

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

ROYAL BANK OF CANADA

Applicant

- and -

**NORTHVIEW COLLISION INC., 2565496 ONTARIO INC., 2509788 ONTARIO INC.,
and THAYAPARAN PARAMESWARAN**

Respondents

**SUPPLEMENTAL REPORT TO THE SECOND REPORT OF MSI SPERGEL INC.
IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER OF
NORTHVIEW COLLISION INC. and 2565496 ONTARIO INC.**

April 10, 2019

APPENDICES

1. Email exchanges dated March 29, 2019, together with the Third 256 Commitment Letter
2. Email exchanges dated April 2, 2019 to April 4, 2019 (without attachments)
3. Email dated April 5, 2019 (without attachments), together with the Follow-Up Questions and Concerns Attachment

1.0.1 This supplemental report (this “**Second Report Supplement**”) is filed by msi Spergel inc. (“**Spergel**”), in its capacity as the Court-appointed receiver (in such capacity, the “**Receiver**”) of Northview Collision Inc. (“**Northview**”) and 2565496 Ontario Inc. (“**256**” and, together with Northview, the “**Companies**”), as a supplement to the Receiver’s second report to the Court dated March 27, 2019 (the “**Second Report**”). Unless otherwise stated, all capitalized terms in this Second Report Supplement are defined as in the Second Report, and the disclaimer that appears in the Second Report also applies to this Second Report Supplement.

1.0.2 On March 29, 2019, the Companies’ counsel wrote to the Receiver’s Counsel and RBC’s counsel, which email attached a further commitment letter (the “**Third 256 Commitment Letter**”) in relation to mortgage refinancing of the 256 Premises, and which email:

- a) advised that the Third 256 Commitment Letter is for the amount of \$900,000;
- b) advised that the appraisal condition underlying the Third 256 Commitment Letter has been satisfied;
- c) advised that 256 understands that the total debt of 256 exceeds the availability under the Third 256 Commitment Letter but that the monies available in 256’s corporate bank account and Northview’s TD Bank account could purportedly be applied to address such excess;

- d) asked the Receiver and RBC to advise if there is any additional information required from 256 in order to facilitate the closing of the Third 256 Commitment Letter; and
- e) advised that 256 *"is hopeful that it can obtain a similar commitment letter regarding the [Northview Premises] next week with a closing to occur shortly after the [256 Premises]."*

1.0.3 The Receiver's Counsel responded that same day, advising, amongst other things, that:

- a) in order to move forward with the refinancing under the Third 256 Commitment Letter, 256 would need to obtain leave of the Court in light of the Receivership Order and would also need to ensure that there is sufficient funding to pay off or make satisfactory arrangements with all creditors;
- b) that in order for the Receiver to comment on the Third 256 Commitment Letter, 256 would need to:
 - i. confirm whether all due diligence requirements underlying the Third 256 Commitment Letter had been satisfied or waived;
 - ii. confirm, of the \$900,000 gross amount under the Third 256 Commitment Letter, what amount would be made available for 256's creditors; and

- iii. provide the Receiver with a response to the outstanding Information Request, which, as set out in the Second Report, consisted of 13 requests made by the Receiver on March 11, 2019, none of which had been addressed; and
- c) until such time as the Information Request and any resulting follow-up questions are addressed, the Receiver could not satisfy itself or the Court as to an accurate picture and quantum of 256's indebtedness owing to its creditors (or Northview's indebtedness owing to its creditors), and therefore the Receiver was not in a position to confirm whether the Third 256 Commitment Letter would generate sufficient proceeds to satisfy 256's creditors.

Attached as **Appendix "1"** to this Second Report Supplement are copies of the above-referenced email exchanges, together with the Third 256 Commitment Letter.

