

Court File No. 31-2601563  
Estate No. 31-2601563

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY  
(COMMERCIAL LIST)**

**IN THE MATTER OF THE NOTICE OF INTENTION TO  
MAKE A PROPOSAL OF DURHAM'S SPORTS BARN INC.,  
OF THE CITY OF OSHAWA IN THE  
REGIONAL MUNICIPALITY OF DURHAM**

**FIRST REPORT OF MSI SPERGEL INC.,  
IN ITS CAPACITY AS TRUSTEE UNDER THE NOTICE OF INTENTION  
TO MAKE A PROPOSAL OF DURHAM'S SPORTS BARN INC.  
(For a motion returnable March 17, 2020)**

TO THE ATTACHED SERVICE LIST

**SERVICE LIST**

**TO: WEIRFOULDS LLP**  
Barristers & Solicitors  
66 Wellington Street, Suite 4100  
PO Box 35, TD Bank Tower  
Toronto, ON M5K 1B7

**PHILIP CHO**  
E: [pcho@weirfoulds.com](mailto:pcho@weirfoulds.com)

**MACDONALD ALLEN**  
E: [mallen@weirfoulds.com](mailto:mallen@weirfoulds.com)  
Tel: 416-365-1110  
Fax: 416-365-1876

Lawyers for Durham's Sports Barn Inc.

**AND TO: TEMPLEMAN LLP**  
Barristers & Solicitors  
200-205 Dundas Street East  
Belleville, ON K8N 5A2

**TODD D. STORMS**  
E: [tstorms@tmlegal.ca](mailto:tstorms@tmlegal.ca)  
Tel: 613-966-2660  
Fax: 613-966-2866

Lawyers for the Landlord, 1213423 Ontario Inc.

**AND TO: HER MAJESTY THE QUEEN IN THE RIGHT OF  
THE PROVINCE OF ONTARIO AS REPRESENTED  
BY THE MINISTER OF FINANCE**  
33 King Street West, 6<sup>th</sup> Floor  
Oshawa, ON L1H 1A1

**KEVIN J. O'HARA**  
E: [kevin.ohara@ontario.ca](mailto:kevin.ohara@ontario.ca)  
Tel: 905-433-6934  
Fax: 905-436-4510

**AND TO: LARRY ROGALSKI**  
15 Durham Street West  
Lindsay, ON K9V 2P3

E: [larryrog@sympatico.ca](mailto:larryrog@sympatico.ca)

**AND TO: CHAITONS LLP**  
5000 Yonge Street, 10<sup>th</sup> Floor  
Toronto, ON M2N 7E9

**MARK KLAR**  
E: [mark-k@chaitons.com](mailto:mark-k@chaitons.com)  
Tel: 416-218-1131  
Fax: 416-218-1831

Lawyers for the Toronto-Dominion Bank

**AND TO: CANADA REVENUE AGENCY**  
Department of Justice  
The Exchange Tower  
130 King Street West, Suite 3400  
Toronto, ON M5X 1K6

**DIANE WINTERS**  
E: [diane.winters@justice.gc.ca](mailto:diane.winters@justice.gc.ca)

**PETER ZEVENHUIZEN**  
E: [peter.zevenhuizen@justice.gc.ca](mailto:peter.zevenhuizen@justice.gc.ca)

Tel: 416-973-3172  
Fax: 416-973-0810

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| <b>B</b> | Certificate for the Notice of Intention dated January 3, 2020   |
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OF THE CITY OF OSHAWA IN THE  
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FIRST REPORT OF MSI SPERGEL INC.,  
IN ITS CAPACITY AS TRUSTEE UNDER THE NOTICE OF INTENTION  
TO MAKE A PROPOSAL OF DURHAM'S SPORTS BARN INC.

