o TH1301, P.O. Box 4290, Postal Station A Toronto ON M5W 0E1	59479.57 usd	80,063.37
Alpha Controls & Instrumentation	361 Steelcase Rd W, Suite 6 Markham ON L3R 3V8		3,227.96
Ampco Pumps Co., Inc.	2045 West Mill Rd Glendale WI 53209		32,273.45
ATCO Structures & Logistics Ltd.	65 Reive Blvd, PO Box 1089 Cookstown ON L0L1L0		1,118.70
AVCO (Alloy Valves and Control)	3210 S. Susan Steet Santa Ana CA 92704		51,794.87
Aztec Electrical Supply Inc.	25 North Rivermede Rd. #4-10 Concord ON L4K 5V4		5,195.00
BELTSERVICE CANADA COMPANY	C/O T10205CP.O. BOX 4918, STN A Toronto ON M5W 0C9		563.60
Benefits by Design Inc	Suite 500-2755 Lougheed Hwy Port Coquitlam BC V3B 5Y9		13,314.67
BERCON RENTALS	503 Carling view drive Etobicoke ON M8W5H2		5,911.03

District of: Ontario  
 Division No. 09 - Mississauga  
 Court No. 32-2929201  
 Estate No. 32-2929201

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

In the Matter of the Proposal of  
 Prosysco Ltd.  
 of the City of Mississauga, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Brand Blvd	261 Martindale Road, Unit 5 St Catherines ON L2W 1A1		2,432.77
Burkert Fluid Control Systems	11425 Mt. Holly-Huntersville Road Huntersville NC 28078		444,427.65
BURT PROCESS EQUIPMENT	100 Overlook Drive Hamden CT 16514		2,074.62
Business Systems Inc.	5800 Coopers Ave. Mississauga ON L5T 2J3		1,295.69
C.F.F. Stainless Steels	1840 Burlington Street, East Hamilton ON L8H 3L4		91,080.22
Cedar Springs	45 Villarboit Cres, # 2 Concord ON L4K 4R2		465.40
Chandler Industrial Supplies	1051 Brevik Place Mississauga ON L4W 3R7		10,193.23
Cintas	23 Torlake Crescent Toronto ON M8Z 1B5		7,329.00
COMMERCIAL AIR COMPRESSOR LTD.	95 Konrad Crescent Markham ON L3R 8T8		15,088.33
Concept Storage Solutions	1470 Creditstone Rd Vaughan ON L4K5W2		1,331.05
CONREX STEEL	50 Taber Road Etobicoke ON M9W 3A8		4,203.60
Contro Valve Equipment inc.	3375 North Service Road Units B4-B6 Burlington ON L7N 3G2		11,276.27
Core Industrial Gases Inc	395 Frankcom Street Ajax ON L1S 1R4		8,162.86
CRA - non-tax Programs London Tax Services Office Processing Systems Section - Bankruptcy	PO Box 2517, 451 Talbot St. 11th Fl London ON N6A 4G9	120951181RP0001	1,430,548.00

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In the Matter of the Proposal of  
 Prosysco Ltd.  
 of the City of Mississauga, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Crown Industrial Roofing	227 Queens Plate Drive, Unit 3 Toronto, ON M9W 6Z7		9,525.90
CSA Group Testing & Certification Inc.	178 Rexdale Blvd. Toronto ON M9W 1R3		6,000.30
CSI Equipment & Service	2700 N Partnership Blvd Springfield MO 65803		95,682.21
Dafco Filtration Group	1300 Aerowood Drive Mississauga ON L4W 1B7		1,509.59
Dampney Company, Inc.	85 Paris Street Everett MA 12149		1,141.59
De Lage Landen Financial Services Canada Inc.	3450 Superior Court Unit 1 Oakville ON L6L 0C4	Printer & Forklift leases	251.00
Delta T Heat Exchangers Inc.	206-1674 Hyde Park Road London ON N6H 5L7		18,338.21
Donaldson Company, Inc.	PO Box 207356 Dallas TX 75320-7356		14,010.18
Employee Termination Pay		estimate	60,000.00
Enbridge Gas Distribution Inc.	P.O. Box 644 Scarborough ON M1K 5H1		7,322.98
Enersource	P.O. Box 3080 Station "A" Mississauga ON L5A 3V6		3,078.96
Eri-son Instrumentation Services Corp.	32 Dawnridge Trail Brampton ON L6Z 2A1		565.00
EVOQUA Water Technologies Ltd.	P.O. Box 15738 STN A Toronto ON M5W 1C1		1,356.25
Fabco Plastics Wholesale	2175-A Teston Rd MAPLE ON L6A1T3		14,527.16
Fastening House Inc.	160 Bass Pro Mills Dr. Vaughan ON L4K 0A7		3,155.30
Federal Express Canada Ltd	P.O. Box 4626 Toronto Station A Toronto ON M5W 5B4		306.61

District of: Ontario  
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 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
 Prosysco Ltd.  
 of the City of Mississauga, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
GENERATIONS CLEANING INC.	1129 Wentworth St-B3 OSHAWA ON L1J 8P7		3,019.22
GFL Environmental Inc.	39 Fenmar Drive North York ON M9L 1M1		627.78
Gould Stainless Products Ltd.	1141, 6027 – 79 Avenue SE Calgary AB T2C 5P1		656.36
GTI Global Freight Systems (2014) Inc.	5020 Rue Fairway LACHINE QC H8T 1B8		4,255.00
GTI Roll Transportation Services Inc.	5020 Rue Fairway Lachine QC H8T 1B8		6,113.30
Hansler Smith Limited	P.O. BOX 310 Brockville ON K6V 5V5		2,006.96
Impro	5265 General Road Mississauga ON L4W 2K4		3,145.85
Intempco Controls Ltd	880 Selkirk Avenue Pointe-Claire QC H9R 3S3		463.30
John Brooks Company Limited	2625 Meadowpine blvd. Mississauga ON L5N 7K5		59,274.29
KINEQUIP INC.	333 Wycroft Rd. Unit 8 Oakville ON L6K 2H2		28,770.39
Line Process Controls Inc.	50 Venture Drive, Unit 8 Scarborough ON M1B 3L6		8,233.52
Livingston International	P.O. Box 5640 Terminal A Toronto ON M5W 1P1		32,978.99
LZR FIT Pressure Vessel Heads	1119A Bridge Street Tomahawk WI 54487		44,880.58
Max Precision Turning Inc.	349 Bowes Rd, Unit 24 Concord ON L4K 1J3		932.25
McMaster-Carr	P.O. Box 7690 Chicago IL 60680-7690		3,053.92

District of: Ontario  
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 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
 Prosysco Ltd.  
 of the City of Mississauga, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Metaline, Premium Metal Fabrication	3605 Weston Rd Toronto ON M9L 1V7		610.20
Minister of Finance (PEI)	31 Gordon Drive Charlottetown PE C1A 6B8		667.00
MISTRAS Services Inc.	C/O Lockbox 915890P.O. Box 4090 STN A Toronto ON M5W 0E0		2,067.34
MOBILE MINI STORAGE SOLUTIONS	73 BROWNS LINE TORONTO ON M8W 3S2		1,434.83
New Electric Enterprises Inc.	3185 Dundas St west Oakville ON L6M4J4		5,299.70
Noble Corporation	7171 Jane Street Concord ON L4K 1A7		7,455.64
Ontario Hose Specialties Inc.	7245 Pacific Circle Mississauga ON L5T 1V1		1,198.36
ONYX FIRE PROTECTION SERVICES INC.	400 Matheson Blvd West Mississauga ON L5R 0H1		2,066.42
Original Power Tool Co. Ltd.	7508 Bath Rd. Mississauga ON L4T 1L2		823.81
Pinacle	455 Ambassador Drive Mississauga ON L5T 2J3		10,396.80
PORTA-PLUS PORTABLES	210 SUMMERFIELD DRIVE GUELPH ON N1L1L3		1,073.50
PowerOn Computer Systems	35 West Pearce St. Unit 36 Richmond Hill ON L4B 3A9		1,959.43
Province Electric Supply	425-6 Superior Blvd Mississauga ON L5T 2W5		10,549.04
Purolator Inc.	P.O. Box 1100Etobicoke Postal Stn A Etobicoke ON M9C 5K2		251.80
Qualtech Distribution	7795 Raoul-Lassonde St-Hyacinthe QC J2R 1E4		36,804.10

District of: Ontario  
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In the Matter of the Proposal of  
 Prosysco Ltd.  
 of the City of Mississauga, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Ram Imaging Products Inc.	1040 Martin Grove Rd. Unit 6 Etobicoke ON M9W 4W4		937.50
RBC Royal Bank	c/o Harrison Penza LLB, Tim Hogan 130 Dufferin Ave Suite 1101 London ON N6A 5R2		2,000,000.00
Rolark Stainless Steel Inc.	71 Conair Parkway Woodbridge ON L4H 0S4		22,093.70
Rubber Fab	c/o Garlock Hygienic Technologies LLC PO Box 74008414 Chicago IL 60674-8414		262.17
Rudy's Machine Ltd	2901 Greenfield Rd Ayr ON N0B 1E0		5,123.59
SAMSON Controls Inc.	1-105 Riviera Drive Markham ON L3R 5J7		29,848.54
Shareholders and related party loans		Estimate for NOI purposes	2,500,000.00
Spirax Sarco Canada	383 Applewood Cres Concord ON L4K 4J3		22,698.33
Stanley Manufacturing Company	230 Bartley Dr. Toronto ON M4A 1G3		1,182.10
Staples Business Advantage	c/o T04446CPO Box 4446, STN A Toronto ON M5W 4A2		4,864.52
Steel & O'Brien Manufacturing, Inc	Department 2250 PO Box 986500 Boston MA 02298-6500		299.29
Stonhard	95 Sunray Street Whitby ON L1N 9C9		14,520.50
Sunbelt Rentals of Canada	535 Welham Road Barrie ON L4N 8Z6		14,649.32
Syntiro Dynamics, LLC.	P.O. Box 1154 Wall NJ 17719		1,604.35

District of: Ontario  
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 Court No. 32-2929201  
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Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
 Prosysco Ltd.  
 of the City of Mississauga, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
T.A. Networks Inc.	6750 Davand Drive #9 Mississauga ON L5T 2L8		4,576.71
Technical Standards & Safety Authority	14th Floor, Center Tower 3300 Bloor Street West Toronto ON M8X 2X4		16,755.66
Teff-Line Ltd.	4415 North Service Rd Burlington ON L7L 4X7		7,740.50
THE PRINT HOUSE	6155 Tomken Road Unit 5 MISSISSAUGA ON L5T1X3		385.77
Triovest Realty Advisors Inc.	40 University Avenue, Suite 1200 Toronto, ON M5J 1T1	Landlord-8 Prologis blvd 103-400	165,466.76
United Rentals of Canada, Inc.	C/O T52638 P.O. BOX 4526, POSTAL STATION A Toronto ON M5W 5Z9		2,744.10
Valutech	10-3761 Victoria Park Avenue Toronto ON M1W 3S3		7,211.66
voestalpine Bohler Welding Group	1745 Meyerside Dr. Units 1-3 Mississauga ON L5T 1C6		2,880.20
Wachs Canada Inc.	a Division of ITW Canada Inc. PO Box 57539 STN A Toronto ON M5W 5M5		7,037.38
Watson Marlow	383 Applewood Crescent Concord ON L4K 4J3		62,026.03
Weston Valve & Fitting Ltd.	6471 Edwards Boulevard Mississauga ON L5T 2V2		56,846.66
Yula Corp. Heat Exchanger Specialists	330 Bryant Ave Bronx NY 10474-7113		61,900.00
<b>Total</b>			<b>7,771,606.18</b>



Prosysco Ltd.  
 Insolvent Person

# **APPENDIX A - 3**



Industry Canada  
Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada  
Bureau du surintendant  
des faillites Canada

District of Ontario  
Division No. 09 - Mississauga  
Court No. 32-2929202, 32-2929201  
Estate No. 32-2929202, 32-2929201

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

**1110615 Ontario Ltd.**

**Prosysco Ltd.**

Insolvent Person

**ALBERT GELMAN INC.**

Licensed Insolvency Trustee

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Date of the Notice of Intention:

April 01, 2023

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

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

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

Date: April 03, 2023, 12:40

E-File/Dépôt Electronique

Official Receiver

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

**Canada**

# **APPENDIX A - 4**

District of: Ontario  
Division No. 09 - Mississauga  
Court No.  
Estate No.