1.0.4 On April 2, 2019, the Companies' Counsel wrote to the Receiver's Counsel and RBC's counsel, which email provided certain of the information requested in the Information Request as follows:

Northview

- a) a report from Northview's accounting software indicating outstanding source deductions for 2018 in the amount of \$24,613.42;

- b) a copy of an unfiled HST return for the period from November 1, 2017 to October 31, 2018 indicating a balance owing of \$32,309.92;
- c) advising that Northview owes \$5,791.19 in relation to property taxes for the Northview Premises;
- d) a copy of aged accounts receivable listing;
- e) a copy of aged accounts payable listing;
- f) copies of statements from one of the two bank accounts held with the TD Bank;
- g) advising that internally prepared financial statements for Northview for the period from November 1, 2018 to February 28, 2019 were not available;
- h) advising that a go-forward cash flow forecast indicating the profitability and cash flow requirements of Northview for the following six months was not available; and
- i) advising that environmental reports in relation to the Northview Premises would be provided if available;

256

- a) a report from 256's accounting software indicating outstanding source deductions for 2018 in the amount of \$31,878.89 (but advising that "*the amount is to be adjusted to \$25,712.73*");

- b) a copy of an unfiled HST return for the period from March 9, 2017 to December 31, 2017 indicating a refund of \$15,939.65;
- c) advising that 256 owes \$21,328.70 in relation to property taxes for the 256 Premises;
- d) a copy of the appraisal of the 256 Premises conducted by Yorkcentral Appraisals with an effective date of February 13, 2019;
- e) a copy of 256's 2017 financial statements and advising that 256's 2018 financial statements are yet to be prepared;
- f) advising that internally prepared financial statements for the period from January 1, 2019 to February 28, 2019 were not available;
- g) advising that a go-forward cash flow forecast indicating the profitability and cash flow requirements of 256 for the following six months was not available; and
- h) advising that environmental reports in relation to the 256 Premises would be provided if available.

Attached as **Appendix "2"** to this Second Report Supplement is a copy of the above referenced email without attachments, together with the other emails in that chain, being:

- a) an email sent by the Companies' Counsel two days later to the Receiver's Counsel and RBC's counsel, which reads as follows:

“Does the receiver need any further information in order to comment as [sic] my client’s proposal to payout the 256 indebtedness?”

The lender is standing by but we must move quickly. Assuming that the receiver and RBC will not oppose a motion to permit the refinancing, I would ask for their final payout figures on 256.

It is expected that a refinancing for the other property [i.e., the Northview Premises] would follow shortly;” and

- b) the Receiver’s response that same day (without attachments), advising, amongst other things, that the Receiver was reviewing the information provided to it two days earlier and would be back to 256 with questions, but, once again, asked the Companies’ Counsel to confirm the amount of the net advance under the Third 256 Commitment Letter so that the Receiver could evaluate the sufficiency of funds to address 256’s obligations.

1.0.5 On April 5, 2019, the Receiver’s Counsel sent an email to the Companies’ Counsel advising, amongst other things, that:

- a) based on the information provided to date, the Receiver remains uncertain as to the universe of creditors for each of 256 and Northview, and therefore, what amounts would be required to satisfy such debts;
- b) in any event, the Third 256 Commitment Letter cannot generate sufficient proceeds to satisfy 256’s creditors because, in the most conservative

scenario, the Third 256 Commitment Letter would be at least \$90,000 short and likely more;

- c) the Companies have not provided all the information requested in the Information Request, but the partial information gave rise to a series of follow-up questions and concerns reflected in the Receiver's attached email (the "**Follow-Up Questions and Concerns Attachment**"), including, without limitation, unidentified transfers of even amounts from the Companies' bank account statements (to the extent that such statements were provided to the Receiver) to an unknown location(s);
- d) in order for the Receiver to consider modifying its recommendations to the Court that are set out in the Second Report, the Companies would need to demonstrate that there was reason to do so, which the Companies had not shown;
- e) specifically, to the extent the Companies wish to avoid the proposed sale process by the Receiver and proceed with a refinancing of at least 256, 256 would need to provide credible and well-supported evidence to establish the totality of its creditors and establish that any shortfall from the purported financing could be addressed prior to the scheduled court attendance (with the Receiver proposing that the necessary funds to address any shortfall be deposited with the Receiver ahead of the April 12 hearing date);
- f) alternatively, to the extent the Companies wish to modify the proposed sale process, such that an attempt be made to market the businesses as going

concerns, the Companies would have to provide source materials to support the profitability of the Companies which may be used in a data room, which documents the Receiver anticipates would include current financial statements and cash flow forecasts that the Receiver has been requesting for some time now (together with answers to the Follow-Up Questions and Concerns Attachment), failing which it is unclear how the Receiver would be able to realize any going concern value for either of the businesses; and

- g) in fairness to the Receiver and the Court, any further disclosure should be provided as soon as possible and well in advance of the day before the April 12 hearing date.