MARCH 13, 2020

**INTRODUCTION AND BACKGROUND**

1. This report (the "**First Report**"), is filed by msi Spergel inc. ("**MSI**"), in its capacity as proposal trustee (in such capacity the "**Proposal Trustee**") in connection with the Notice of Intention to Make a Proposal ("**NOI**") filed by Durham's Sports Barn Inc., ("**DSBI**" or the "**Company**") on January 3, 2020 (the "**Filing Date**") under section 50.4(1) of the *Bankruptcy and Insolvency Act* (the "**BIA**"). Attached hereto as **Appendix "A"** is a copy of the NOI and the Certificate of Appointment Issued by the Office of the Superintendent of Bankruptcy (the "**OSB**").
2. The Company employs approximately 45 people and carries on business as The Barn Elite Performance Centre from a facility located at 870 Taunton Road West, Units 1 and 2, Oshawa, Ontario (the "**Premises**"). The landlord of the Premises is 1213423 Ontario Inc. (the "**Landlord**"). The Proposal Trustee understands that the Company and the Landlord entered into a lease agreement dated November 1, 2015 (the "**Lease Agreement**") with respect to the Premises.

3. The Company has advised that the Premises is equipped with a hockey arena, a second goalie specific ice pad, an indoor turf field, a fitness facility, and meeting rooms.
4. The Company advised that the main reason for filing the NOI was the commencement and purported completion of a distress proceedings by the Landlord.
5. The Company has brought a motion seeking, amongst other things, an Order extending the stay of proceedings afforded to it under the NOI and pursuant to the endorsement of the Honourable Justice Hainey dated January 17, 2020 (the "**Endorsement**") until May 4, 2020 (the "**Stay Extension**").
6. The Company has served the affidavit of Paul Vorstadt sworn January 24, 2020 (the "**Vorstadt Affidavit**") in support of its motion.
7. For the reasons explained herein, the Proposal Trustee supports the relief sought with respect to the Stay Extension (provided the Company is granted the relief sought in respect of the Lease Agreement and the Landlord).

#### **PURPOSE OF THE FIRST REPORT**

8. The purpose of the First Report is to:
  - a. provide information to the Court regarding the actions and activities of the Proposal Trustee after the Filing Date;
  - b. provide information to the Court regarding the dispute between the Landlord and the Company;

- c. provide information to the Court regarding a dispute between the Company and Paysafe Merchant Services Inc. ("**Paysafe**"); and
  - d. discuss the Company's request for the Stay Extension.
9. 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 the First Report for any other purpose.
10. In preparing the First Report, the Proposal Trustee has relied upon certain information provided to it by the Company to the extent that such information was provided. The Proposal Trustee has not performed an audit or verification of such information for accuracy, completeness or compliance with Accounting Standards for Private Enterprises or International Financial Reporting Standards. Accordingly, the Proposal Trustee expresses no opinion or other form of assurance with respect to such information.
11. All references to dollars in the First Report are in Canadian currency unless otherwise noted.

#### **ACTIVITIES OF THE PROPOSAL TRUSTEE AFTER THE FILING DATE**

12. After the Filing Date, the Proposal Trustee, amongst other things, has undertaken the following activities:
- a. on January 3, 2020, the Proposal trustee mailed to every known creditor a copy of the NOI as required by subsection 50.4(6) of the BIA. Attached hereto as **Appendix "B"** is a copy of the NOI mailing;

- b. assisted the Company with the preparation of the Company's projected cash flow statement for the period from January 1, 2020 to July 31, 2020 (the "**Cash Flow Statements**");
- c. on January 13, 2020 filed with the OSB; a) the Cash Flow Statement; b) the Proposal Trustee's report on the Cash Flow Statement; and c) a report containing prescribed representations by the Company regarding the preparation of the Cash Flow Statement. Attached hereto as **Appendix "C"** are copies of the Cash Flow Statement, the Proposal Trustee's report on the Cash Flow Statement and the Company's representations regarding the Cash Flow Statement;
- d. communicated with the Company and its legal counsel extensively on matters related to the dispute with the landlord and Paysafe;
- e. communicated with the Company with respect to determining that there has been no material adverse change to the cash flow position of the Company; and
- f. communicated with creditors who contacted the Proposal Trustee directly with respect to the proceedings.

## **DISPUTE WITH THE LANDLORD**

13. Prior to the appointment of the Proposal Trustee, the Company advised that the Landlord had commenced distress proceedings against the assets of the Company. In addition, on January 2, 2019 the Company received a notice of impending termination from the landlord indicating that it had completed a



distress sale and that if the rent arrears were not paid on or before 5:00pm on January 4, 2020 the Landlord will proceed to terminate the Lease and change the locks on the Premises.

