

IN THE MATTER OF THE BANKRUPTCY OF  
PINEHURST STORE FIXTURES INC.  
A CORPORATION INCORPORATED UNDER THE LAWS OF ONTARIO

**TRUSTEE'S REPORT ON PRELIMINARY ADMINISTRATION**

**ESTATE NUMBER: 35-2645184**

**Background**

Pinehurst Store Fixtures Inc. ("Pinehurst" or the "Company") is a privately owned business that carried on business as manufacturer of interior store fixtures in Orangeville, Ontario.

The Company's head office was located at 120 C Line in Orangeville, ON. Pinehurst has been operating from this location since 2011. The head office/manufacturing location was leased.

Due to the outbreak of Covid-19 the company ceased all operations and March 16, 2019 and was unable to operate. Due to the lack of revenue, ongoing costs and uncertainty on future sales the company filed an assignment in bankruptcy on May 14, 2020.

Excerpts from the draft January 31, 2020 internal financial statements are include below:

CAD \$ 000's	FY 2020	FY 2019
Sales	\$8,706	\$7,188
Gross Profit	\$1,390	\$ 874
Expenses	\$1,583	\$1,839
Net Income	(\$193)	(\$965)
Retained Earnings	(\$995)	(\$812)

The Company had incurred significant losses for the past two fiscal years, combined with the effects of Covid-19 management did not believe the Company could return to profitability.

Pinehurst had 63 employees at the time of the bankruptcy. The Trustee has filed the Wage Earner Protection Program applications for the employees and the Union has filed a claim on behalf of all of its members. Any former employee or creditors with questions are encouraged to contact the Trustee at 519-570-4000.

**Section A - Trustee's Duties**

Under Section 16(1) of the *Bankruptcy and Insolvency Act* ("BIA"), the Trustee is required to give security in cash or by bond of a guaranty company in an amount set by the Official Receiver. No bond has been set in this estate.

**Class I - Stocks of Merchandise**

The Company had approximately \$70,000 in realizable value of inventory at the time of the filing. The inventory has been secured and will be sold by the Trustee at the direction of the creditors. The Trustee has obtained an appraisal of the inventory and the estimated realizable value will be discussed with the inspectors.

## **Class II - Plant, Machinery and Equipment**

The Company had did not own and machinery or equipment.

The Company leased 9 vehicles, legal counsel for the Trustee confirmed the validity of the leases and reviewed the vehicles for equity. The return of the vehicles will be discussed with the estate inspectors.

## **Class III - Buildings and Real Estate**

As described in the Background above, the Company leased the real estate.

## **Class IV - Books and Records**

The Trustee has taken possession of the records required to complete the administration of the estate.

## **Class V - Other Assets**

The Company had one receivable from a related party in the amount of \$169,970. The Trustee has been in contract with the related party and the receivable is considered collectable.

The Trustee is working with Pinehurst Group Inc., a related entity, on the collection of its accounts receivable. The Company and Pinehurst Group have an agreement whereby 90% of all collections will be paid to the Company. The total collections are unknown.

The Trustee took possession of \$286,931.60 in cash the Company had at the time of the filing. A payment of \$21,109.78 was taken from the account shortly after the bankruptcy on account of the building mortgage, the Trustee will deduct this amount from any rent paid to the land lord.

## **Section B - Conservatory and Protective Measures**

The Trustee has safeguarded the assets and obtained insurance coverage.

## **Section C - Legal Proceedings**

The Trustee is not aware of any claims for or against the Company.

## **Section D - Provable Claims**

To date, 15 unsecured claims with a total value of \$3,928,869 and 1 preferred claim with a value of \$1,975 have been received.

## **Section E - Secured Creditors**

Based on the Company records, the Company had one secured creditor related to 9 leased vehicles.

## **Section F - Total Anticipated Realization and Projected Distribution**

Based on the realizations to date the Trustee estimates a distribution of less than 10% to the unsecured creditors.

## **Section G - Preference Payments and Transfers at Under Value**

The Trustee is reviewing the bank statements for the three months preceding bankruptcy for arm's length transactions and twelve months preceding bankruptcy for transactions with related parties. The results will be reported to the Inspectors.

#### **Section H - Other Matters**

The Company used Baker Tilley GWD as its accountant. The estate is required to complete the January 31, 2020 year end tax return as well as the stub period from February 1, 2020 to bankruptcy. The Trustee has been in discussion with Baker Tilley to prepare and file both returns. The quotes will be discussed with the inspectors.

The Trustee has engaged Harrison Pensa LLP as independent legal counsel at this time.

The company repaid its indebtedness to the following secured creditors in the weeks prior to the bankruptcy:

1. 2195700 Ontario Limited
2. 2157889 Ontario Limited
3. 1547992 Ontario Limited
4. Bramalea Carpentry Limited

Legal counsel to the Trustee confirmed the validity and enforceability of the security of each entity.

Bramalea Carpentry Limited has provided a retainer to guarantee the administrative costs and fees for the Trustee.

Dated at Kitchener, Ontario this 2<sup>nd</sup> day of June, 2020.

BDO Canada Limited  
Trustee of the estate of  
Pinehurst Store Fixtures Inc.