Attached as **Appendix “3”** to this Second Report Supplement is a copy of the above-referenced email (without attachments, save and except for the Follow-Up Questions and Concerns Attachment, which is attached as part of Appendix “3”, together with the attachment to the Questions and Concerns Attachment).

1.0.6 As at the time of signing this Second Report Supplement, being the afternoon of April 10, 2019, neither the Receiver nor the Receiver’s Counsel has received any further response from the Companies or the Companies’ Counsel.

1.0.7 Subsequent to the communications in Appendix “3”, the Receiver was advised by TD Bank that TD Bank is owed monies from Northview in the approximate amount of \$22,000 in relation to a business Visa facility granted by TD Bank to Northview, which liability had not previously been disclosed by Northview to the Receiver. The Receiver intends to report on this matter moving forward as

required. In the meantime, TD Bank has delivered a total of \$103,602.00 to the Receiver which amount represents the approximate balance that was available in Northview's bank accounts at TD.

1.0.8 The Receiver continues to request that this Court grant the relief sought in the Second Report, together with approving this Second Report Supplement and the actions of the Receiver described herein.

All of which is respectfully submitted.

Dated at Toronto this 10th day of April, 2019

msi Spergel inc.,
solely in its capacity as the Court-appointed Receiver
of Northview Collision Inc. and 2565496 Ontario Inc.
and not in its personal or corporate capacity

Per:



Mukul Manchanda, CPA, CIRP, LIT
Principal
35724331.2

APPENDIX 1

Jeremy Nemers

From: Sanj Mitra
Sent: March-29-19 3:52 PM
To: 'David Schatzker'; 'Domenico Magisano'
Cc: Jeremy Nemers; Sanj Mitra; 'Mukul Manchanda'; Philip Gennis
Subject: RE: Northview Collision Inc., and 2565496 Ontario Inc. both carrying on business Fix Auto

David and Dom,

At this stage the Debtor will need to get leave of the Court for the refinancing. It does not have the power to incur any obligations. I have written previously to you on this point in that the Debtor will have to ensure sufficient funding to pay off or at least have arrangements satisfactory to all creditors. I expect that the Court will be looking for a report from a Receiver to this effect. In order for the Receiver to comment on the attached commitment letter that David circulated earlier today, we would ask that David please:

- a) confirm whether all due diligence requirements have been satisfied or waived (and not simply item #9 regarding one of the two appraisals)? In this regard, and without limiting the generality of the foregoing, we note that a second appraisal is required in respect of another property (item #10) and that CRA-related reporting is also required (items #5, 6 and 8). As you know, the Receiver has been asking David's clients to provide a statement of outstanding amounts to CRA in relation to HST, source deductions and corporate taxes for some time now, and these CRA amounts would form additional indebtedness (and potentially priority indebtedness to other secured creditors) that the Receiver is presently unavailable to quantify;
- b) confirm what net amount would be made available under the commitment letter in light of the appraisal results and after payment of the various commitment fees, property taxes, etc. By way of example, and without limiting the generality of the foregoing, we see that the lender/arranging fees are described in the letter as "\$15,400 plus legals, disbursements & HST where applicable." Considering that both of you appear to acknowledge that the commitment letter financing would be "tight" (in the best of cases, and may prove even then to be insufficient), it is necessary to understand the actual amount that would be funded thereunder; and
- c) provide us with responses to the Information Request (as defined in the Receiver's Second Report that was served earlier this week), which Information Request comprises 13 components, all of which remain outstanding despite having been provided to David on March 11 and all of which are necessary to allow the Receiver to satisfy itself and the Court as to an accurate picture and quantum of the Debtors' indebtedness owing to their creditors.