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

In the Matter of the Proposal of  
1110615 Ontario Ltd.  
of the City of Mississauga, in the Province of Ontario

Take notice that:

1. I, 1110615 Ontario Ltd., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. Albert Gelman Inc. of 60 Shaftesbury Avenue, Toronto, ON, M4T 1A3, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the City of Toronto in the Province of Ontario, this 1st day of April 2023.



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1110615 Ontario Ltd.  
Insolvent Person

To be completed by Official Receiver:

---

Filing Date

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Official Receiver

District of: Ontario  
Division No. 09 - Mississauga  
Court No.  
Estate No.

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

In the Matter of the Proposal of  
1110615 Ontario Ltd.  
of the City of Mississauga, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Prosysco Ltd.			128,000.00
Royal Bank	c/o Harrisonpensa LLP, Tim Hogan 130 Dufferin Ave Suite 1101 London ON N6A 5R2		828,000.00
<b>Total</b>			956,000.00



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1110615 Ontario Ltd.  
Insolvent Person

# **APPENDIX B - 1**

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

THE HONOURABLE ) MONDAY, THE 24<sup>TH</sup>  
 )  
JUSTICE CONWAY ) DAY OF APRIL, 2023

**IN THE MATTER OF THE *BANKRUPTCY AND  
INSOLVENCY ACT, RSC 1985, c B-3, AS AMENDED***

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A  
PROPOSAL OF PROSYSCO LTD. OF THE CITY OF TORONTO IN THE  
PROVINCE OF ONTARIO**

**ORDER  
(Re: Administrative Consolidation and Related Relief)**

**THIS MOTION** made by Prosysco Ltd. (the “**Company**”) for an order, *inter alia*, extending the time to file a proposal for a period of 45 days and administratively consolidating the two NOI Proceedings (as defined below) was heard this day at 330 University Avenue, Toronto, Ontario by video conference.

**ON READING** the Affidavit of Terrence Scott sworn April 18, 2023, and the First Report of Albert Gelman Inc. in its capacity as proposal trustee (the “**Proposal Trustee**”), and on hearing the submissions of respective counsel for the Company, the Proposal Trustee, the Royal Bank of Canada and such other counsel as were present as listed on the counsel slip, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service of Jessica Wuthmann sworn April 19, 2023, filed:

## **SERVICE**

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

## **PROCEDURAL CONSOLIDATION**

2. **THIS COURT ORDERS** that, without prejudice to the right of any party to seek or oppose substantive consolidation,

- (a) the present proceeding; and
- (b) the matter of the notice of intention to make a proposal of 1110615 Ontario Ltd. Bankruptcy Court File No. BK-23-02929202-0032 and Estate No. 32-2929202,  
  
(collectively, the “**NOI Proceedings**”)

shall be procedurally consolidated and the Proposal Trustee shall be authorized and directed to administer the NOI Proceedings on a consolidated basis for all purposes in carrying out its administrative duties and other responsibilities as trustee under the *Bankruptcy and Insolvency Act* (the “**BIA**”), including, without limitation, the following:

- (a) sending notices to the creditors of Prosysco Ltd. and 1110615 Ontario Ltd. (collectively, the “**NOI Entities**”) pursuant to one consolidated notice;
- (b) calling and conducting any meetings of creditors of the NOI Entities pursuant to one combined advertisement and one meeting;

- (c) issuing consolidated reports in respect of the estates of the NOI Entities;
- (d) preparing, filing, advertising and distributing any and all filings and/or notices relating to the administration of the estates of the NOI Entities on a consolidated basis; and
- (e) bringing motions to this Honourable Court on a consolidated basis.

3. **THIS COURT ORDERS** that the NOI Proceedings shall be assigned the single Bankruptcy Court File No. BK-23-02929201-0032 and Estate File Number 32-2929201 (the “**Consolidated Court File**”) and the following title of proceeding:

**IN THE MATTER OF THE *BANKRUPTCY AND  
INSOLVENCY ACT, RSC 1985, c B-3, AS AMENDED***

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A  
PROPOSAL OF PROSYSCO LIMITED OF THE CITY OF TORONTO IN THE  
PROVINCE OF ONTARIO**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A  
PROPOSAL OF 1110615 ONTARIO LTD.**

4. **THIS COURT ORDERS** that a copy of this Order shall be filed by the NOI Entities in the court file for each of the NOI Proceedings but that any other document required to be filed in any of the NOI Proceedings shall hereafter only be required to be filed in the Consolidated Court File.

5. **THIS COURT ORDERS** that for avoidance of doubt, any motion, application or action, including the herein motion, in respect of the NOI Entities or any of them shall be brought and filed in the Consolidated Court File and if so brought and filed it shall be deemed brought and filed

in each of the NOI Proceedings, as appropriate, without prejudice to any rules of civil procedure or otherwise that are applicable.

6. **THIS COURT ORDERS** that the procedural consolidation of the NOI Proceedings shall not:

- (a) affect the separate legal status and structures of any of the NOI Entities;
- (b) cause any of the NOI Entities to be liable for any claim for which it otherwise is not liable; or
- (c) affect the Proposal Trustee's or a creditor's right to seek to disallow any claim, including on the basis that such claim is a duplicative claim.

#### **EXTENSION OF TIME TO FILE A PROPOSAL**

7. **THIS COURT ORDERS** that pursuant to Section 50.4(9) of the BIA, the time for the NOI Entities to file a proposal with the Official Receiver be and is hereby extended up to and including June 14, 2023 (the "**Stay Period**").

#### **CONTINUATION OF SERVICES**

8. **THIS COURT ORDERS** that during the Stay Period, all persons having oral or written agreements with the NOI Entities or statutory or regulatory mandates for the supply of goods and/or services 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 NOI Entities, provided in each case that the normal prices or charges for such goods or services received after the date of this Order are paid by the NOI Entities in accordance with normal payment

practices of the NOI Entities or other practices as may be agreed upon by the supplier or service provider and each of the NOI Entities and the Proposal Trustee, or as may be ordered by this Court.

9. **THIS COURT ORDERS** that the First Report of the Proposal Trustee, and the actions, conduct and activities of the Proposal Trustee as set out therein, be and are hereby approved; provided, however, that only the Proposal Trustee, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

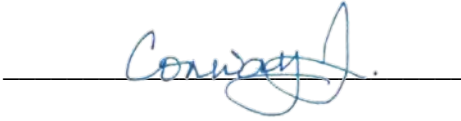
### **GENERAL**

10. **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 NOI Entities, the Proposal Trustee and their respective 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 NOI Entities and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the NOI Entities and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

11. **THIS COURT ORDERS** that any interested party (including the NOI Entities and the Proposal Trustee) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

12. **THIS COURT ORDERS** that notwithstanding Rule 59.05, this Order is effective from 12:01 a.m. on the date that it is made and is enforceable without any need for entry and filing. In accordance with Rules 77.07(6) and 1.04, no formal order need be entered and filed unless an

appeal or a motion for leave to appeal is brought to an appellate court. Any party may nonetheless submit a formal order for original signing, entry and filing.

A handwritten signature in blue ink, appearing to read "Conway J.", is written over a solid horizontal black line. The signature is cursive and includes a period at the end.

**IN THE MATTER OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED**

Court File No. BK-23-02929201-0032  
Estate File No. 32-2929201

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A  
PROPOSAL OF PROSYSCO LTD. OF THE CITY OF TORONTO IN  
THE PROVINCE OF ONTARIO**

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

*Proceedings commenced at Toronto*

**ORDER**

**RECONSTRUCT LLP**

Royal Bank Plaza, South Tower  
200 Bay Street  
Suite 2305, P.O. Box 120  
Toronto, ON M5J 2J3

**R. Brendan Bissell** LSO No. 40354V  
bbissell@reconllp.com  
Tel: 416.613.0066

**Jessica Wuthmann** LSO No. 72442W  
jwuthmann@reconllp.com  
Tel: 416.613.8288

**Lawyers for Prosysco Ltd and 1110615  
Ontario Ltd.**

## **APPENDIX B - 2**



SUPERIOR COURT OF JUSTICE

**COUNSEL/ENDORSEMENT SLIP**

COURT FILE NO.: BK-23-02929201-0032  
BK-23-02929202-0032

DATE: April 24, 2023

NO. ON LIST: 5 & 6

TITLE OF PROCEEDING: PROSYSCO LTD. et al

BEFORE: JUSTICE CONWAY

**PARTICIPANT INFORMATION**

**For Plaintiff, Applicant, Moving Party:**

Name of Person Appearing	Name of Party	Contact Info
Jessica Wuthmann	Applicants	<a href="mailto:jwuthmann@reconllp.com">jwuthmann@reconllp.com</a>

**For Defendant, Respondent, Responding Party:**

Name of Person Appearing	Name of Party	Contact Info

**For Other, Self-Represented:**

Name of Person Appearing	Name of Party	Contact Info
Mario Forte	Albert Gelman Inc.	<a href="mailto:forte@gsnh.com">forte@gsnh.com</a>
Ianina Raguimov	Albert Gelman Inc.	<a href="mailto:iraquimov@albertgelman.com">iraquimov@albertgelman.com</a>
Thomas Masterson	RBC	<a href="mailto:tmasterson@harrisonpensa.com">tmasterson@harrisonpensa.com</a>

**ENDORSEMENT OF JUSTICE CONWAY:**

- [1] The Applicants bring this motion for an order administratively consolidating the NOI proceedings commenced by them and extending the time for filing a proposal to June 14, 2023.
- [2] The motion is unopposed and is supported by both the senior secured creditor (RBC) and the Proposal Trustee. I agree that the administrative consolidation makes sense under the circumstances given the substantial overlap between the NOI proceedings. I also agree to the extension – the Applicants are acting in good faith and with due diligence, the extension will facilitate the making of a proposal, and no creditor will be materially prejudiced by the extension. The Proposal Trustee says that the Applicants have sufficient cash to continue operating during the extended period.
- [3] Order to go as signed by me and attached to this Endorsement. This order is effective from today's date and is enforceable without the need for entry and filing.

A handwritten signature in blue ink, appearing to read "Conway J.", is located below the text of the third list item.

# **APPENDIX C**

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)

In the Matter of the Notice of Intention to Make a Proposal of  
Prosysco Ltd. of the city of Mississauga  
in the Province of Ontario

And in the Matter of the Notice of Intention to Make a Proposal of  
1110615 Ontario Ltd. of the city of Mississauga  
in the Province of Ontario

FIRST REPORT OF ALBERT GELMAN INC.  
IN ITS CAPACITY AS PROPOSAL TRUSTEE

(Dated April 19, 2023)

I. INTRODUCTION

1. **This first report (“First Report”) is filed by Albert Gelman Inc. (“AGI”) in its capacity as proposal trustee (the “Proposal Trustee”) in connection with a Notice of Intention to Make a Proposal (“NOI”) filed by Prosysco Ltd (“Prosysco”) and 1110615 Ontario Ltd. (“111Co.”, and together with Prosysco, the “Companies”) on April 1, 2023 under Section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) (the “BIA”). Attached hereto at **Appendix “A”** are copies of the NOI and Certificates of Appointment issued by the Office of the Superintendent of Bankruptcy for each of the Companies.**

2. The Companies are making a motion to the Court, to be heard jointly, returnable April 24, 2023 (the “April 24 Motion”) **seeking various relief. This First Report** has been prepared largely in response to and in **support of the Companies’** April 24 Motion.