14. On January 3, 2020, the Proposal Trustee sent an email to the Landlord's counsel advising of the NOI and the stay of proceedings with respect any action to be taken by the Landlord.
15. On January 7, 2020, the Proposal Trustee received a letter dated January 6, 2020 from the Landlord's counsel acknowledging the NOI and requesting, amongst other things, the Company pay rent from January 4, 2020 onwards and demanded that the Company cease and desist using the assets that were the subject of the Landlord's purported sale under distress prior to the Filing Date. Attached hereto as **Appendix "D"** is a copy of the letter from the Landlord's counsel.
16. On January 9, 2020, the Company's counsel received a notice of termination of the Lease, a notice of default and a letter from the Landlord's counsel advising of the termination of the Lease and providing information with respect to the distress sale undertaken by the Landlord.
17. Given the foregoing, the Company brought a motion to seek an Order declaring, inter alia that the purported termination of the Lease and sale under distress were improper and accordingly, should be set aside.
18. At a scheduling hearing held on January 17, 2020, counsel for the Company and the Landlord appeared before The Honourable Justice Hailey, who scheduled the return date of the motion on March 17, 2020 and established a timetable for the motion. DSBI has continued to operate its business uninterrupted while the parties have progressed through the timetable set by His Honour.

## **DISPUTE WITH PAYSAFE MERCHANT SERVICES INC.**

19. Recently, DSBI advised the Proposal Trustee of a dispute between DSBI and Paysafe, one of its payment processors. The use of Paysafe was required by MIND & BODY, an on-line scheduling software program, which allowed clients to book and pay for activities, programmes or other products and services on-line. Paysafe has taken the position upon the filing of the NOI, that all payments processed by it would be retained for a period of 180 days to protect it against chargebacks. The Company has advised that it disputes Paysafe's right to withhold payments and will take appropriate steps as it relates to Paysafe.

20. The Proposal Trustee has been advised that DSBI has at all times had a second payment processor, Moneris Solutions ("**Moneris**"), primarily for direct transactions with its clients. DSBI has advised that its existing arrangements with Moneris are adequate to carry on its business and will use Moneris Solutions exclusively. The only difference to DSBI clients will be that they may be able to register for programs on-line, but will pay for such programmes upon arrival at the facility.

21. The Company has advised that the Cash Flow Statement will not be adversely affected by this change in payment processing. All on-going obligations of DSBI are being met in the ordinary course, with the exception of payments under the lease of the premises which the Landlord has refused to accept.

## **REQUEST FOR STAY EXTENSION**

22. The Company is seeking the Stay Extension pursuant to subsection 50.4(9) of the BIA. The resolution of the dispute between the Landlord and the Company is

vital to the continued success of the business and the formulation of a viable proposal to the creditors.

23. Accordingly, the Company requires an additional extension of 45 days in order for it to be in a position to formulate a viable proposal (provided that the Company is granted the relief sought against the Landlord). The Company has been unable to formulate a proposal with the ongoing dispute with the Landlord and the uncertainty arising from the fact that, the continued operations of its business is dependent on the outcome of the proceedings with the Landlord.

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

- a. the Company has acted, and is acting, in good faith and with due diligence;
- b. the Company would likely be able to make a viable proposal if the extension being applied for were granted and its on-going litigation with the Landlord is resolved in its favour; and
- c. no creditor would be materially prejudiced if the extension being requested were granted.

#### **PROPOSAL TRUSTEE'S RECOMMENDATIONS**

25. The Proposal Trustee recommends that this Honourable Court (provided the relief sought with respect to the Landlord is granted) grant the relief sought by the Company with respect to the Stay Extension.

**DATED AT** Toronto, Ontario, this 13<sup>th</sup> day of March 2020.

**MSI SPERGEL INC.**

solely in its capacity as Trustee of re the Notice  
of Intention to Make a Proposal of Durham Sport's  
Barn Inc. and not in its personal or corporate capacity

A handwritten signature in black ink, appearing to read "Philip H. Gennis". The signature is stylized with a large, looping initial "P" and a long horizontal stroke at the end.