The Receiver may have additional informational request once it sees your response. Until such time as complete answers and disclosure are provided in respect of the above matters, the Receiver is not in a position to confirm whether the commitment letter would generate sufficient proceeds to satisfy 256's creditors (or whether the conditions to the commitment letter have even been satisfied).

If you wish to have a call we are pleased to speak to you, however, we have been asking for information for some time now and recommend that you focus on satisfying the requests for information. Please provide suggested times for a call if you want to have one.

Dom, with a view of aiding with the calculations, perhaps you can advise as to the balance owing by 256 to RBC as of today, and the balance in 256's accounts with RBC as of today?

We look forward to hearing from both of you.

Thanks,

Sanj

Sanjeev Mitra, B.Sc., LL.B.

T 416.865.3085
F 416.863.1515
E smitra@airdberlis.com

Aird & Berlis LLP | Lawyers
Brookfield Place, 181 Bay Street, Suite 1800
Toronto, Canada M5J 2T9 | airdberlis.com

AIRD BERLIS

This email is intended only for the individual or entity named in the message. Please let us know if you have received this email in error.
If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

From: David Schatzker [<mailto:dschatzker@cfflaw.com>]
Sent: March-29-19 11:01 AM
To: 'Domenico Magisano' <dmagisano@lerner.ca>; Sanj Mitra <smitra@airdberlis.com>
Cc: Jeremy Nemers <jnemers@airdberlis.com>
Subject: RE: Northview Collision Inc., and 2565496 Ontario Inc. both carrying on business Fix Auto

Domenico, Sanj,

My client has obtained a commitment letter for \$900,000 on the Cosentino property. See attached. Note on pg. 2, item 9, the appraisal condition has been satisfied.

Assuming the receiver's cooperation, I am hopeful that this refinancing can close next week. I appreciate that there will be more than \$900,000 owing on this matter, although my client notes that there is money in the corporate bank account and the TD account which can be applied as well.

My client is hopeful that it can obtain a similar commitment letter regarding the Ravenshoe property next week with a closing to occur shortly after the Cosentino property.

Can you advise, is there any additional information that the Receiver and RBC will require from my client in order to facilitate these closings (e.g. regarding tax issues as earlier discussed)? If so please advise and I will ask my client to attend to same. It may be productive for us to have a conference call with our clients so that nothing is lost in translation in terms of exactly what is needed.

David A. Schatzker
B.A., LL.B., CFE

Clark Farb Fiksel LLP
Barristers & Solicitors
188 Avenue Road
Toronto, ON M5R 2J1

Tel: (416) 599-7761 Ext. 248
Fax: (416) 324-4213

From: David Schatzker
Sent: Thursday, March 28, 2019 11:50 AM
To: 'Domenico Magisano'
Subject: RE: Northview Collision Inc., and 2565496 Ontario Inc. both carrying on business Fix Auto

Domenico,

Further to our discussion this morning:

1. My clients have obtained a different commitment letter and I will update once I have more details regarding same;
2. My clients are looking to continue to operate the business in the interim and to that end they would ask that RBC permit them to use their RBC accounts, subject to reasonable supervision.