3. On its April 24 Motion, the Companies are seeking, amongst other things, an Order:

- a. **administratively consolidating the Companies’ proposal** proceedings under one title of proceeding; and,
- b. extending the time for each of the Companies to file a proposal to June 14, 2023 **(the “Stay Extension”)**;

4. **The Companies’ have filed with their** April 24 Motion the affidavit of Terrence Scott sworn April 18, 2023 **(the “Scott Affidavit”), in support of the relief being sought. The** Proposal Trustee has reviewed the Scott Affidavit and has no reason to doubt or otherwise challenge the facts attested to therein.

5. For the reasons explained herein, the Proposal Trustee supports the relief sought by the Companies at their April 24 Motion.

## II. PURPOSE OF THIS REPORT

6. The purpose of this First Report is to:

- a. provide the Court with relevant information pertaining to the Companies which is not otherwise described in the Scott Affidavit;
- b. provide information to the Court regarding the actions and activities of both the Proposal Trustee **and the Companies subsequent to the filing of the NOI's**; and,
- c. provide the Court with the Proposal Trustee's **recommendations in respect of the** relief sought by the Companies.

## III. SCOPE AND TERMS OF REFERENCE

7. In preparing this First Report, the Proposal Trustee has relied upon certain unaudited financial **information, the Companies' books and records, discussions with** management, discussions with representatives of Norton McMullen LLP, **the Companies' external accountant**, and discussions with the **Companies' legal** counsel, Reconstruct LLP.

8. While the Proposal Trustee has reviewed various documents provided by management and others, such review does not constitute an audit or verification of such information for accuracy, completeness or compliance with **Generally Accepted Accounting Principles ("GAAP") or International Financial Reporting Standards ("IFRS") or otherwise. Accordingly, the** Proposal Trustee expresses no opinion or other form of assurance pursuant to GAAP or IFRS or otherwise with respect to such information except as expressly stated herein.

9. **This First Report has been prepared for the use of this Court and the Companies' stakeholders** as general information relating to the Companies and to assist the Court in making a determination of whether to approve the relief sought. Accordingly, the reader is cautioned that this First Report may not be appropriate for any other purpose. The Proposal Trustee will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this First Report contrary to the provisions of this paragraph.

10. Unless otherwise noted, all monetary amounts referenced are in Canadian dollars.

## IV. BACKGROUND INFORMATION

### Reason for NOI Filing

11. RBC is the senior secured lender to Prosysco. RBC had provided Prosysco with revolving credit facilities which had outstanding balances of approximately \$2.33 million and US\$250,000 as of March 22,

2023. RBC had also provided Prosysco with various term facilities and a credit card facility which on March 22, 2023 had balances outstanding of approximately \$380,000 and \$53,000, respectively. Therefore, the total indebtedness of Prosysco to RBC was approximately \$2.76 million and US\$250,000 as of March 22, 2023 plus accrued and accruing interest (**the “RBC Debt”**). The RBC Debt is secured by, among other things, a general security agreement **dated June 16, 2016 (the “Prosysco Security”)**.

12. 111Co. provided a limited guarantee of the RBC Debt to a maximum of \$820,000. The limited guarantee is secured by, among other things, a general security agreement **dated June 16, 2016 (the “111Co. Security”)**. RBC declared Prosysco in default on its loan obligation to RBC in or around March 22, 2023. As a result of the default RBC issued its Notice of Intention to Enforce a **Security (the “NITES”)** in accordance with section 244 of the BIA to both Prosysco and 111Co., which are attached as Exhibit “C” to the Scott Affidavit. The 10-day period set out in the NITES was set to expire on April 2, 2023. In order to stay RBC from enforcement action both of the Companies filed a NOI on April 1, 2023.

13. Further background information with respect to each of the Companies is set out below.

Prosysco Ltd.

14. Paul Chimko was the sole officer and director of the Prosysco. Attached to the Scott Affidavit as **Exhibit “D” is a copy of** the corporate profile search for Prosysco. Paul Chimko passed away suddenly on April 6, 2023. On April 10, 2023 Alan Chimko was elected the sole director of Prosysco pursuant to a resolution of the shareholders. On April 10, 2023 Terrence Scott was appointed as President and Secretary of Prosysco pursuant to a resolution of the director.

15. Prosysco is a supplier of highly specialized engineered process solutions and is certified and equipped to manufacture process equipment, process vessels and high purity piping systems in-house. Its clients principally include, among others, companies in the biotech, pharmaceutical, food, beverage and dairy industries. Prosysco employs approximately 62 employees. **Prosysco’s** employees are not unionized. Prosysco leases its head office which is located at 8 Prologis Boulevard in Mississauga, Ontario. Prosysco leases manufacturing facilities located at 360 and 380 Ambassador Drive in Mississauga, Ontario. **Prosysco’s** gross revenues during its fiscal years ended February 28, 2020 and 2021 were approximately \$14.2 million and \$11.5 million, respectively. **Prosysco’s 2022 financial statements have not yet been prepared by its** external accountant, the reasons for which are included in the Scott Affidavit.

16. Further background information about Prosysco is contained in the Scott Affidavit. The Scott Affidavit also includes details about the causes of the **Prosysco’s** financial difficulties.

17. The material assets of Prosysco include its accounts receivable, work-in-process inventory, finished goods inventory, machinery and equipment and vehicles. Certain details about these assets are included in **the Scott Affidavit. The Proposal Trustee will provide further details to the Court regarding Prosysco’s material** assets at a later date.

1110615 Ontario Ltd.

18. Alan Chimko is the sole director of 111Co. Attached **to the Scott Affidavit as Exhibit "E"** is a copy of the corporate profile search for 111Co.

19. 111Co. is a holding company and is not engaged in active business. **111Co's only material asset** are set out below.

- a. common shares in Prosysco. 111Co. is the majority shareholder of Prosysco. The other minority shareholders are Adam Kurtz and Dmitry Puzhitsky, both of whom are management level employees of Prosysco;
- b. loans due from Prosysco and North Quest Vision (formerly 2090985 Ontario Inc.), a company related to 111Co.

20. According to the draft version of **111Co.'s fiscal year ended February 28, 2022** financial statements, which are in draft but which the Proposal Trustee has been advised will be issued in final form in due course, indicates that this company has no material liabilities, other than its indebtedness to RBC in respect of its **guarantee of Prosysco's indebtedness.**

21. Further background information about 111Co. is contained in the Scott Affidavit.

#### V. SECURED CREDITORS

Prosysco Ltd.

22. A search of the public registry for the PPSA indicates that the following creditors have registered financing/change statements against Prosysco:

Registration Date	Creditor	Collateral Classification
May 30, 2013	Royal Bank of Canada	Inventory, Equipment, Accounts, Other, Motor Vehicle
November 23, 2017	Royal Bank of Canada	Inventory, Equipment, Accounts, Other
September 19, 2018	Echelon Insurance	Inventory, Equipment, Accounts, Other, Motor Vehicle
March 5, 2019	Royal Bank of Canada	Consumer Goods, Other, Motor Vehicle
March 5, 2019	Royal Bank of Canada	Consumer Goods, Other, Motor Vehicle
April 2, 2019	Royal Bank of Canada	Equipment, Other
October 22, 2019	De Lage Landen Financial Services Canada Inc.	Equipment, Accounts, Other, Motor Vehicle
November 19, 2019	Royal Bank of Canada	Equipment, Other
October 30, 2020	Royal Bank of Canada	Consumer Goods, Other, Motor Vehicle
November 2, 2020	Ford Credit Canada Company	Equipment, Other
November 19, 2020	Royal Bank of Canada	Consumer Goods, Other, Motor Vehicle
December 7, 2020	Toyota Credit Canada Inc.	Consumer Goods, Equipment, Other, Motor Vehicle
February 4, 2021	The Bank of Nova Scotia	Equipment, Other, Motor Vehicle
March 16, 2021	Honda Canada Finance Inc.	Consumer Goods, Equipment, Motor Vehicle
May 25, 2021	Royal Bank of Canada	Equipment, Other
June 15, 2021	Toyota Credit Canada Inc.	Consumer Goods, Equipment, Other, Motor Vehicle
June 16, 2021	Royal Bank of Canada	Equipment, Other, Motor Vehicle
June 29, 2021	Vault Credit Corporation	Equipment, Other
July 5, 2021	BMW Canada Inc.	Consumer Goods, Equipment, Other, Motor Vehicle
July 22, 2021	Vault Credit Corporation	Equipment, Other
September 23, 2021	Vault Credit Corporation	Equipment, Other
October 1, 2021	Meridian Onecap Credit Corp.	Equipment, Other
October 13, 2021	Vault Credit Corporation	Inventory, Equipment, Accounts, Other
October 17, 2021	Meridian Onecap Credit Corp.	Equipment, Other
October 27, 2021	Meridian Onecap Credit Corp.	Equipment, Other
January 27, 2022	CWB National Leasing Inc.	Equipment
June 20, 2022	Bercon Rentals Inc.	Inventory, Equipment, Accounts, Other, Motor Vehicle
July 8, 2022	Royal Bank of Canada	Equipment, Other
October 13, 2022	Bercon Rentals Inc.	Inventory, Equipment, Accounts, Other, Motor Vehicle
October 27, 2022	<b>Her Majesty in right of Ontario represented by the Minister of Finance</b>	Inventory, Equipment, Accounts, Other, Motor Vehicle
November 11, 2022	ATCO Structures & Logistics Ltd.	Other

23. A copy of the PPSA search with a file currency date of March 28, 2023 is attached hereto as **Appendix “B”**.

#### Royal Bank of Canada

24. As was noted above, RBC is **Prosysco’s** senior secured creditor. RBC provided Prosysco with several term loans, both a CDN dollar and US dollar revolving line of credit and credit card facilities. The Proposal Trustee has been advised by RBC that the amount owing to RBC was approximately \$2.76 million and US\$250,000 as of March 22, 2023 plus accrued and accruing interest (defined above as the RBC Debt). Prosysco provided a general security agreement in favour of RBC as security for the RBC Debt. 111Co. provided a general security agreement securing its limited guarantee of the RBC Debt in favour of RBC. Together the **Prosysco Security and the 111Co. Security are together referred to as the “RBC Security.”**

25. The Proposal Trustee has engaged Goldman Sloan Nash and Haber LLP (“GSNH”) to provide independent legal opinions in respect of the validity and enforceability of the RBC Security (the “RBC Security Opinions”). GSNH has provided a favourable opinion on the RBC Security. Copies of the RBC

Security Opinions are attached hereto as **Appendix “C”**. RBC has the earliest registered financing statements against both Prosysco and 111Co.

#### Other Secured Creditors

26. As set out in the chart above, there are several creditors, other than RBC, who have registered financing statements. These registrations have not been investigated by the Proposal Trustee as of the date of this First Report. The Proposal Trustee will provide further details to Court at a later date with respect to each of these registrations.

#### Deemed Trust – CRA

Prosysco is indebted to the CRA in respect of unpaid source deductions in the total amount of approximately \$1.63 million.

1110615 Ontario Ltd.

27. Pursuant to a PPSA search conducted by the Proposal Trustee on March 29, 2023 (with a file currency date of March 28, 2023), the following creditors have registered financing statements against 111Co.:

Registration Date	Creditor	Collateral Classification
June 14, 2016	Royal Bank of Canada	Inventory, Equipment, Accounts, Other, Motor Vehicle
September 19, 2018	Echelon Insurance	Other

28. A copy of the PPSA search is attached hereto as **Appendix “D”**.

#### Royal Bank of Canada

29. Details of the 111Co. Security are referred to above and included in the RBC Security Opinions. RBC has the earliest registrations reflected in the PPSA search results.

#### Echelon Insurance

30. The Proposal Trustee as not investigated the registration of Echelon Insurance of the date of this First Report. The Proposal Trustee will provide further details to Court at a later date with respect to this registration.

## VI. UNSECURED CREDITORS

Prosysco Ltd.

31. Prosysco listed approximately \$1.8 million of **arm’s length unsecured claims in its NOI**.

32. **As set out in the Scott Affidavit, management intends to disclaim Prosysco’s commercial head office leases.** This landlord will have an unsecured claim in accordance with section 65.2(4) of the BIA. The landlord’s claim has not been estimated at this time.