Philip H. Gennis, JD., CIRP, LIT  
Senior Principal

## **APPENDIX A**

Affidavit of Mailing

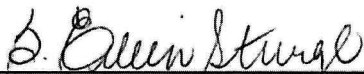
In the matter of the Notice of Intention To Make a Proposal  
DURHAM'S SPORTS BARN INC.  
of the City of Oshawa, in the Province of Ontario

I, B. Eileen Sturge, of the Trustee's office of msi Spergel inc., 505 Consumers Road, Suite 200, Toronto, ON, M2J 4V8, hereby make oath and say:

That on the 3<sup>rd</sup> day of January, 2020, I did cause to be sent by e-file to the Official Receiver and that on the 6<sup>th</sup> day of January, 2020, I did cause to be sent by regular pre-paid mail to the known creditors of the above named debtor, whose names and addresses appear on the paper writing marked Exhibit "A" annexed hereto, a copy of Notice of Intention to Make a Proposal, marked Exhibit "B" annexed hereto.

And that, on the 6<sup>th</sup> day of January, 2020, I mailed to the debtor, a copy of the same.

msi Spergel inc. – Licensed Insolvency Trustee



\_\_\_\_\_  
505 Consumers Road, Suite 200  
Toronto, ON M2J 4V8  
Phone: (416) 497-1660 Fax: (416) 494-7199

SWORN before me in the City of Toronto in the  
Province of Ontario, this 6<sup>th</sup> day of January, 2020.



\_\_\_\_\_  
Nelly Livshitz, a Commissioner, etc.,  
Province of Ontario, for msi Spergel inc.  
Expires March 13, 2021.

This is Exhibit "A"  
to the Affidavit of B. Eileen Sturge

dated January 6, 2020



---

Nelly Livshitz, a Commissioner, etc.,  
Province of Ontario, for msi Spergel inc.  
Expires March 13, 2021.

Paul Vorstadt  
15 Shrewsbury Drive  
Whitby ON L1M 0C3

1213423 Ontario Inc.  
864 Taunton Road West  
Oshawa ON L1H 7K4

1441554 Ontario Ltd.  
1077 Boundary Rd, #207  
Oshawa ON L1J 8P8

All Ice Product Repair  
100 Westcreek Blvd, Unit 1  
Brampton ON L6T 4V7

Bamboo Bucket LLC  
c/o Bryan Dixon, 411 E. Bonneville Ave., Suite 400  
Las Vegas NV 89101 USA

Bill Sandiford  
c/o David MacKinlay  
112 Garrard Rd.  
Whitby ON L1N 3K5

Branton Law  
400 Dundas Street West, Suite 206  
Whitby ON L1H 4G7

Chad Theriault  
893 E Boston St  
Gilbert AZ 85295 USA

CL Integration Inc.  
2 Country Club Crescent  
Uxbridge ON L9P 0B8

Custom Ice  
C2-3375 North Service Road  
Burlington ON L7N 3G2

Daksa Mody  
409-115 Richmond Street East  
Toronto ON M5C 3H6

Enbridge Gas Distribution - Ontario  
Back Office Collections Department  
3401 Schmon Pkwy, PO Box 1051  
Thorold ON L2V 5A8

Gavin Prout  
516 Woodmount Crescent  
Oshawa ON L1K 2T1

Jacqueline Hamilton  
17 Pineway Crt.  
Whitby ON L1R 2S3

Jaret Bilich  
31 Hesham Drive  
Whitby ON L1M 2K3

Ken McDonald  
27 Hillside Drive  
Hampton ON L0B 1J0

Kevin Ibbitson  
300 Leslie Street  
Oshawa ON L1G 5H7

Magton  
80 Travail Rd., Unit 10  
Markham ON L3S 3H9

Oshawa PUC Networks Inc.  
Suzanne Neal  
100 Simcoe Street South  
Oshawa ON L1H 7M7

Paul Vorstadt  
15 Shrewsbury Drive  
Whitby ON L1M 0C9



Sanker Media  
1171 Meath Drive  
Oshawa ON L1K 0G3

Stephen Stewart  
137 Kennedy Street West  
Aurora ON L4G 2L8

The Hidden Hundred  
563 Selsey Drive  
Mississauga ON L5A 7K4

The Toronto-Dominion Bank  
CC&R Insolvency and Credit Counselling  
15 Westney Road North  
Ajax ON L1T 1P4