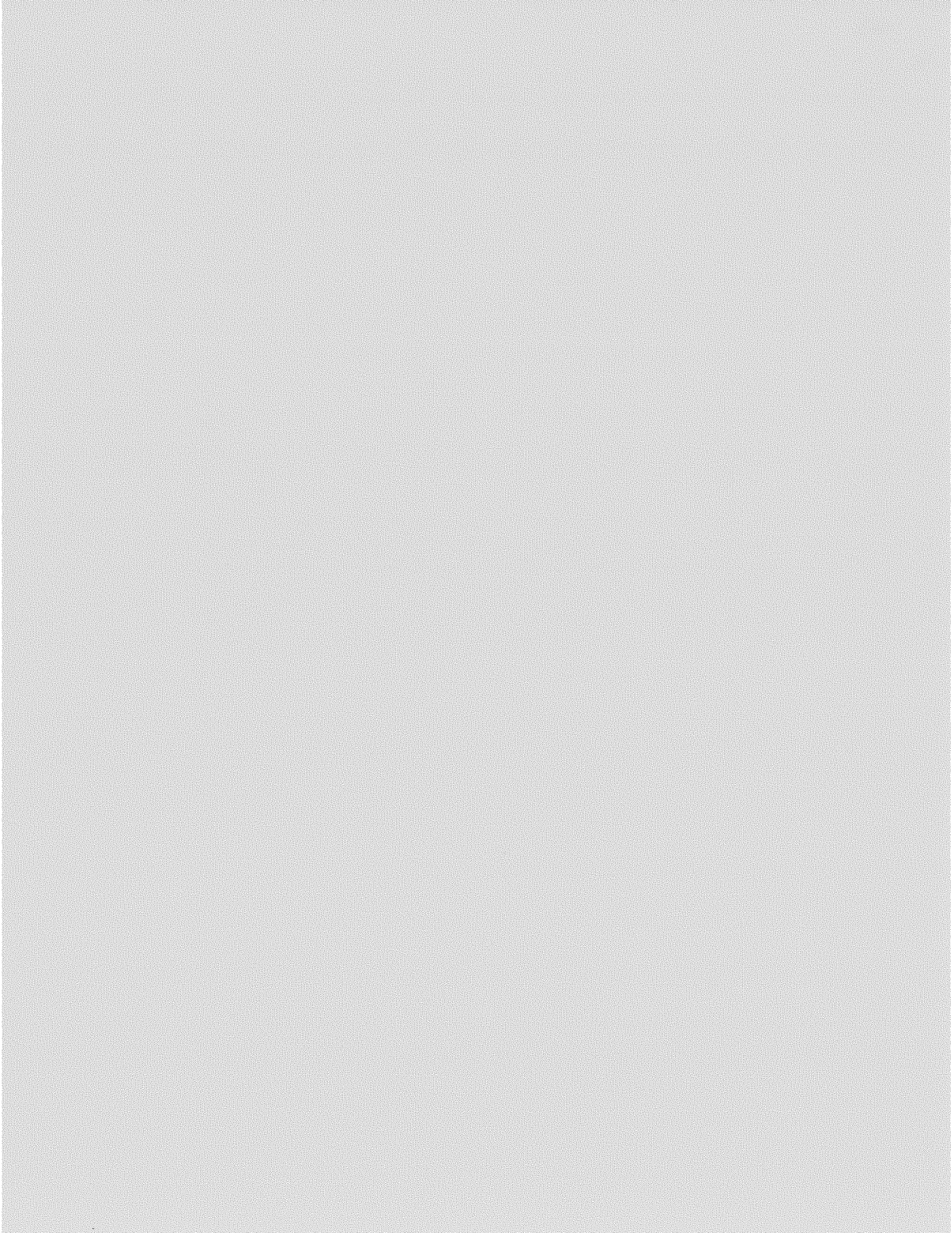
David A. Schatzker

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Theodore Batchelor, B.A., LL.B.
Melvin Wasserman, LL.B. (retired)

March 20, 2019

2565496 Ontario Inc. and Thayaparan Parameswaran
("Borrower(s)")
18 Cosentino Drive
Toronto, ON M1P 3A2

via e-mail only to
b_jevan@hotmail.com

Dear Borrowers:

RE: *Revised First mortgage financing on 18 Cosentino Drive, Toronto and Second mortgage on 12 Deer Ridge Rd, Uxbridge (together, the "Property(ies)")*

We are pleased to confirm that clients of this firm ("Lenders") are prepared to provide you mortgage financing ("Loan", "Mortgage") on the above-noted Properties based on your representations as follows:

- The Loan is for refinancing on the '18 Cosentino' Property, which consists of a free-standing commercial building. It will continue to be occupied by you and/or related parties for business purposes (which must operate under a separate business entity).
- The '12 Deer Ridge' Property is being provided as additional security until the environmental site assessment of '18 Cosentino' can be completed. It will continue to be occupied by you and/or members of your immediate family as a principal residence.