33. Prosysco listed \$2.5 million as an estimate of the amounts owing to shareholders and other non-**arm's length unsecured creditors**. Prosysco is in the process of updated its accounting records and, once completed, the amounts owing to non-**arm's length creditors will be known**. The Trustee will provide the Court with a further update at a later date.

1110615 Ontario Ltd.

34. **The only unsecured creditor listed on 111Co's NOI was Prosysco in the amount of \$128,000.**

35. The Proposal Trustee provided notice of the NOI proceedings to the CRA. The CRA has not yet contacted the Proposal Trustee as of the date of this First Report.

## VII. ACTIVITIES OF THE COMPANIES

36. Since the date of the filing of the NOI, the Companies have undertaken, among other things, the following activities:

- a. advised various stakeholders, including management, relevant employees, and important suppliers of these restructuring proceedings;
- b. met with various prospective lenders to discuss obtaining longer term financing to payout RBC and the CRA in respect of its unpaid source deductions;
- c. had informal discussions with various secured and unsecured creditors in respect of the restructuring proceedings;
- d. attended meetings with the Proposal Trustee to discuss its objectives and options in respect of these restructuring proceedings;
- e. prepared its Cash Flow Forecasts (defined below) with the assistance of the Proposal Trustee; and
- f. provided the Proposal Trustee, on an ongoing basis, with financial and other information in order to allow the Proposal Trustee to monitor its cash receipts and disbursements.

37. The Companies are requesting an extension of time to file their proposals so that they may, among other things, have additional time to stabilize their business operations and to develop a proposal to their creditors. The Companies are also continuing to canvas the market to find additional longer-term financing in order to payout the RBC Debt in full, retire unpaid source deductions and, generally, to recapitalize the business. As further discussed below, the Proposal Trustee **supports the Companies' request for the Stay Extension**.

## VIII. ACTIVITIES OF THE PROPOSAL TRUSTEE

38. Since the date of the filing of the NOI the Proposal Trustee has undertaken, among other things, the following activities:

- a. on April 6, 2023 the Proposal Trustee mailed to every known creditor a copy of the NOI as required under subsection 50.4(6) of the BIA. A copy of the affidavits of mailing are collectively attached hereto as Appendix “E”;
- b. assisted the Companies in their efforts to obtain longer-term financing by contacting several lenders with expertise and experience in working with companies engaged in active restructuring proceedings;
- c. corresponded with RBC’s **legal counsel**;
- d. engaged GSNH as its independent legal counsel;
- e. engaged GSNH to provide an independent legal opinion with respect to the validity and enforceability of the security of RBC over the Companies;
- f. assisted the Companies with the preparation of the Cash Flow Forecast (defined below);
- g. **implemented procedures with the Companies’ management and employees in order to allow** the Proposal Trustee to consistently monitor the receipts and disbursements of the Companies and compare same to the Cash Flow Forecast for variances;
- h. communicated extensively with management of the Companies **and the Companies’ legal counsel** to discuss, among other things, the following:
  - i. the business, financial affairs and future prospects of the Companies;
  - ii. the options available to the Companies in relation to the NOI proceedings; and,
  - iii. requirements for short- and long-term financing.
- i. communicated with several creditors and other stakeholders who contacted the Proposal Trustee directly regarding the status of these restructuring proceedings; and,
- j. established a Case Webpage to post Court materials related to these restructuring proceedings, located at [www.albertgelman.com/corporate-solutions/other-engagements/](http://www.albertgelman.com/corporate-solutions/other-engagements/)

#### IX. CASH FLOW FORECASTS

39. On April 10, 2023 the Companies each filed with the Proposal Trustee a statement of projected cash flows prepared on a weekly basis for the period of April 9 to July 1, 2023 (“Cash Flow Forecasts”), **along with management’s report on the reasonableness of the Cash Flow Forecast, in accordance with subsection 50.4(2) of the BIA.** The Cash Flow Forecasts of Prosyco and 111Co. are attached to the Scott Affidavit as **Exhibits “J” and “K”, respectively.**

40. In the Proposal Trustee’s **opinion, the Cash Flow Forecasts** demonstrate that the Companies can continue to operate during the **forecast period without material prejudice to any of the Companies’ creditors.**

The accuracy of the Cash Flow Forecasts are subject to the assumptions contained within the forecast and set out in the forecast notes.

X. REQUEST FOR EXTENSION

41. The Companies are seeking the Stay Extension pursuant to subsection 50.4(9) of the BIA.

42. The Proposal Trustee supports the Stay Extension as it is of the opinion that:

- a. the Companies have acted, and are acting, in good faith and with due diligence;
- b. the Companies would likely be able to make a viable Proposal if the extension being applied for were granted; and,
- c. no creditor would be materially prejudiced if the extension being applied for were granted.

43. The Proposal Trustee is also of the opinion that a Proposal developed by each of the Companies is more beneficial to all stakeholders than an immediate forced shut down of the Companies and a liquidation **of the Companies' assets**. This is so because a Proposal: (a) would likely provide for a significantly greater return to the Companies' unsecured creditors; (b) **would result in continued employment for Prosysco's** approximately 62 employees; and, (c) would result in a more orderly and efficient process to distribute funds to the **Companies'** secured and unsecured creditors.

XI. PROPOSAL TRUSTEE'S RECOMMENDATION

44. For the reasons explained herein, the Proposal Trustee respectfully recommends that this Honourable Court make an Order or Orders approving:

- a. the **administrative consolidation of the Companies' proposal proceedings under one title of proceeding**;
- b. the Stay Extension; and,
- c. the actions and activities of the Proposal Trustee as described in this First Report.

All of which is respectfully submitted this 19th day of April 2023

ALBERT GELMAN INC., solely in its  
capacity as Trustee of *re* the Notice of  
Intention to Make a Proposal of  
Prosysco Ltd. and 1110615 Ontario Ltd.  
and not its Personal or any other Capacity

Per: \_\_\_\_\_  
Bryan Gelman, *CIRP, LIT*

# **APPENDIX D - 1**

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

THE HONOURABLE ) MONDAY, THE 12<sup>TH</sup>  
 )  
JUSTICE KIMMEL ) DAY OF JUNE, 2023

**IN THE MATTER OF THE *BANKRUPTCY AND  
INSOLVENCY ACT, RSC 1985, c B-3, AS AMENDED***

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A  
PROPOSAL OF PROSYSCO LIMITED OF THE CITY OF TORONTO IN THE  
PROVINCE OF ONTARIO**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A  
PROPOSAL OF 1110615 ONTARIO LTD.**

**ORDER  
(Re: Extension of Time to File a Proposal)**

**THIS MOTION** made by Prosysco Ltd. and 1110615 Ontario Ltd. (the “**Companies**”) for an order, *inter alia*, extending the time to file a proposal pursuant to section 50.4(9) of the *Bankruptcy and Insolvency Act, RSC 1985, c B-3, as amended* (the “**BIA**”) was heard this day at 330 University Avenue, Toronto, Ontario by video conference.

**ON READING** the Affidavit of Terrence Scott sworn June 6, 2023, and the Second Report of Albert Gelman Inc. in its capacity as proposal trustee (the “**Proposal Trustee**”) dated June 8, 2023 (the “**Second Report**”), including the fee affidavits of Bryan Gelman sworn June 7, 2023 and of Mario Forte sworn June 2, 2023 (collectively the “**Fee Affidavits**”), and on hearing the

submissions of counsel for the Companies, the Proposal Trustee, and such other counsel as were present as identified on the counsel slip, no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of Levi Rivers sworn June 6, 2023, filed:

### **SERVICE**

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

### **EXTENSION OF TIME TO FILE A PROPOSAL**

2. **THIS COURT ORDERS** that the time for the Companies to file a proposal under Section 50.4 of the BIA is hereby extended to July 31, 2023, which is the first business day after an extension period of 45 days.

### **APPROVAL OF SECOND REPORT AND FEES**

3. **THIS COURT ORDERS** that the Second Report of the Proposal Trustee, and the actions, conduct and activities of the Proposal Trustee as set out therein, be and are hereby approved, provided, however, that only the Proposal Trustee, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

4. **THIS COURT APPROVES** the professional fees and disbursements of the Proposal Trustee in the amount of \$105,477.50 (plus HST) and its counsel in the amount of \$7,328.80 as detailed and set forth in the Fee Affidavits be and hereby are approved.

**GENERAL**

5. **THIS COURT ORDERS** that notwithstanding Rule 59.05, this order is effective from 12:01 a.m. on the date that it is made and is enforceable without any need for entry and filing.

---

**IN THE MATTER OF THE BANKRUPTCY AND  
INSOLVENCY ACT, RSC 1985, c B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL  
OF PROSYSCO LTD. OF THE CITY OF TORONTO IN THE PROVINCE OF  
ONTARIO**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL  
OF 1110615 ONTARIO LTD.**

Court File No. BK-23-02929201-0032  
Estate File No. 32-2929201

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

*Proceedings commenced at Toronto*

**ORDER**

**RECONSTRUCT LLP**

Royal Bank Plaza, South Tower  
200 Bay Street  
Suite 2305, P.O. Box 120  
Toronto, ON M5J 2J3

**R. Brendan Bissell** LSO No. 40354V  
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**Jessica Wuthmann** LSO No. 72442W  
jwuthmann@reconllp.com  
Tel: 416.613.8288

**Lawyers for the Companies,  
Prosysco Ltd and 1110615 Ontario Ltd.**

## **APPENDIX D - 2**



SUPERIOR COURT OF JUSTICE

COUNSEL/ENDORSEMENT SLIP

COURT FILE  
NO.:

BK-23-02929201-0032  
Estate No. 32-2929201

DATE: 12 June 2023

NO. ON LIST: 1

TITLE OF PROCEEDING: **IN THE MATTERS OF THE NOTICE OF INTENTION TO  
MAKE A PROPOSAL OF PROSYSCO LTD. and 1110615 ONTARIO LTD.**

BEFORE JUSTICE: **Kimmel**

**PARTICIPANT INFORMATION**

**For Plaintiff, Applicant, Moving Party, Crown:**

Name of Person Appearing	Name of Party	Contact Info
Jessica Wuthmann	Prosysco Ltd. and 1110615 Ontario Ltd.	jwuthmann@reconllp.com

**For Defendant, Respondent, Responding Party, Defence:**

Name of Person Appearing	Name of Party	Contact Info
Robert Drake	The Proposal Trustee, Albert Gelman Inc.	drake@gsnh.com
Bryan Gelman	Trustee- Albert Gelman Inc	bgelman@albertgelman.com

**For Other, Self-Represented:**

Name of Person Appearing	Name of Party	Contact Info
Thomas Masterson	RBC	tmasterson@harrisonpensa.com

## **ENDORSEMENT OF JUSTICE KIMMEL:**

1. Conway J. granted an order on April 24, 2023 administratively consolidating two proceedings in respect of the two Applicants and extending the time for them to file a proposal for forty-five days, up to and including June 14, 2023.
2. The Applicants bring this motion for an order pursuant to section 50.4(9) of the BIA extending the time for filing a proposal for a further 45 days up to and including July 31, 2023 (which is the first business day after the expiry of the 45-day period on Saturday, July 29, 2023).
3. The motion is unopposed and is supported by both the senior secured creditor (RBC) and the Proposal Trustee.
4. The Applicants submit that the s. 50.4(9) factors have been met. They have demonstrated that:
  - a. They are acting in good faith and with due diligence to implement cost saving measures, enact operational changes, and explore refinancing options to preserve the business. Further, cash flow projections demonstrate that they have sufficient cash to continue operating over the proposal extension period.
  - b. The combination of new customer orders and profitability in the most recent management-prepared financial statements supports a going-concern approach to restructuring. An extension of time will facilitate their ability to continue its going-concern approach and make a proposal to their creditors, which will preserve value for the benefit of creditors.
  - c. There is nothing in the record to suggest that any creditor will be materially prejudiced by the extension. The applicants' primary secured creditor, RBC, does not oppose the extension of time to file a proposal.
5. The Proposal Trustee agrees and supports this request. I agree to the extension - the Applicants are acting in good faith and with due diligence, the extension will facilitate the making of a proposal, and there is no reason to believe that any creditor will be materially prejudiced by the extension.
6. The Applicants also seek the court's approval of the activities of the Proposal Trustee and the fees of the Proposal Trustee and its counsel to date. The standard qualification to the approval of the Proposal Trustee's activities in its Second Report dated June 8, 2023 has been included in the draft order.
7. I am satisfied that this is a situation where the Proposal Trustee has had to undertake significant work early on to regularize the Applicants' financial reporting and that it is appropriate for it and its counsel to be paid fees thus far incurred. Seeking the fee approvals on an ongoing basis serves the important objective of transparency in keeping the stakeholders informed of the cost of this process as it progresses. The service list was served with this motion and was notified of the request for fee approvals and there have been no objections. The amounts have been verified in fee affidavits.
8. Further, the Proposal Trustee has confirmed that the Revised Cash Flow Forecasts that go beyond the end of the extended proposal period take into account the payment of these fees and also budget for ongoing fees and expenses. The Proposal Trustee has opined that the Revised Cash Flow Forecasts, that take these fees into account, demonstrate that the Applicants can continue to operate during the forecast period without material prejudice to any of their creditors.