The Toronto-Dominion Bank  
15 Westney Road North  
Ajax ON L1T 1P4

The Toronto-Dominion Bank  
15 Westney Road North  
Ajax ON L1T 1P4

The Toronto-Dominion Bank  
CC&R Insolvency and Credit Counselling  
15 Westney Road North  
Ajax ON L1T 1P4

Wood Wyant  
189 Annagem Blvd  
Mississauga ON L5T 2V5



This is Exhibit "B"  
to the Affidavit of B. Eileen Sturge

dated January 6, 2020

A handwritten signature in black ink, appearing to be 'Nelly Livshitz', written over a horizontal line.

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Nelly Livshitz, a Commissioner, etc.,  
Province of Ontario, for msi Spergel inc.  
Expires March 13, 2021.

District of:  
Division No.  
Court No.  
Estate No.

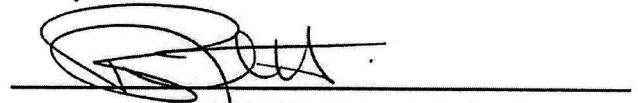
- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the matter of the proposal of  
DURHAM'S SPORTS BARN INC.  
of the City of Oshawa, in the Province of Ontario

Take notice that:

1. I, DURHAM'S SPORTS BARN INC., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. msi Spergel inc. of 201- 505 Consumers Rd., Toronto, ON, M2J 4V8, 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 3rd day of January 2020.



DURHAM'S SPORTS BARN INC.  
Insolvent Person

To be completed by Official Receiver:

---

Filing Date

---

Official Receiver

District of:  
Division No. -  
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  
DURHAM'S SPORTS BARN INC.  
of the City of Oshawa, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
1213423 Ontario Inc.	864 Taunton Road West Oshawa ON L1H 7K4		502,609.86
1441554 Ontario Ltd.	1077 Boundary Rd, #207 Oshawa ON L1J 8P8		41,328.86
All Ice Product Repair	100 Westcreek Blvd., Unit 1 Brampton ON L6T 4V7		1,148.40
Bamboo Bucket LLC	c/o Bryan Dixon, 411 E. Bonneville Ave., Suite 400 Las Vegas NV 89101 USA		500,080.83
Bill Sandiford	c/o David MacKinlay 112 Garrard Rd. Whitby ON L1N 3K5		55,829.78
Branton Law			1,898.89
Chad Theriault	893 E Boston St Gilbert AZ 85295 USA		556,061.09
CL Integration Inc.			282.50
Custom Ice	C2-3375 North Service Road Burlington ON L7N 3G2		68,324.32
Daksa Mody	409-115 Richmond Street East Toronto ON M5C 3H6		200,000.00
Enbridge Gas Distribution - Ontario Back Office Collections Department	3401 Schmon Pkwy, PO Box 1051 Thorold ON L2V 5A8		2,073.64
Gavin Prout	516 Woodmount Crescent Oshawa ON L1K 2T1		32,760.75
Jacqueline Hamilton			4,165.90
Jaret Bilich			4,045.90
Magton	80 Travail Rd., Unit 10 Markham ON L3S 3H9		4,483.00

District of:  
Division No.  
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  
DURHAM'S SPORTS BARN INC.  
of the City of Oshawa, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Oshawa PUC Networks Inc. Suzanne Neal	100 Simcoe Street South Oshawa ON L1H 7M7		9,053.43
Paul Vorstadt			6,528.25
Sanker Media			4,068.00
Stephen Stewart	ON		200,000.00
The Toronto-Dominion Bank	15 Westney Road North Ajax ON L1T 1P4	4520710031823617	11,239.89
The Toronto-Dominion Bank	15 Westney Road North Ajax ON L1T 1P4	4520710034054723	5,368.43
The Toronto-Dominion Bank CC&R Insolvency and Credit Counselling	15 Westney Road North Ajax ON L1T 1P4	536 9246382-03	192,215.19
The Toronto-Dominion Bank CC&R Insolvency and Credit Counselling	15 Westney Road North Ajax ON L1T 1P4	536 9246382-04	25,502.18
Wood Wyant			710.82
<b>Total</b>			<b>2,429,779.91</b>

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DURHAM'S SPORTS BARN INC.  
Insolvent Person

Court No.