Basic terms of the offered Loan are as follows:

Amount of loan:	\$900,000, or 66.43% of appraised value of '18 Cosentino', whichever is the lesser.
Term: 1 year	<ul style="list-style-type: none">• 7.5% interest/annum, calculated and compounded monthly• Payments monthly interest plus \$2,500 monthly to principal• Open with 2 months' bonus of interest during the first 6 months; open thereafter on any payment date without notice or bonus.
Partial discharge provision:	<p>Discharge of the '12 Deer Ridge' property may be obtained upon our acceptance of a satisfactory environmental site assessment of the '18 Cosentino' property.</p> <p>The Mortgage and all security must be intact and in good standing to the satisfaction of the Lenders, the Borrowers must pay all related costs (including re-appraisal if required; see also Costs section), and any prepayment is subject to any bonus/penalties and other terms of the mortgage, as applicable.</p>
Guarantor(s):	Thayaparan Parameswaran 2480240 Ontario Inc o/a Fix Auto Scarborough Central
Placement closing date:	To be confirmed, but no later than Tue, Apr 2, 2019 (subject to acceptance by Thu, Mar 21, 2019)
Lender/ Arranging fees:	\$15,400 plus legals, disbursements & HST where applicable

Mortgage Brokerage:

No Mortgage Broker is involved.
You will be represented by your lawyer.**DUE DILIGENCE REQUIREMENTS**

Due to the short timeline, the following items should be provided on acceptance or as soon as urgently possible. In any event, the Borrower is responsible for completion of these items to the satisfaction of the Lenders and *any delay in doing so may result in a delay to placement of the mortgage and the advance of funds:*

1. A completed and signed mortgage application for each Borrower and Guarantor which includes (a) telephone and e-mail contact information and (b) net worth statements
2. The Lenders' form of "Disclosure of (PEFP)" signed by each Borrower and Guarantor, including authorized signing officers if a limited company
3. Satisfactory credit bureau report on each Borrower and Guarantor
4. Verification of government issued photo identification (or documentation of incorporation, as applicable), for each Borrower and Guarantor
5. 2016 or 2017 income tax Notice of Assessment for each Borrower and Guarantor
6. 2016 or 2017 income tax returns for each individual Borrower and Guarantor
7. 2016 or 2017 financial statements for each corporate Borrower and Guarantor
8. Documentation of Borrower business registrations, including CRA Business Number and evidence of current GST/HST and payroll accounts, as applicable
9. Satisfactory appraisal valuing the '18 Cosentino' Property at no less than \$1,355,000, directed as required by the Lenders.¹
The current appraisal by Yorkcentral Appraisals (Vince Gemmiti, 905-851-7403) satisfies this condition.
10. Satisfactory appraisal valuing the '12 Deer Ridge' Property at no less than \$1,275,000, directed as required by the Lenders.¹
11. Satisfactory environmental report on the '18 Cosentino' Property, directed as required by the Lenders for mortgage financing purposes¹
This condition will be deferred until after closing pursuant to the above "Partial discharge provision", subject to a satisfactory inspection of the property before closing.
12. Satisfactory review of a survey and/or floor plan for each Property
13. Rent roll report for rental Properties and copies of all tenant leases
14. Copy of recent municipal property tax bill for each Property
15. A satisfactory inspection of each Property by the Lenders and/or their representatives
16. Name and contact information of lawyer(s) acting for Borrowers and Guarantors

In assessing conditions for the Loan, the Lenders may also require a meeting with the Borrowers and/or Guarantors to review materials and obtain additional information, all of which must be satisfactory at the Lenders' sole discretion.

