

**IN THE MATTER OF THE BANKRUPTCY OF
DEL-RIC NATIONAL CONSTRUCTION LTD.
In the City of Concord, in the Province of Ontario**

TRUSTEE'S REPORT ON ITS PRELIMINARY ADMINISTRATION

TRUSTEE: POLLARD & ASSOCIATES INC.

Background

On May 19, 2016, Del-Ric National Construction Ltd. (Del-Ric or the Company) filed an assignment in bankruptcy. Prior to Del-Ric filing an assignment in bankruptcy the Company had experienced significant cash flow problems. The Company quoted and was awarded contracts that did not generate sufficient revenue to cover the costs incurred in the project.

A significant number of trades have issued statement of claims and registered liens against the projects which have outstanding receivables and holdbacks owing to the Company. In addition Canada Revenue Agency has significant debt owed to it for payroll deductions and HST.

Assets

(i) Accounts Receivable

The Company estimated that its collectable accounts receivable would amount to approximately \$150,000. The Company estimated that its good receivables were approximately \$596,558 and that a number of trades had registered valid liens against the real property for which the receivables owed and therefore the Company estimated that it would be able to collect approximately \$150,000 of

those receivables. The principal of the Company has agreed to assist with the collection of the receivables.

Books and Records

The Trustee took possession of the books and records of the Company. The Trustee has not reviewed these records at this time for reviewable or preference payments.

Prior to filing the assignment in bankruptcy the employees were terminated by the Company. The ROE's were prepared and provided to the employees.

The T4's for 2016 have been completed and the Trustee awaits a trust audit by Canada Revenue Agency.

Wage Earner Protection Program

All of the employees were terminated prior to the bankruptcy and the employees received their wages and vacation pay. The Trustee has not been contacted by any employee indicating that they have any outstanding debt with the Company.

Legal Proceedings

The Trustee has issued notices of stay of proceedings in reference to the statement of claims issued by various trades.

Creditors

		Statement <u>of Affairs</u>		Proof <u>Lodged</u>
Deemed Trust	\$	282,385.68	\$	0.00
Contingent		0.00		0.00
Secured		0.00		0.00
Preferred		0.00		0.00
Unsecured		<u>2,938,626.91</u>		<u>364,868.66</u>
Total		<u>\$ 3,221,012.59</u>		<u>\$ 364,868.66</u>

Trust Claim

The Company has provided to the Trustee with copies of the latest statement of arrears owing to Canada Revenue Agency (‘CRA’) which indicated that CRA will have a Trust Claim against the assets of the Company in excess to \$282,000.

Lien Claims

The Company has provided the Trustee with a significant number of statements of claims in reference for work done on specific job site and not paid. In addition the Trustee has been provided with statements of claim filed prior to the bankruptcy. The following companies have issued statements of claims:

- Federal Electric (1976) Limited;
- Marcomm (Toronto) Inc;
- Danmar Construction Ltd;
- Centennial Glass Depot;
- Tor New Visions;
- North Steel a division of 764215 Ontario Inc;
- Strada Aggregates Inc;
- Manners Glass Services Limited;

- Sudden Impact Glass Services Inc;
- CRS Contractors Rental Supply General Partner Inc;
- J. Venturo Glazing Contractors Inc;
- T&C Contracting Group (Kitchener) Ltd;
- B.J. Normand Limited;
- Barci Enterprises Inc;
- Nor-Line Plumbing and Mechanical Ltd;
- ADEC Electrical Services Ltd;
- Onyx Mechanical Ltd.;
- Adlers Main Tile & Carpet Co. Ltd; and
- Milan Mechanical System Inc.

Anticipated Realization and Projected Distribution

The Trustee anticipates that there are insufficient funds available to pay any of the unsecured creditors. It is anticipated that any recovery for the estate, if any, will be insufficient to deal with the lien claims and the Trust Claim of CRA.

The Trustee obtained a third party guarantee in the amount of \$50,000 to cover its fees and expenses.

Solicitor for the Trustee

The Trustee has not engaged counsel at this time.

Dated at Richmond Hill, this 7th day of June, 2016

POLLARD & ASSOCIATES INC.