

CANADA
Province of Ontario

District of: Ontario
Division No.: 09 – Toronto
Court and Estate No.: 31-3100978

In the matter of the Bankruptcy of
Reunion Foods Inc.
of the City of Toronto, in the Province of Ontario

**TRUSTEE’S REPORT TO THE CREDITORS
ON PRELIMINARY ADMINISTRATION**

Trustee: Albert Gelman Inc. (“**AGI**”)
Debtor: Reunion Foods Inc. (“**Reunion**” or the “**Company**”)
Date of Bankruptcy: July 5, 2024
Date of First Meeting of Creditors: July 23, 2024 at 2:00 p.m. (the “**Meeting**”)
Location: Meeting held virtually

BACKGROUND

The Company was a privately held corporation incorporated pursuant to the laws of Ontario on August 3, 2010. Its sole officer and director is Blaine Hobson.

The Company operated as a manufacturer and distributor of organic plant-based products, including dressings, dips and other condiments, from its leased premises located at 1111 Finch Ave. W., Toronto, Ontario (“**Leased Premises**”).

As a result of Reunion’s declining financial performance, in early-2024, the Company commenced a process to wind-down the Reunion business with the assistance of its financial and legal advisors. During this process, the Company sold virtually all of its assets, terminated all employees and ceased operations.

On July 5, 2024 (the “**Date of Bankruptcy**”), Reunion filed an assignment in bankruptcy pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”). AGI was appointed as Licensed Insolvency Trustee (in such capacity, the “**Trustee**”) of the Company’s bankrupt estate by the Office of the Superintendent of Bankruptcy, subject to affirmation by the Company’s creditors at the Meeting.

On July 9, 2024, the Trustee sent a notice to all known creditors of the Company advising of the Company’s bankruptcy and the date and time of the Meeting, together with, among other things, a list of creditors, proof of claim form and proxy form. The Trustee also published a notice of the Company’s bankruptcy in the National Post on July 11, 2024.

The activities of the Trustee since its appointment have primarily consisted of statutory work in accordance with the provisions of the BIA.

CAUSES OF BANKRUPTCY

Reunion had experienced declining financial performance and sustained losses over the last several years. For the years ended March 31, 2021, 2022 and 2023, the Company incurred aggregate losses of approximately \$10.0 million. Results for fiscal 2024 continued on this trend.

In light of the Company's continued losses, Reunion was historically reliant on funding from its shareholders to sustain operations. However, by late-2023, the Reunion shareholders were either unable or not willing to continue funding the business. Following an evaluation of the Company's strategic options, the Reunion board of directors (the "**Board**") decided to retain Oaklins E. Canada Inc., an investment banker, to solicit interest in investment and acquisition opportunities (the "**SISP**") for the business. Unfortunately, the SISP did not attract any meaningful interest from investors or buyers. With limited options available, the Board, in consultation with the Company's management, shareholders and financial and legal advisors, ultimately decided in early-2024 to commence an orderly wind-down of the Reunion business. At that time, it was expected that an orderly wind-down of the Company's assets would realize sufficient funds to satisfy all known liabilities of the Company.

Over the ensuing months, the Company, in consultation with the Reunion shareholders and its financial and legal advisors, carried out, among other things, the following orderly wind-down activities:

- Entered into agreements or other arrangements for the production and sale of the Company's remaining food products, raw ingredients and packaging material, as well as the sale of certain machinery/equipment used in the production process;
- Entered into agreements or other arrangements for the sale of the Company's Canadian and US intellectual property assets;
- Engaged a liquidator to realize on any remaining machinery and equipment assets;
- Terminated all employees and paid out all employee related obligations, including termination and severance pay, with the exception of senior management, which is still owed a portion of their severance;
- Exited from the Leased Premises;
- Collected nearly all outstanding receivables from customers, including those that it entered into agreements/arrangements with during the wind-down, with one material exception, as discussed below; and
- Corresponded with customers, employees, suppliers, creditors, the landlord for the Leased Premises and other stakeholders regarding the wind-down of the business.

By May 30, 2024, the Company had terminated all employees and ceased operations. By June 30 2024, the Company had sold virtually all of its assets and, except for one material account as discussed below, collected on nearly all of its receivables.

With limited assets and no remaining employees or business operations, the Company decided to voluntarily assign itself into bankruptcy to provide for an efficient mechanism to (i) realize on the limited remaining assets of the Company and (ii) distribute any proceeds in the estate to the Company’s creditors.

FINANCIAL POSITION/ASSETS

Set out below is a summary of the assets listed by the Company on the Statement of Affairs sworn July 5, 2024 (the “SOA”).

Reunion Foods Inc. Summary of Assets on SOA (in CAD\$; unaudited)		
Asset	Book Value	Est. Realizable Value
Cash	82,975	82,975
Accounts receivable	197,160	197,160
HST receivable	31,000	-
Total	311,135	280,135

Cash

1. Included on the SOA is the Company’s BMO bank account balance as of the Date of Bankruptcy.

Accounts Receivable

2. Included on the SOA is the Company’s accounts receivables, which primarily comprises a receivable from North House Foods (“NHF”), an Ottawa-based food manufacturer/distributor, in the approximate amount of \$191,000 (the “NHF Receivable”). The NHF Receivable arises from the sale of certain of the Company’s ingredients and packaging material to NHF. As of the Date of Bankruptcy, NHF has remitted \$23,000 of the total NHF Receivable.

HST Receivable

3. Included on the SOA is the Company’s receivable for input tax credits. The realizable value of the input tax credits is currently unknown.

SECURED CREDITORS

According to the SOA, the Company does not have any secured obligations or other potential priority claims.

SECURITY FOR UNPAID WAGES – S.81.3 CLAIMS

The Trustee is in the process of reviewing the Company's records to determine what, if any, amounts are owed to the Company's former employees for wages and vacation pay that would qualify as claims pursuant to section 81.3 of the BIA.

The Trustee, where applicable, will comply with the requirements of the *Wage Earner Protection Program Act*.

PREFERRED CREDITORS

The SOA indicates that, as at the date of bankruptcy, there were no known preferred creditors.

UNSECURED CREDITORS

The SOA indicates that there are approximately 34 unsecured creditors with claims totalling approximately \$269,408.

CLAIMS FILED

As at 10:00 a.m. on the date of this report, the Trustee has recorded Proof of Claims filed, as follows:

	Claims Filed (#)	Amount (CAD)	Proxies in Favour of Trustee (#)	Amount (CAD)
Secured	-	\$ -	Nil	\$ Nil
Preferred	-	-	Nil	Nil
Unsecured	6	95,576.98	Nil	Nil
TOTAL	6	\$ 95,576.98	Nil	\$ Nil

PREFERENCE PAYMENTS AND TRANSFERS UNDER VALUE

The Trustee has not performed a review of the Company's books and records with respect to potential fraudulent preferences, settlements or transfers at undervalue, as defined in the BIA. It is the intention of the Trustee to discuss the scope of its review with any Inspectors appointed at the Meeting.

TRUSTEE'S FEES

The Trustee has not received any third-party deposit towards its fees. The Trustee's fees and disbursements, including, if necessary, the fees and disbursements of any legal counsel retained by the Trustee, are to be funded from Reunion's estate.

OTHER

There are no other matters to report at this time.

DATED at Toronto this 23rd day of July, 2024

ALBERT GELMAN INC.,

In its capacity as Trustee of the Estate of
Reunion Foods Inc.

And not in its personal or corporate capacity

Per:



Adam Zeldin, *CPA, CA, CIRP, LIT*