File No.

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In the matter of the proposal of  
DURHAM'S SPORTS BARN INC.  
of the City of Oshawa, in the Province of Ontario

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Form 33  
Notice of intention to make a proposal

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msi Spergel inc. - Licensed Insolvency Trustee  
Per:

---

Philip Gennis - Licensed Insolvency Trustee  
201- 505 Consumers Rd.  
Toronto ON M2J 4V8  
Phone: (416) 497-1660 Fax: (416) 494-7199

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In the matter of the Notice of Intention to Make a Proposal  
DURHAM'S SPORTS BARN INC.  
of the City of Oshawa, in the Province of Ontario

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Affidavit of Mailing

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**msi Spergel inc. – Trustee**  
201 – 505 Consumers Road  
Toronto, ON M2J 4V8  
Phone: (416) 497-1660  
Fax: (416) 494-7199



**APPENDIX B**



## **APPENDIX C**

**Please Reply to the Belleville Office**

January 6, 2020

By email to: [pgennis@spergel.ca](mailto:pgennis@spergel.ca)

msi Spergel Inc.  
505 Consumers Road, Suite 200  
North York, ON M2J 4V8

Attention: Philip Gennis

Re: Durham's Sports Barn Inc.  
Our File No. 43921

We are the solicitors for 1213423 Ontario Inc. the Landlord of the premises currently occupied by Durham's Sports Barn Inc. Your Notice of Intention to file a proposal in respect to this company is acknowledged to have been received by my client and the writer.

Durham's Sports Barn Inc. continues to occupy the subject premises and apparently wishes to continue to operate its business. Therefore, it is liable to pay rent and additional rent for the period from and after the filing of your proposal (i.e. from Saturday January 4<sup>th</sup> onwards). The amount of rent plus additional rent due for the balance of January is \$ 37,754.35. Payment of this must be made immediately or otherwise under the terms of the lease my client is entitled to terminate the lease forthwith. The debtor is quite aware of the requirement to pay and the amount owing. He has not made payment, notwithstanding this obligation to do so.

We would also note for the record that our client is a secured creditor. A search under the *Personal Properties Security Act* will show an outstanding registration in favour of our client as well as the Toronto Dominion Bank, who is, I believe, the only other secured creditor. Our client was granted a lien under the terms of the lease on the assets of the tenant and has registered in respect of same.

We note that your communication references the distress. The distress was completed prior to the issuance of the Notice of Impending Termination or the filing of the Notice of Intention. The particulars of that distress will be forwarded in due course. However, given that the distress has been completed those are no longer assets of the Landlord nor are they

assets of the tenant. Therefore, the tenant has no right to use same and must cease and desist using those immediately. If Durham's Sports Barn Inc. is using assets which are no longer theirs and for which it has no legal rights and no rights to utilize or use, it will be doing so illegally and improperly. This is not affected by the Stay of Proceedings as there are no proceedings and the debtor is appropriating someone else's assets. This must cease and desist immediately.

If you wish to have a discussion with the writer with respect to the debtor's outstanding position and what it intends to accomplish by its Notice of Intention to file a proposal, we would be more than happy to discuss same. However, we would note that due to the amounts owing to my client and its position as a secured creditor, without its vote in favour of any proposal, which seems unlikely at this point, there is no way there is a viable proposal that can be made. You must bear this in mind in considering what options the debtor is considering pursuing.

If you have any questions, please feel free to contact the writer.

Yours very truly,

**Templeman LLP**



Harold Van Winssen  
HVW/kr  
Copy: A Russo

**APPENDIX D**

District of:  
Division No. -  
Court No.  
Estate No.

-- 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  
DURHAM'S SPORTS BARN INC.  
of the City of Oshawa, in the Province of Ontario

The attached statement of projected cash flow of DURHAM'S SPORTS BARN INC., as of the 13th day of January 2020, consisting of Statement of Projected Cash Flow for the Period from January 1, 2020 to July 31, 2020, 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.