9. Order to go as signed by me today. This order is effective from today's date and is enforceable without the need for entry and filing.

A handwritten signature in cursive script, appearing to read "Kimmel J.", written in dark ink.

KIMMEL J.

# **APPENDIX E**

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)

In the Matter of the Notice of Intention to Make a Proposal of  
Prosysco Ltd. of the city of Mississauga  
in the Province of Ontario

And in the Matter of the Notice of Intention to Make a Proposal of  
1110615 Ontario Ltd. of the city of Mississauga  
in the Province of Ontario

SECOND REPORT OF ALBERT GELMAN INC.  
IN ITS CAPACITY AS PROPOSAL TRUSTEE

(Dated June 8, 2023)

I. INTRODUCTION

1. This second **report** (“Second Report”) is filed by **Albert Gelman Inc. (“AGI”)** in its capacity as **proposal trustee (the “Proposal Trustee”)** in connection with a **Notice of Intention to Make a Proposal (“NOI”)** filed by Prosysco Ltd (“Prosysco”) and 1110615 Ontario Ltd. (“111Co.”, and together with Prosysco, the “Companies”) on April 1, 2023 under Section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) (the “BIA”). **Attached hereto at Appendix “A”** are copies of the NOI and Certificates of Appointment issued by the Office of the Superintendent of Bankruptcy for each of the Companies.

2. On April 24, 2023 on a motion made by the Companies the Honourable Justice Conway granted an **order (the “April 24 Order”) approving, among other things**, an administrative consolidation of the Companies proposal proceedings and an extension of the stay of proceedings afforded under the NOI to June 14, 2023 (**the “First Stay Extension”**). **A copy of the April 24 Order and related Endorsement is attached hereto as Appendix “B”**.

3. The Trustee prepared a report in respect of the April 24, 2023 motion dated April 19, 2023 (**the “First Report”**). **Attached hereto as Appendix “C”** is a copy of the First Report, without appendices.

4. The Companies are making a motion to the Court, to be heard jointly, returnable June 12, 2023 (the “June 12 Motion”) **seeking various relief**. This Second Report has been prepared largely in response to and **in support of the Companies’ June 12 Motion**.

5. On its June 12 Motion, the Companies are seeking, amongst other things, an Order:

- a. further extending the time for each of the Companies to file a proposal to July 31, 2023 (the “Second Stay Extension”); and,
- b. approving the activities and fees of the Proposal Trustee and its counsel.

6. **The Companies’ have filed with their** June 12 Motion the affidavit of Terrence Scott sworn June 6, 2023 **(the “Scott Affidavit”), in support of the relief being sought. The** Proposal Trustee has reviewed the Scott Affidavit and has no reason to doubt or otherwise challenge the facts attested to therein.

7. For the reasons explained herein, the Proposal Trustee supports the relief sought by the Companies at their June 12 Motion.

## II. PURPOSE OF THIS REPORT

8. The purpose of this Second Report is to:

- a. provide the Court with relevant information pertaining to the Companies which is not otherwise described in the Scott Affidavit;
- b. provide information to the Court regarding the actions and activities of both the Proposal Trustee and the Companies subsequent to the date of the First Report; and,
- c. provide the Court with the Proposal Trustee’s **recommendations in respect of the** relief sought by the Companies.

## III. SCOPE AND TERMS OF REFERENCE

9. In preparing this Second Report, the Proposal Trustee has relied upon certain unaudited financial information, the **Companies’ books and records, discussions with** management and discussions with the **Companies’ legal counsel**, Reconstruct LLP.

10. While the Proposal Trustee has reviewed various documents provided by management and others, such review does not constitute an audit or verification of such information for accuracy, completeness or **compliance with Generally Accepted Accounting Principles (“GAAP”) or International Financial Reporting Standards (“IFRS”) or otherwise. Accordingly, the** Proposal Trustee expresses no opinion or other form of assurance pursuant to GAAP or IFRS or otherwise with respect to such information except as expressly stated herein.

11. This Second **Report has been prepared for the use of this Court and the Companies’ stakeholders** as general information relating to the Companies and to assist the Court in making a determination of whether to approve the relief sought. Accordingly, the reader is cautioned that this Second Report may not be appropriate for any other purpose. The Proposal Trustee will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this Second Report contrary to the provisions of this paragraph.

12. Unless otherwise noted, all monetary amounts referenced are in Canadian dollars.

#### IV. BACKGROUND INFORMATION

13. Details regarding the reasons for the NOI filing for both Companies as well as general background information pertaining to both of the Companies, including details about the Companies secured and unsecured creditors, is included in the First Report.

#### V. ACTIVITIES OF THE COMPANIES

14. Since the date the First Report, the Companies have undertaken, among other things, the following activities:

- a. continue to have informal discussions with various secured and unsecured creditors in respect of the restructuring proceedings;
- b. **continue to attend meetings with the Proposal Trustee to discuss the Companies' objectives and options** in respect of these restructuring proceedings;
- c. prepared and sent to its landlord, HOOPP Realty Inc. ("HOOPP") on April 24, 2023, pursuant to section 65.2(1) of the BIA, Form 45 - Notice to Lessor to Disclaim or Resiliate a Lease by Commercial Tenant advising HOOPP that Prosysco will be disclaiming its commercial lease in respect of the 8 Prologis Blvd., Mississauga, Ontario, Suites 103 and 400 property effective May 31, 2023 (**the "Commercial Lease Disclaimer"**). A copy of the Commercial Lease Disclaimer is attached to the Scott Affidavit at **Exhibit "E"**.
- d. prepared and sent **to several of Prosysco's lessors of equipment, furniture and vehicles on May 17, 2023** pursuant to section 65.11 of the BIA, Form 44.1 Notice By Debtor to Disclaim or Resiliate Agreement advising those lessors that their respective agreements were being **disclaimed effective thirty (30) days from the date of the notice (the "Lease Disclaimers")**. Copies of the Lease Disclaimer **are attached to the Scott Affidavit at Exhibits "F", "G", "H" and "I"**.
- e. on June 5, 2023 Prosysco rescinded the lease disclaimer which is issued to RBC pursuant to section 65.11 in respect of certain furniture and equipment;
- f. provided the Proposal Trustee, on an ongoing basis, with financial and other information in order to allow the Proposal Trustee to monitor its cash receipts and disbursements.

15. The Companies are requesting an extension of time to file their proposals so that they may, among other things, have additional time to stabilize their business operations and to develop a proposal to their creditors. The Companies are also continuing to canvas the market to find either an investor or longer-term financing in order to payout the RBC indebtedness in full, retire unpaid source deductions and, generally, to

recapitalize the business. As further discussed below, the Proposal Trustee **supports the Companies' request** for the Second Stay Extension.

## VI. ACTIVITIES OF THE PROPOSAL TRUSTEE

16. Since the date of the First Report the Proposal Trustee has undertaken, among other things, the following activities:

- a. **corresponded with RBC's legal counsel to provide updated information in respect of these restructuring proceedings and other matters as requested by RBC's legal counsel;**
- b. assisted the Companies with the preparation of the Revised Cash Flow Forecasts (defined below);
- c. assisted Prosysco with the preparation and sending of the Commercial Lease Disclaimer and Lease Disclaimers;
- d. retained Canam-Appraise Inc. to prepare an appraisal report containing the forced liquidation value **Prosysco's** machinery and equipment which it completed and provided to the Proposal Trustee on June 6, 2023;
- e. **monitored on a regular basis the Companies' cash receipts and disbursements and compared same to the original weekly cash flow projections prepared by the Companies' for material variances;**
- f. **continued to communicate extensively with management of the Companies, the Companies' internal accountant and the Companies' legal counsel to discuss, among other things, the following;**
  - i. the business, financial affairs and future prospects of the Companies;
  - ii. the options available to the Companies in relation to the NOI proceedings; and,
  - iii. long-term financing options **for the Companies'**;
- g. communicated with several creditors and other stakeholders who contacted the Proposal Trustee directly regarding the status of these restructuring proceedings; and,
- h. maintained a Case Webpage with electronic copies of the Court materials related to these restructuring proceedings, located at [www.albertgelman.com/corporate-solutions/other-engagements/#d](http://www.albertgelman.com/corporate-solutions/other-engagements/#d).

## VII. REVISED CASH FLOW FORECASTS

17. On June 7, 2023 the Companies each filed with the Proposal Trustee a revised statement of projected cash flows prepared on a weekly basis for the period of June 4 to August 19, 2023 ("Revised Cash

Flow Forecasts”), **along with management’s report on the reasonableness of the Cash Flow Forecast**, in accordance with subsection 50.4(2) of the BIA. Attached hereto as **Appendix “D”** are copies of the Revised **Cash Flow Forecasts along with management’s and the Proposal Trustee’s report thereon**.

18. In the Proposal Trustee’s **opinion**, the Revised Cash Flow Forecasts demonstrate that the Companies can continue to operate during the forecast period without material prejudice to any of the **Companies’ creditors**. The accuracy of the Revised Cash Flow Forecasts are subject to the assumptions contained within the forecast and set out in the forecast notes.

#### VIII. REQUEST FOR EXTENSION

19. The Companies are seeking the Second Stay Extension pursuant to subsection 50.4(9) of the BIA.

20. The Proposal Trustee supports the Second Stay Extension as it is of the opinion that:

- a. the Companies have acted, and are acting, in good faith and with due diligence;
- b. the Companies would likely be able to make a viable Proposal if the extension being applied for were granted; and,
- c. no creditor would be materially prejudiced if the extension being applied for were granted.

21. The Proposal Trustee is also of the opinion that a Proposal developed by each of the Companies is more beneficial to all stakeholders than an immediate forced shut down of the Companies and a liquidation **of the Companies’ assets**. This is so because a Proposal: (a) would likely provide for a significantly greater return to the Companies’ unsecured creditors; (b) **would result in continued employment for Prosysco’s** approximately 62 employees; and, (c) would result in a more orderly and efficient process to distribute funds to the **Companies’** secured and unsecured creditors.

#### IX. ACCOUNTS OF THE PROPOSAL TRUSTEE AND ITS COUNSEL

22. Attached hereto as **Appendix “E”** is the **affidavit of Bryan Gelman regarding the Proposal Trustee’s fees to June 5, 2023 accompanied by the supporting time dockets (the “Proposal Trustee Fee Affidavit”)**.

23. The Proposal Trustee is of the opinion that its fees, as set out in the Proposal Trustee Fee Affidavit, are fair and reasonable, justified in the circumstances, and accurately reflect the work done by the Proposal Trustee in connection with these NOI proceedings.

24. Attached hereto as **Appendix “F”** is the Affidavit of Mario Forte regarding the fees and disbursements of Goldman Sloan Nash and Haber LLP (“GSNH”), **counsel to the Proposal Trustee**, to April 24, 2023 **accompanied by the supporting time dockets (the “Legal Counsel Fee Affidavit”)**.