¹ Original reports for mortgage financing purposes must be provided at the Borrower's cost, addressed directly to TELB Mortgage Holding Corporation and Community Trust Company, or with a Letter of Reliance from the author directing the report as required by the Lenders

SECURITY

The following security, established in form and substance satisfactory to the Lenders and their solicitors, are required in order to close the mortgage placement:

- A. Title to the '18 Cosentino' Property must be in a different entity than the occupant business operation
- B. Good first mortgage over the '18 Cosentino' Property, subject to the Lenders' Standard Charge Terms
- C. Good second mortgage over the '12 Deer Ridge' Property, subject to the Lenders' Standard Charge Terms and an existing first mortgage with TD Bank which is in good standing with no more than \$829,000 owing
- D. General security agreement from the Borrowers constituting a first charge on rents and on assets of the Borrowers associated with the Property(ies), supported by a 'PPSA' financing change statement
- E. General assignment of rents of each Property
- F. Lease subordination agreement from tenant(s) in the Property(ies).
- G. Title insurance, at the Borrowers' expense, from an insurer chosen by the Lenders and providing coverage for Private Mortgage Lenders
- H. Property insurance coverage based on the use of each Property which includes a satisfactory mortgagee clause and names the Lender/Mortgagees as additional insureds and loss payees
- I. Post-dated cheques payable to **Batcher, Wasserman in Trust** for the first 12 monthly mortgage payments
- J. Borrowers and Guarantors to provide such further security, warranties, releases, and documentation as required by the Lenders and their solicitors.

For clarity, any failure or shortcoming in establishing security satisfactory to the Lenders and their solicitors, or any delay in satisfying due diligence, documentation, or other requirements, resulting in the placement not being completed will be deemed a breach of this agreement by the Borrowers.

REPRESENTATION & COSTS

It is understood that this law firm acts for the Lenders only and the Borrowers must have their own, independent legal representation at their own cost. The Borrowers are also responsible for all brokerage fees, if they are represented by mortgage brokers/agents in arranging this financing, per the brokers' Disclosures to Borrower, and for any costs related to fulfilling requirements for this Loan (including appraisals, inspections, producing documents and security, etc.).

The Borrowers are also responsible for payment of all the Lenders' out-of-pocket costs² in connection with the Loan, including legal fees for the Lender/Mortgagees' lawyers to close the placement, plus disbursements and HST where applicable. The law firm acting for the Mortgagees will be Harvey Mandel (416-364-7717, harvey@harvey-mandel.com).

Without limiting the generality of the above, the following specific fees payable by the Borrowers will be applicable to the Loan (plus disbursements & HST where applicable):

² For clarity, the out-of-pocket costs payable by the Borrowers are in addition to the stipulated lender/arranging fees

- a. \$250 for each occurrence of an NSF cheque or otherwise dishonoured payment, each demand letter issued regarding any type of default, and each file review performed when a payment that is due was not received within 4 business days of the payment due date
- b. \$250 for preparation of a mortgage statement
- c. \$175 for an inspection of the property (plus travel costs)

OTHER TERMS AND CONDITIONS

1. The terms and conditions of this offer to mortgage will not merge on closing and will survive closing, and continue through the duration of the Loan, any renewals or extensions thereof, extending until the Lenders have been repaid in full with recovery of all principal, interest and costs relating to the Loan. Furthermore, time shall be of the essence in this contract.
2. If the closing of the mortgage transaction or completion of any further advance of funds is delayed because the Borrower(s) or Guarantor(s) are unable to fully comply with terms of the Loan in time for an agreed funding date (as specified in this offer or otherwise agreed), interest will still apply from the agreed funding date. If an advance is cancelled, interest according to the terms of the Loan applies until funds are returned to the Lenders.
3. Real Estate Taxes must be paid to the date of closing, and all installments including any additional or overdue amounts, paid by the Borrower(s) when due. At the option of the Lenders, 1/12th of annual Real Estate Taxes as estimated by the Lenders must be paid to the Lenders monthly (in addition to the mortgage payments), which amounts the Lenders will forward to the municipality. Nevertheless, the Lenders are not responsible for any mistakes made in calculations or remittances or for any penalties or consequences from unpaid Realty Taxes.
4. If secured property involves Condominium elements, all Common Expenses must be paid to the date of closing, and the status of the unit and the overall Condominium Corporation must be in good standing at all times. At the option of the Lenders, Condominium Common Expense payments must be paid to the Lenders monthly (in addition to the mortgage payments), which amounts the Lenders will forward to the Condominium Corporation. Nevertheless, the Lenders are not responsible for any mistakes made in calculations or remittances or for any penalties or consequences from unpaid Common Expenses.
5. Where deemed applicable by the Lenders, the Borrower(s) will provide series of post-dated cheques covering up to 1 year of mortgage payments and/or other regular payments required under the terms of the Loan (e.g. 12 monthly post-dated cheques per occasion, to be delivered on closing, and annually thereafter).
6. The Borrower(s) and Guarantor(s) give permission to the Lenders to record any information, personal or otherwise, provided to them in connection with this transaction, to maintain such information on file as long as the Lenders deem appropriate, and to reasonably use and distribute same to third parties as required for the mortgage placement herein, on-going administration, enforcement, and including any renewals or extensions of the Loan.
7. The Borrower(s) and Guarantor(s) also agree to the Lenders obtaining current and future Credit Bureau reports as they see fit, including reasonable use and distribution to third parties relating to the Loan. If the Borrower(s) are a limited company, it is understood that the above also applies to any principal of the Borrower Company.
8. Borrower(s) and Guarantor(s) must be represented, at their own expense, by solicitors independent of the Lenders' solicitors. In addition, Borrowers and Guarantors must obtain legal advice or representation independent from one another, at their own expense, if deemed necessary by their own solicitors or the solicitors for the Lenders (due to conflicting interests between the parties or otherwise).