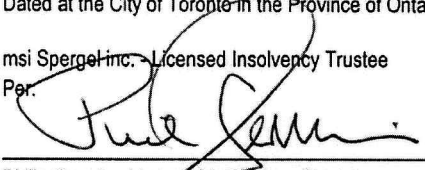
Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

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 13th day of January 2020.

msi Spengel inc. - Licensed Insolvency Trustee

Per:

  
Philip Gennis - Licensed Insolvency Trustee

201 - 505 Consumers Rd.

Toronto ON M2J 4V8

Phone: (416) 497-1660 Fax: (416) 494-7199

District of:  
Division No. -  
Court No.  
Estate No.

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  
DURHAM'S SPORTS BARN INC.  
of the City of Oshawa, in the Province of Ontario

Purpose:

The purpose of the Projection is to present the Statement of Projected Cash Flow ("Cash Flow") of Durham Sports Barn Inc. (the "Company") for the period from January 1, 2020 to July 31, 2020 in accordance with the requirements of Section 50.4(2) of the Bankruptcy and Insolvency Act ("BIA").

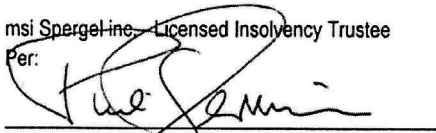
Assumptions:

1. The Company's plan is to operate in the normal course of business during the notice of intention to file a proposal period and anticipates that the business will generate sufficient cash to fund the ongoing operations.
2. The collection of sales and accounts receivable is based on historical monthly experience.
3. The Company will be filing its HST returns in the normal course and will remit HST as required.
4. Amount owing to Canada Revenue Agency with respect to payroll source deductions will continue to be paid in the ordinary course.
5. Creditors continue to provide the same terms as prior to this filing, with the exception of critical suppliers who may be paid upon delivery of goods.
6. Payroll costs are based on current headcount and remuneration. Working notice is expected to be provided to any employees who are terminated subsequently.

Dated at the City of Toronto in the Province of Ontario, this 13th day of January 2020.

~~msi Spengel inc.~~ Licensed Insolvency Trustee

Per:



Philip Gennis - Licensed Insolvency Trustee

201 - 505 Consumers Rd.

Toronto ON M2J 4V8

Phone: (416) 497-1660 Fax: (416) 494-7199



District of:  
Division No.  
Court No.  
Estate No.

- 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  
DURHAM'S SPORTS BARN INC.  
of the City of Oshawa, in the Province of Ontario

The Designated Officer of DURHAM'S SPORTS BARN INC., has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 13th day of January 2020, consisting of Statement of Projected Cash Flow for the Period from January 1, 2020 to July 31, 2020.

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.

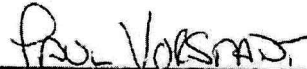
Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

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 Toronto in the Province of Ontario, this 13th day of January 2020.



DURHAM'S SPORTS BARN INC.  
Debtor



Name and title of signing officer



Name and title of signing officer

District of:  
Division No. -  
Court No.  
Estate No.

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  
DURHAM'S SPORTS BARN INC.  
of the City of Oshawa, in the Province of Ontario

Purpose:

The purpose of the Projection is to present the Statement of Projected Cash Flow ("Cash Flow") of Durham Sports Barn Inc. (the "Company") for the period from January 1, 2020 to July 31, 2020 in accordance with the requirements of Section 50.4(2) of the Bankruptcy and Insolvency Act ("BIA").

Assumptions:

1. The Company's plan is to operate in the normal course of business during the notice of intention to file a proposal period and anticipates that the business will generate sufficient cash to fund the ongoing operations.
2. The collection of sales and accounts receivable is based on historical monthly experience.
3. The Company will be filing its HST returns in the normal course and will remit HST as required.
4. Amount owing to Canada Revenue Agency with respect to payroll source deductions will continue to be paid in the ordinary course.
5. Creditors continue to provide the same terms as prior to this filing, with the exception of critical suppliers who may be paid upon delivery of goods.
6. Payroll costs are based on current headcount and remuneration. Working notice is expected to be provided to any employees who are terminated subsequently.

Dated at the City of Toronto in the Province of Ontario, this 13th day of January 2020.

  
DURHAM'S SPORTS BARN INC.