25. **It is the Proposal Trustee’s opinion that the fees and disbursements of GSNH**, as set out in the Legal Counsel Fee Affidavit are fair and reasonable, justified in the circumstances, and accurately reflect the work

done on behalf of the Proposal Trustee (as instructed and authorized by the Proposal Trustee) by GSNH in connection with these NOI proceedings.

26. The Proposal Trustee therefore requests and recommends the approval the fees and disbursements **set out in both the Proposal Trustee Fee Affidavit and the Legal Counsel Fee Affidavit (collectively, the “Fee Affidavits”)**.

X. **PROPOSAL TRUSTEE’S RECOMMENDATION**

27. For the reasons explained herein, the Proposal Trustee respectfully recommends that this Honourable Court make an Order or Orders approving:

- a. the actions and activities of the Proposal Trustee as described in this Second Report;
- b. the Second Stay Extension; and,
- c. the fees and disbursements of the Proposal Trustee and its legal counsel as set out in the Fee Affidavits.

All of which is respectfully submitted this 8th day of June 2023

ALBERT GELMAN INC., solely in its  
capacity as Trustee of *re* the Notice of  
Intention to Make a Proposal of  
Prosysco Ltd. and 1110615 Ontario Ltd.  
and not its Personal or any other Capacity

Per: \_\_\_\_\_  
Bryan Gelman, *CIRP, LIT*

# **APPENDIX F**

1110615 ONTARIO LTD.  
 SECOND REVISED STATEMENT OF PROJECTED CASH FLOWS  
 FOR THE 11 WEEK PERIOD ENDED SEPTEMBER 30, 2023

Week starting Week ending	Forecast - Weekly											
	16-Jul-23 22-Jul-23	23-Jul-23 29-Jul-23	30-Jul-23 5-Aug-23	6-Aug-23 12-Aug-23	13-Aug-23 19-Aug-23	20-Aug-23 26-Aug-23	27-Aug-23 2-Sep-23	3-Sep-23 9-Sep-23	10-Sep-23 16-Sep-23	17-Sep-23 23-Sep-23	24-Sep-23 30-Sep-23	
	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	
Cash balance - beginning of period	\$ 100	80	80	80	74	74	54	54	48	48	28	A
<b>Cash receipts (includes HST)</b>												
Receipts	-	-	-	-	-	-	-	-	-	-	-	
<b>Total cash receipts (including HST)</b>	\$ -	-	-	-	-	-	-	-	-	-	-	B
<b>Disbursements (all applicable expenses include HST)</b>												
Interest and bank charges	20	-	-	6	-	20	-	6	-	20	-	
Restructuring Fee	-	-	-	-	-	-	-	-	-	-	-	
<b>Total disbursements (including HST)</b>	\$ 20	-	-	6	-	20	-	6	-	20	-	C
<b>Net Cash-flow from operations</b>	\$ (20)	-	-	(6)	-	(20)	-	(6)	-	(20)	-	D = B - C
<b>Cash balance - end of period</b>	\$ 80	80	80	74	74	54	54	48	48	28	28	A + D

**NOTICE TO READER:**

This revised statement of projected cash-flow dated July 19, 2023 of the Company is prepared in accordance with Section 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report On Cash-Flow Statement and the Report On Cash-Flow Statement By The Person Making The Proposal.

1110615 Ontario Ltd.

Per: Terrence Scott  
 July 19, 2023

Albert Gelman Inc., solely in its capacity as Trustee in re the Notice of Intention to Make a Proposal of 1110615 Ontario Ltd. and not in its personal or any other capacity

Per: Bryan Gelman  
 July 19, 2023

District of: Ontario  
Division No. 09 - Mississauga  
Court No. 32-2929202  
Estate No. 32-2929202

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

In the Matter of the Proposal of  
1110615 Ontario Ltd.  
of the City of Mississauga, in the Province of Ontario

The attached statement of projected cash flow of 1110615 Ontario Ltd., as of the 19th day of July 2023, consisting of a second revised cash flow projection for the 11-week period from July 16 to September 30, 2023, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

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

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

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

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

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

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

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

Dated at the City of Toronto in the Province of Ontario, this 19th day of July 2023.

Albert Gelman Inc. - Licensed Insolvency Trustee

Per:



---

Bryan Gelman - Licensed Insolvency Trustee

60 Shaftesbury Avenue

Toronto ON M4T 1A3

Phone: (416) 504-1650 Fax: (416) 504-1655

District of: Ontario  
Division No. 09 - Mississauga  
Court No. 32-2929202  
Estate No. 32-2929202

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

In the Matter of the Proposal of  
1110615 Ontario Ltd.  
of the City of Mississauga, in the Province of Ontario

Purpose:

The purpose of the second revised projection is to comply with the requirements set out in Section 50.4(2) of the Bankruptcy and Insolvency Act (Canada).

Projection Notes:

Hypothetical assumptions, as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals, are assumptions with respect to a set of economic conditions or courses of action which are not necessarily the most probable in the insolvent person's judgement, but are consistent with the purposes of the Statement of Projected Cash Flow.

Probable assumptions, as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals, are assumptions that the insolvent person believes reflects the most probable set of economic conditions and expected courses of action.

Assumptions:

Hypothetical Assumptions

None.

Probable Assumptions

1. 1110615 Ontario Ltd. (the "Company") is a holding company which is not engaged in active business operations.
2. The restructuring costs of the Company are being funded by the Company's subsidiary, Prosysco Ltd., a company which also filed a Notice of Intention to Make a Proposal on April 1, 2023.

Dated at the City of Toronto in the Province of Ontario, this 19th day of July 2023.

Albert Gelman Inc. - Licensed Insolvency Trustee

Per:



---

Bryan Gelman - Licensed Insolvency Trustee  
60 Shaftesbury Avenue  
Toronto ON M4T 1A3  
Phone: (416) 504-1650 Fax: (416) 504-1655

District of: Ontario  
Division No. 09 - Mississauga  
Court No. 32-2929202  
Estate No. 32-2929202

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

In the Matter of the Proposal of  
1110615 Ontario Ltd.  
of the City of Mississauga, in the Province of Ontario

The management of 1110615 Ontario Ltd., has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 19th day of July 2023, consisting of a second revised cash flow projection for the 11-week period from July 16 to September 30, 2023.

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

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

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

Dated at the City of Mississauga in the Province of Ontario, this 19th day of July 2023.



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1110615 Ontario Ltd.  
Debtor

**Terrence Scott, President**

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Name and title of signing officer

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Name and title of signing officer

District of: Ontario  
Division No. 09 - Mississauga  
Court No. 32-2929202  
Estate No. 32-2929202

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

In the Matter of the Proposal of  
1110615 Ontario Ltd.  
of the City of Mississauga, in the Province of Ontario

Purpose:

The purpose of the second revised projection is to comply with the requirements set out in Section 50.4(2) of the Bankruptcy and Insolvency Act (Canada).

Projection Notes:

Hypothetical assumptions, as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals, are assumptions with respect to a set of economic conditions or courses of action which are not necessarily the most probable in the insolvent person's judgement, but are consistent with the purposes of the Statement of Projected Cash Flow.

Probable assumptions, as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals, are assumptions that the insolvent person believes reflects the most probable set of economic conditions and expected courses of action.

Assumptions:

Hypothetical Assumptions

None.

Probable Assumptions

1. 1110615 Ontario Ltd. (the "Company") is a holding company which is not engaged in active business operations.
2. The restructuring costs of the Company are being funded by the Company's subsidiary, Prosysco Ltd., a company which also filed a Notice of Intention to Make a Proposal on April 1, 2023.

Dated at the City of Mississauga in the Province of Ontario, this 19th day of July 2023.



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1110615 Ontario Ltd.

PROSYSCO LTD.  
 SECOND REVISED STATEMENT OF PROJECTED CASH FLOWS  
 FOR THE 11 WEEK PERIOD ENDED SEPTEMBER 30, 2023

		Forecast - Weekly										
Week starting	16-Jul-23	23-Jul-23	30-Jul-23	6-Aug-23	13-Aug-23	20-Aug-23	27-Aug-23	3-Sep-23	10-Sep-23	17-Sep-23	24-Sep-23	
Week ending	22-Jul-23	29-Jul-23	5-Aug-23	12-Aug-23	19-Aug-23	26-Aug-23	2-Sep-23	9-Sep-23	16-Sep-23	23-Sep-23	30-Sep-23	
	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	
Cash balance - beginning of period	951,891	1,521,578	1,714,538	1,578,658	1,521,270	1,932,126	2,588,332	2,548,224	2,592,908	2,626,435	2,410,097	A
<b>Cash receipts (includes HST)</b>												
Collection of accounts receivable	676,115	525,353	392,482	287,415	506,045	978,371	201,754	342,294	125,048	157,548	107,548	
<b>Total cash receipts (including HST)</b>	676,115	525,353	392,482	287,415	506,045	978,371	201,754	342,294	125,048	157,548	107,548	B
<b>Disbursements (all applicable expenses include HST)</b>												
Direct labour (incl. EHT, WSIB, DAS, etc.) (Payroll)		240,672	7,000	236,853		240,672	7,000	240,672		240,672	7,000	
Materials purchases payments	35,000	35,000	325,000	80,200	35,000	35,000	35,000	35,000	35,000	93,750	93,750	
Equipment rental				4,200			3,000					
Equipment Lease and Finance Payments		13,738		5,850	11,568	12,479		13,738		5,850	11,568	
Inspections				1,200				1,200				
Freight			1,600	1,600			1,600			1,601		
Customs and duties	500	500		500		500	500		500	500		
Employee benefits					12,000				12,000			
Shop supplies	5,400			5,400					5,400			
Auto expense		3,500		2,000		2,000		2,000			2,000	
Fleet Fuel		5,000		5,000		5,000		5,000		5,000		
Bank charges and interest	500	500	500	500	500	500	500	500	500	500	500	
Insurance		10,702				10,702				10,702		
Rent expense			86,762				86,762					
Utilities		10,000				10,000				10,000		
Telephone and communication	3,621				3,621	-	-	-	3,621	-	-	
Technology Expenses		1,500		1,500		1,500		1,500		1,500		
Purchase of machinery, equipment and tools	12,000				5,000				5,000			
Travel - Hotel and accommodations/per diems	-	3,812	-	-	-	3,812	-	-	-	3,812	-	
Office and general	14,938	7,469										
Restructuring Fee	34,469		27,500	-	27,500		27,500		27,500		27,500	
HST remittances / (refund)			80,000				80,000				80,000	
<b>Total disbursements (including HST)</b>	106,428	332,393	528,362	344,803	95,189	322,164	241,862	297,610	91,521	373,887	222,318	C
<b>Net Cash-flow from operations</b>	569,688	192,960	(135,881)	(57,388)	410,856	656,206	(40,108)	44,684	33,527	(216,338)	(114,769)	D = B - C
Cash balance - end of period	<b>1,521,578</b>	<b>1,714,538</b>	<b>1,578,658</b>	<b>1,521,270</b>	<b>1,932,126</b>	<b>2,588,332</b>	<b>2,548,224</b>	<b>2,592,908</b>	<b>2,626,435</b>	<b>2,410,097</b>	<b>2,295,328</b>	A + D

**NOTICE TO READER:**

This revised statement of projected cash-flow dated July 19, 2023 of the Company is prepared in accordance with Section 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report On Cash-Flow Statement and the Report On Cash-Flow Statement By The Person Making The Proposal.

Prosysco Ltd.

Per: Terrence Scott  
 July 19, 2023

Albert Gelman Inc., solely in its capacity as Trustee in re the Notice of Intention to Make a Proposal of Prosysco Ltd. and not in its personal or any other capacity

Per: Bryan Gelman  
 July 19, 2023

District of: Ontario  
Division No. 09 - Mississauga  
Court No. 32-2929201  
Estate No. 32-2929201

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

In the Matter of the Proposal of  
Prosysco Ltd.  
of the City of Mississauga, in the Province of Ontario

The attached statement of projected cash flow of Prosysco Ltd., as of the 19th day of July 2023, consisting of a second revised cash flow projection for the 11-week period from July 16 to September 30, 2023, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

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

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

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

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

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

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

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

Dated at the City of Toronto in the Province of Ontario, this 19th day of July 2023.

Albert Gelman Inc. - Licensed Insolvency Trustee

Per:



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Bryan Gelman - Licensed Insolvency Trustee  
60 Shaftesbury Avenue  
Toronto ON M4T 1A3  
Phone: (416) 504-1650 Fax: (416) 504-1655

District of: Ontario  
Division No. 09 - Mississauga  
Court No. 32-2929201  
Estate No. 32-2929201

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

In the Matter of the Proposal of  
Prosysco Ltd.  
of the City of Mississauga, in the Province of Ontario

Purpose:

The purpose of the second revised projection is to comply with the requirements set out in Section 50.4(2) of the Bankruptcy and Insolvency Act (Canada).

Projection Notes:

Hypothetical assumptions, as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals, are assumptions with respect to a set of economic conditions or courses of action which are not necessarily the most probable in the insolvent person's judgement, but are consistent with the purposes of the Statement of Projected Cash Flow.

Probable assumptions, as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals, are assumptions that the insolvent person believes reflects the most probable set of economic conditions and expected courses of action.

Assumptions:

Hypothetical Assumptions

None.

Probable Assumptions

1. Prosysco (the "Company") will continue to operate during these restructuring proceedings.
2. The opening cash balance represents the cash balance in the company's Royal Bank of Canada ("RBC") operating account (CDN) as of July 16, 2023. The Company will be operating without the use of its RBC credit facility during these restructuring proceedings.
3. Receipts have been estimated based on: (a) collection of accounts owing as of the date of the revised cash flow projection; and, (b) anticipated receipts from future sales/contracts.
4. Materials purchases payments, director labour expense and employee benefits expense have been estimated based on existing and anticipated future contracts.
5. It is anticipated that suppliers will be paid on a COD or near COD basis. Certain suppliers may require deposits before continuing to supply as security for future supply of goods/services.
6. Existing vendors, or suitable alternates, will continue to supply the Company with goods and services in a timely fashion necessary for the Company to maintain operations and meet customer obligations.
7. All expenses have been recorded in the week they are forecast to be incurred.
8. Office and management salaries expense includes the wages paid to salaried employees and management. This expense is included in the "Direct labour" expense item.
9. Restructuring costs consist of payments to the Debtor's legal counsel and to the Proposal Trustee to fund their respective ongoing fees and disbursements during these restructuring proceedings. It also includes the costs to fund the restructuring proceedings of 1110615 Ontario Ltd., the Company's parent company. 1110615 Ontario Ltd. also filed a notice of intention to make a proposal on April 1, 2023.

Dated at the City of Toronto in the Province of Ontario, this 19th day of July 2023.

Albert Gelman Inc. - Licensed Insolvency Trustee

Per:



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Bryan Gelman - Licensed Insolvency Trustee  
60 Shaftesbury Avenue  
Toronto ON M4T 1A3  
Phone: (416) 504-1650 Fax: (416) 504-1655

District of: Ontario  
Division No. 09 - Mississauga  
Court No. 32-2929201  
Estate No. 32-2929201

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

In the Matter of the Proposal of  
Prosysco Ltd.  
of the City of Mississauga, in the Province of Ontario

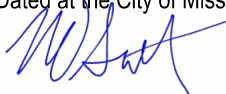
The management of Prosysco Ltd., has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 19th day of July 2023, consisting of a second revised cash flow projection for the 11-week period from July 16 to September 30, 2023.

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

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

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

Dated at the City of Mississauga in the Province of Ontario, this 19th day of July 2023.



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Prosysco Ltd.  
Debtor

**Terrence Scott, President**

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Name and title of signing officer

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Name and title of signing officer

District of: Ontario  
Division No. 09 - Mississauga  
Court No. 32-2929201  
Estate No. 32-2929201

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

In the Matter of the Proposal of  
Prosysco Ltd.  
of the City of Mississauga, in the Province of Ontario

Purpose:

The purpose of the second revised projection is to comply with the requirements set out in Section 50.4(2) of the Bankruptcy and Insolvency Act (Canada).

Projection Notes:

Hypothetical assumptions, as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals, are assumptions with respect to a set of economic conditions or courses of action which are not necessarily the most probable in the insolvent person's judgement, but are consistent with the purposes of the Statement of Projected Cash Flow.

Probable assumptions, as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals, are assumptions that the insolvent person believes reflects the most probable set of economic conditions and expected courses of action.

Assumptions:

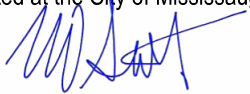
## Hypothetical Assumptions

None.

## Probable Assumptions

1. Prosysco (the "Company") will continue to operate during these restructuring proceedings.
2. The opening cash balance represents the cash balance in the company's Royal Bank of Canada ("RBC") operating account (CDN) as of July 16, 2023. The Company will be operating without the use of its RBC credit facility during these restructuring proceedings.
3. Receipts have been estimated based on: (a) collection of accounts owing as of the date of the revised cash flow projection; and, (b) anticipated receipts from future sales/contracts.
4. Materials purchases payments, director labour expense and employee benefits expense have been estimated based on existing and anticipated future contracts.
5. It is anticipated that suppliers will be paid on a COD or near COD basis. Certain suppliers may require deposits before continuing to supply as security for future supply of goods/services.
6. Existing vendors, or suitable alternates, will continue to supply the Company with goods and services in a timely fashion necessary for the Company to maintain operations and meet customer obligations.
7. All expenses have been recorded in the week they are forecast to be incurred.
8. Office and management salaries expense includes the wages paid to salaried employees and management. This expense is included in the "Direct labour" expense item.
9. Restructuring costs consist of payments to the Debtor's legal counsel and to the Proposal Trustee to fund their respective ongoing fees and disbursements during these restructuring proceedings. It also includes the costs to fund the restructuring proceedings of 1110615 Ontario Ltd., the Company's parent company. 1110615 Ontario Ltd. also filed a notice of intention to make a proposal on April 1, 2023.

Dated at the City of Mississauga in the Province of Ontario, this 19th day of July 2023.



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Prosysco Ltd.

# **APPENDIX G**

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

**In the Matter of the Notice of Intention to Make a Proposal of  
Prosysco Ltd. of the city of Mississauga  
in the Province of Ontario**

**And in the Matter of the Notice of Intention to Make a Proposal of  
1110615 Ontario Ltd. of the city of Mississauga  
in the Province of Ontario**

**PROPOSAL TRUSTEE'S AFFIDAVIT OF FEES**

I, Bryan Gelman, of the City of Toronto, make oath and say as follows:

1. I am a Licenced Insolvency Trustee and principal of Albert Gelman Inc. ("**Proposal Trustee**"), Trustee of the Notice of Intention to Make a Proposal filed by both of Prosysco Ltd. ("**Prosysco**") and 1110615 Ontario Ltd. ("**111Co.**") and as such have knowledge of the facts herein deposed to.
2. The Proposal Trustee has prepared invoices in connection with its fees as follows:
  - a. an account issued to Prosysco dated June 30, 2023 for the period from June 5 to 30, 2023 of \$16,103.50, plus HST thereon; and,
  - b. an account issued to Prosysco dated July 19, 2023 for the period from July 1 to July 19, 2023 of \$14,827.50, plus HST thereon.
3. A summary of the Proposal Trustee's time by staff member is as follows:

<b>Staff member</b>	<b>Position</b>	<b>Hours worked</b>	<b>Hourly rate</b>	<b>Total</b>
			(\$)	(\$)
Bryan Gelman, CIRP, LIT	Principal	11.7	565.00	6,610.50
Tom McElroy, CPA, CA, CBV, CIRP, LIT	Senior Manager	18.9	495.00	9,355.50
Ianina Raguimov, CIRP, LIT	Associate	37.5	395.00	14,812.50
Ashely Robinson	Estate Administrator	0.5	305.00	152.50
		<u>68.6</u>	<u>450.89</u>	<u>30,931.00</u>

4. The Proposal Trustee's total fees are \$30,931, its total hours spent is 68.6 and, therefore, its average hourly rate is calculated to be \$405.89.
5. The Proposal Trustee's accounts, including detailed time dockets, are attached hereto as **Exhibit "A"**.

6. This Affidavit is made in support of a motion to approve the accounts of Albert Gelman Inc. and for no improper purpose.

Sworn remotely by Bryan Gelman at Toronto, Ontario  
before me at Toronto, Ontario in accordance with  
O. Reg. 431/20, Administering Oath or Declaration  
Remotely, the 20th day of July 2023

}  
}  
}  
}  
} \_\_\_\_\_  
Bryan Gelman



\_\_\_\_\_  
Thomas John McElroy, a Commissioner, etc.,  
Province of Ontario, for Albert Gelman Inc.  
Expires February 14, 2025

Prosysco Ltd.  
360 Ambassador Dr,  
Mississauga, ON L5T 2J3

**Attention:** Mr. Terry Scott

## Invoice

**Invoice Date:** Jun 30, 2023

**Invoice No:** 6521

**Billing Through:** Jan 1, 2099

**File ID:** PROSYSCO-P:

**Re: Proposal of Prosysco Ltd.**

**Professional Fees:**

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
2023-06-05	IRAGUIMOV	Continued on cash flow monitoring	0.70	\$395.00	\$276.50
2023-06-06	BGELMAN	Review and respond to email pertaining to source deductions balance; Calls with Terry Scott re CRA and update on call with Rene Tegelaar at CRA; Review of applicants motion records for extension of time to file a proposal; review of draft order; review of draft report to Court by Proposal Trustee and comments to T. McElroy;	2.30	\$565.00	\$1,299.50
2023-06-06	TMCELROY	Review of proposed form of Court Order and comments to counsel re same; Review Debtor motion records; Continue drafting Report to Court;	1.30	\$495.00	\$643.50
2023-06-06	IRAGUIMOV	Continued working and finalized cash flow reporting model, sent to Tom for review, called CRA re getting the name of the agent on file and preliminary proof of claim, communication with CRA re insolvency agent on file and file update, communication with insolvency agent re file	2.10	\$395.00	\$829.50
2023-06-07	TMCELROY	Prepare Trustee's affidavit; Review of counsel changes to report; Assemble appendices; Continue drafting Second Report; Review of cash flow monitoring schedules prepared by I. RaguiMOV; Discuss same with I. RaguiMOV; Update Case Website; Review of and finalize cash flow projection; Prepare forms 29 and 30;	3.90	\$495.00	\$1,930.50
2023-06-07	BGELMAN	Review and sign fee affidavit; Review of updated appraisal on equipment; Review and due diligence on cash flow forecast provided by Debtor, calls with Terry Scott re same;	2.30	\$565.00	\$1,299.50
2023-06-07	IRAGUIMOV	Communication with Rina re cash flow monitoring financial information, reviewed and saved received information on file, prepared Syngrafi cash flow packages for bot Prosysco and 111 Company, sent to TM and TS to sign	0.40	\$395.00	\$158.00
2023-06-08	TMCELROY	Assemble appendices and send to counsel to prepare responding record; Update case website;	0.40	\$495.00	\$198.00
2023-06-08	BGELMAN	Review of case law relating to death of Paul Chimko and legal opinion;	0.50	\$565.00	\$282.50
2023-06-08	IRAGUIMOV	Reviewed legal opinion on termination pay, communicated with debtor re termination pay, reviewed financial data sent by Rina, prepared weekly cash flow monitoring model	3.60	\$395.00	\$1,422.00
2023-06-09	AROBINSON	Added creditors in creditors list in ascend	0.10	\$305.00	\$30.50