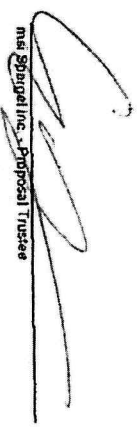
In the Matter of the Proposal of Durham Sports Barn Inc.  
 Statement of Projected Cash Flow  
 For the Period from January 1, 2020 to July 31, 2020

	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Total 2020
GROSS CASH INFLOW	\$150,138.83	\$173,401.54	\$187,743.63	\$133,235.60	\$171,403.12	\$140,316.92	\$168,204.10	\$1,102,500.55
Adjustments to Net Income to Net Cash								
Accounts Receivable								
TD CC 1	-\$1,000.00	-\$1,000.00	-\$1,000.00	-\$1,000.00	-\$1,000.00	-\$1,000.00	-\$1,000.00	-\$7,000.00
TD CC 2	-\$1,000.00	-\$1,000.00	-\$1,000.00	-\$1,000.00	-\$1,000.00	-\$1,000.00	-\$1,000.00	-\$7,000.00
GS/TH-ST Payable								
Payroll	-\$78,154.00	-\$80,310.00	-\$90,310.00	-\$58,310.00	-\$47,310.00	-\$42,310.00	-\$42,310.00	-\$387,014.00
Payroll Liabilities	-\$15,000.00	-\$15,000.00	-\$15,000.00	-\$15,000.00	-\$15,000.00	-\$15,000.00	-\$15,000.00	-\$105,000.00
Subcontractors	-\$8,500.00	-\$11,300.00	-\$18,000.00	-\$15,000.00	-\$6,500.00	-\$4,000.00	-\$4,000.00	-\$90,300.00
TD Loan	-\$5,200.00	-\$5,200.00	-\$5,200.00	-\$5,200.00	-\$5,200.00	-\$5,200.00	-\$5,200.00	-\$36,400.00
Loan (Stephen Stewart) Interest								\$0.00
Loan (Dalea Mody) Interest								-\$239,000.00
Rent Payments	-\$37,000.00	-\$37,000.00	-\$37,000.00	-\$37,000.00	-\$37,000.00	-\$37,000.00	-\$37,000.00	-\$259,000.00
Utilities Payments	-\$10,200.00	-\$12,200.00	-\$12,000.00	-\$11,200.00	-\$10,500.00	-\$9,000.00	-\$9,000.00	-\$74,900.00
Total Outflows	-\$155,054.00	-\$143,010.00	-\$150,310.00	-\$143,710.00	-\$128,510.00	-\$124,510.00	-\$124,510.00	-\$966,514.00
Net Cash Position (Monthly)	-\$4,915.17	\$30,391.54	\$17,433.63	-\$10,474.40	\$45,953.12	\$15,806.92	\$41,694.10	\$125,886.55
Bank Balance (Cumulative Today)	\$10,513.17	\$5,594.80	\$35,988.35	\$25,418.97	\$42,945.58	\$88,896.70	\$104,705.62	\$148,399.72

This Statement of Projected Cash Flow of Durham Sports Barn Inc. is prepared in accordance with Section 504(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on Cash Flow Statement.

Dated the 13th day of January, 2020.

  
 Trustee

  
 Trustee

Durham Sports Barn Inc

Durham Sports Barn Inc - Proposal Trustee

IN THE MATTER OF THE NOTICE OF INTENTION TO  
MAKE A PROPOSAL OF DURHAM'S SPORTS BARN INC.,  
OF THE CITY OF OSHAWA IN THE  
REGIONAL MUNICIPALITY OF DURHAM

Court File No.: 31-2601563  
Estate No.: 31-2601563

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(in Bankruptcy and Insolvency)  
Commercial List  
Proceeding commenced at TORONTO

FIRST REPORT OF MSI SPERGEL INC.,  
IN ITS CAPACITY AS TRUSTEE UNDER THE NOTICE  
OF INTENTION TO MAKE A PROPOSAL OF  
DURHAM'S SPORTS BARN INC.

**MSI SPERGEL INC.**  
505 Consumers Road, Suite 200  
North York, ON M2J 4V8

**Philip Gennis**  
[PGennis@spergel.ca](mailto:PGennis@spergel.ca)

**Mukul Manchanda**  
[mmanchanda@spergel.ca](mailto:mmanchanda@spergel.ca)

Tel: 416-457-4773  
Fax: 416-498-4325

Proposal trustee