Prosysco Ltd.  
360 Ambassador Dr,  
Mississauga, ON L5T 2J3

**Attention:** Mr. Terry Scott

## Invoice

**Invoice Date:** Jun 30, 2023

**Invoice No:** 6521

**Billing Through:** Jan 1, 2099

**File ID:** PROSYSCO-P:

### Re: Proposal of Prosysco Ltd.

2023-06-09	IRAGUIMOV	Completed weekly cash flow monitoring model, communication with creditors through email and phone, reviewed emailed claims, reviewed emailed statements from a lease creditor, discussed and explained NOI filing process and proposal filing process, scheduled a meeting next week with the creditor to go over NOI filing process, attended a meeting with a creditor re NOI filing	3.30	\$395.00	\$1,303.50
2023-06-12	IRAGUIMOV	Call with creditor re NOI extension (Mike Putz), explained the NOI extension process, discussed Proposal filing deadline, updated on Prosysco filing process, meeting with Julia Prascu and the counsel re Prosysco NOI filing-discussed the process, discussed Proposal filing deadline	0.60	\$395.00	\$237.00
2023-06-12	BGELMAN	Prepare for and attend hearing before J. Kimmel re extension for time to file proposal; Review of order and endorsement; Prepare GL reports for trust accounts and email to Terry Scott;	1.30	\$565.00	\$734.50
2023-06-12	TMCELROY	Review of monitoring schedules prepared by I. RaguiMOV; Discuss cash flow monitoring with B. Gelman; Review Court Order and Endorsement; Update case website;	0.70	\$495.00	\$346.50
2023-06-13	IRAGUIMOV	Phone call with the creditor re NOI filing extension, discussed Proposal filing deadlines and guidelines	0.20	\$395.00	\$79.00
2023-06-13	BGELMAN	Review of order approval extension;	0.20	\$565.00	\$113.00
2023-06-14	IRAGUIMOV	Communication with landlord's counsel re NOI extension and status of negotiations re new financing	0.10	\$395.00	\$39.50
2023-06-14	BGELMAN	Call with Terry Scott and Scott Doncaster re customer relations;	0.40	\$565.00	\$226.00
2023-06-15	AROBINSON	Prepared May 2023 bank rec	0.10	\$305.00	\$30.50
2023-06-15	BGELMAN	Call to Marie-Eve at OSB re extension orders; email to her providing same;	0.20	\$565.00	\$113.00
2023-06-15	IRAGUIMOV	Cash flow data review and preparation of the weekly projections	2.10	\$395.00	\$829.50
2023-06-16	IRAGUIMOV	Cash flow data review and finalized the weekly projection model, sent to TM for review	1.10	\$395.00	\$434.50
2023-06-19	IRAGUIMOV	Communication with creditors re updates to NOI filing/Proposal filing deadline, reviewed Cash Flow model	0.70	\$395.00	\$276.50
2023-06-19	BGELMAN	Review and approval of bank reconciliation for month end May 31, 2023;	0.10	\$565.00	\$56.50
2023-06-19	TMCELROY	Review of monitoring schedules with I. RaguiMOV; Discussion monitoring schedules with I. RaguiMOV;	0.60	\$495.00	\$297.00
2023-06-20	IRAGUIMOV	Reviewed attachments in the received email	0.10	\$395.00	\$39.50

Prosysco Ltd.  
360 Ambassador Dr,  
Mississauga, ON L5T 2J3

**Attention:** Mr. Terry Scott

## Invoice

**Invoice Date:** Jun 30, 2023

**Invoice No:** 6521

**Billing Through:** Jan 1, 2099

**File ID:** PROSYSCO-P:

**Re: Proposal of Prosysco Ltd.**

**Professional Fees:**

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
2023-06-21	AROBINSON	Spoke to creditor in regards to schedule A and well as the possibility of dividends	0.20	\$305.00	\$61.00
2023-06-21	TMCELROY	Email to Vault Capital;	0.10	\$495.00	\$49.50
2023-06-22	AROBINSON	Reviewed and entered proof of claim	0.10	\$305.00	\$30.50
2023-06-22	BGELMAN	Review of emails pertaining to new financing;	0.10	\$565.00	\$56.50
2023-06-27	TMCELROY	Comments to B. Gelman re cash flow monitoring;	0.10	\$495.00	\$49.50
2023-06-29	IRAGUIMOV	Communication with creditors re NOI filing and proposal deadline filing, reviewed cash flow data for week of June 11-June 17, started preparing cash flow monitoring model	2.20	\$395.00	\$869.00
2023-06-30	IRAGUIMOV	Communication with creditor re NOI filing date and extension; communication with debtor re cash flow reporting, completed weekly cash flow model for the week of June 11-June 17; started reviewing cash flow reported data for week of June 18-June 24	3.70	\$395.00	\$1,461.50
<b>Total Fees:</b>					<b>\$16,103.50</b>
<b>HST:</b>					<b>\$2,093.46</b>

**Summary by Staff:**

	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Ashley Robinson (Estate Administrator)	0.50	\$305.00	\$152.50
Bryan A. Gelman (Principal, CIRP, LIT)	7.40	\$565.00	\$4,181.00
Ianina Raguimov (LIT, CIRP)	20.90	\$395.00	\$8,255.50
Tom McElroy (Mgr, CPA, CA, CBV, CIRP, LIT)	7.10	\$495.00	\$3,514.50
<b>Amount Due This Invoice:</b>			<b>\$18,196.96</b>

**Invoice Summary:**

TOTAL FEES AND DISBURSEMENTS:	\$16,103.50
TOTAL HST:	\$2,093.46
<b>TOTAL AMOUNT DUE:</b>	<b>\$18,196.96</b>

Payment of this account is due on receipt  
HST Registration # 83741 9514 RT0001

HST No. 83741 9514 RT 0001



Prosysco Ltd.  
360 Ambassador Dr,  
Mississauga, ON L5T 2J3  
**Attention:** Mr. Terry Scott

## Invoice

**Invoice Date:** Jul 19, 2023  
**Invoice No:** 6531  
**Billing Through:** Jul 19, 2023  
**File ID:** PROSYSCO-P:

### Re: Proposal of Prosysco Ltd.

#### Professional Fees:

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
2023-07-03	IRAGUIMOV	Completed Cash Flow Monitoring model of week of June 18-June 24, sent to TM for review	2.30	\$395.00	\$908.50
2023-07-04	IRAGUIMOV	File review, call with creditor-discussed NOI filing and proposal filing deadline	0.30	\$395.00	\$118.50
2023-07-04	BGELMAN	Review and respond to email from Trevor Simpson at Firepower Capital;	0.10	\$565.00	\$56.50
2023-07-04	TMCELROY	Comments to B. Gelman re status of proposal proceedings; Review of cash flow monitoring schedules; Email to Terry re same;	0.60	\$495.00	\$297.00
2023-07-05	IRAGUIMOV	File review, calls with creditors re NOI filing and proposal filing extensions, meeting with Terry, Brendan, BG and TM re plan moving forward and proposal filing; started reviewing cash flow weekly model for the week of June 25-July 1	2.70	\$395.00	\$1,066.50
2023-07-05	TMCELROY	Conference call with B. Gelman, T. Scott, I. Raguimov and B. Bissell;	1.20	\$495.00	\$594.00
2023-07-05	BGELMAN	Attend conference call with Terry Scott, Brendan Bissell, Tom McElroy and Iana Raguimov;	1.20	\$565.00	\$678.00
2023-07-06	TMCELROY	Draft Third Report to Court;	3.10	\$495.00	\$1,534.50
2023-07-07	TMCELROY	Prepare update cash flow model template and forward to Terry;	0.50	\$495.00	\$247.50
2023-07-07	BGELMAN	Call with Charles Levy at Fire Power Capital;	0.30	\$565.00	\$169.50
2023-07-07	IRAGUIMOV	Completed CF monitoring for Week of June 25, sent to TM for review	2.10	\$395.00	\$829.50
2023-07-10	TMCELROY	Review of cash flow monitoring schedules and comments to I. Raguimov re same;	0.40	\$495.00	\$198.00
2023-07-11	IRAGUIMOV	Reviewed CF data for the week of July 2-July 8; communication with debtor re CF data received; completed CF monitoring model for the week of July 2-July 8	3.30	\$395.00	\$1,303.50
2023-07-12	TMCELROY	Email to Debtor counsel; Continue drafting Third Report to Court; Prepare Trustee's affidavit; Assemble exhibits;	2.90	\$495.00	\$1,435.50
2023-07-12	IRAGUIMOV	Email sent to debtor re CF missing data, call with debtor re required information; reviewed received data; analyzed CF projection with the received data; sent to TM for review	0.90	\$395.00	\$355.50
2023-07-12	BGELMAN	Review and respond to email from counsel; meeting with Tom McElroy re prepare for extension motion; email to Rene Tagelaar at CRA to request proof of claim; respond to email from David Kennedy at CRA;	0.70	\$565.00	\$395.50

Prosysco Ltd.  
360 Ambassador Dr,  
Mississauga, ON L5T 2J3  
**Attention:** Mr. Terry Scott

## Invoice

**Invoice Date:** Jul 19, 2023  
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**Billing Through:** Jul 19, 2023  
**File ID:** PROSYSCO-P:

### Re: Proposal of Prosysco Ltd.

Date	Staff	Description	Hours	Rate	Amount
2023-07-13	TMCELROY	Review of cash flow monitoring schedules and comments to I. Raguimov re same;	0.40	\$495.00	\$198.00
2023-07-13	BGELMAN	Call from Rene Tagelaar at CRA re deemed trust debt; email to David Kennedy at RBC re same;	0.50	\$565.00	\$282.50
2023-07-14	TMCELROY	Review and respond to correspondence from Vault Credit;	0.10	\$495.00	\$49.50
2023-07-14	IRAGUIMOV	Reviewed file, reviewed creditors listed, responded to received email from creditor re NOI filing	0.20	\$395.00	\$79.00
2023-07-17	TMCELROY	Review and respond to correspondence form T. Scott; Email to counsel re fee affidavit; Review of draft for of Court Order;	0.50	\$495.00	\$247.50
2023-07-17	IRAGUIMOV	Reviewed received CF data monitoring; started CF monitoring model for the week of July 9-July 15, communicated with creditor re NOI filing	4.40	\$395.00	\$1,738.00
2023-07-18	IRAGUIMOV	Reviewed received invoice from creditor, responded to the email, communicated with BG re invoice, communication with creditor re NOI filing and update re proceeding	0.40	\$395.00	\$158.00
2023-07-18	BGELMAN	Review email update from Terry Scott to D. Kennedy; Review and approval of draft order;	0.20	\$565.00	\$113.00
2023-07-19	TMCELROY	Review and amend revised weekly cash flow forecasts (for both companies); Prepare revised forms 29 and 30; Email to T. Scott re cash flow statement; Prepare cash flow rep letter; Conference call with T. Scott and B. Gelman re cash flow forecast;	2.10	\$495.00	\$1,039.50
2023-07-19	BGELMAN	Meeting with Tom McElroy to discuss high level proposal terms; review of cash flow forecast and meeting with Terry Scott re same;	1.30	\$565.00	\$734.50

**Total Fees:** \$14,827.50  
**HST:** \$1,927.58

### Summary by Staff:

Staff	Hours	Rate	Amount
Bryan A. Gelman (Principal, CIRP LIT)	4.30	\$565.00	\$2,429.50
Ianina Raguimov (LIT, CIRP)	16.60	\$395.00	\$6,557.00
Tom McElroy (Mgr. CPA, CA, CBV, CIRP, LIT)	11.80	\$495.00	\$5,841.00

**Amount Due This Invoice:** \$16,755.08

Prosysco Ltd.  
360 Ambassador Dr,  
Mississauga, ON L5T 2J3  
**Attention:** Mr. Terry Scott

## Invoice

**Invoice Date:** Jul 19, 2023  
**Invoice No:** 6531  
**Billing Through:** Jul 19, 2023  
**File ID:** PROSYSKO-P:

**Re: Proposal of Prosysco Ltd.**

**Invoice Summary:**

TOTAL FEES AND DISBURSEMENTS:	\$14,827.50
TOTAL HST:	\$1,927.58
<b>TOTAL AMOUNT DUE:</b>	<b>\$16,755.08</b>

Payment of this account is due on receipt  
HST Registration # 83741 9514 RT0001



**PROSYSCO LTD. and  
110615 ONTARIO LTD.**

Court File No. BK-23-02929201-0032  
Estate No. 32-2929201

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

Proceeding commenced at Toronto

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**THIRD REPORT OF ALBERT GELMAN INC.**  
**in its capacity as**  
**PROPOSAL TRUSTEE**  
**(July 20, 2023)**

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