9. It is understood and agreed that the Loan will be syndicated by this firm, which syndication may also use RRSP/RRIF funds, and that any information provided to this firm regarding the Loan may be shared with the syndicated loan participants of this firm and their advisors.
10. Any payment received after 1:00 p.m. shall be deemed to have been made on the next Bank Business Day following receipt. For purposes of this paragraph, Saturday, Sunday, Provincial and Federal Holidays shall be deemed not to be Bank Business Days.
11. In the event that the Lenders or their agents take possession of subject property as a result of default under the mortgage, the Lenders will be entitled to a management fee based on 5% of the mortgage principal plus HST, which fee the Borrower(s) and Guarantor(s) acknowledge is a reasonable estimate of the fees to be incurred, and which amount is deemed not to be a penalty. This clause in the mortgage shall also be deemed proper notice of said management fee to any subsequent encumbrancer in the event of the chargor(s) default.
12. Except as explicitly allowed in this offer, the owners of the property must ensure that the condition of the property and its uses are compliant before closing, and remain compliant at all times, with all relevant federal, provincial, and municipal laws, by-laws and regulations including, without limiting the generality of the foregoing, municipal zoning and permits, fire safety & retrofit requirements, environmental standards, work orders from regulatory authorities, manufacturing or growing of illegal or controlled substances, use of UFFI insulation, asbestos, PCB waste, radioactive material, noxious substances, or other contaminants. The Borrower(s) and Guarantor(s) will provide warranties and releases relating to these requirements to the Lenders on request.
13. The Borrower(s) agree not to make any changes affecting the security being provided without the prior written approval of the Lenders and, specifically, will not assign any of their rights in this contract, permit an unapproved change in use of secured property, nor place subsequent financing secured by the property without the Lenders' approval. The Mortgage is not assumable, and will become payable in full at the Lenders' option if any such change takes place or if there is a change in title to any property or security provided.
14. The Borrower(s) and Guarantor(s) warrant that all information and documents provided by them, or indirectly on their behalf, in applying for and closing this Mortgage transaction and throughout the duration of the Loan, are substantially true and correct. The Borrower(s) and Guarantor(s) also attest that none of them have undisclosed relationships with any other parties acting in the transaction (beyond one another) and specifically are dealing at arm's length with the brokers/agents, appraisers, vendors, purchasers, old and new lenders, builders, inspectors, property managers, condominium corporations, consultants, and other parties involved when entering into this transaction, except as described in this Commitment or disclosed to and acknowledged in writing by the Lenders. Any material breach of the terms of this agreement or material discrepancy in said information shall be deemed a default by the Borrower(s) and, accordingly, in any such case this agreement may be terminated and/or the Loan called for immediate repayment in full at the Lenders' sole option.

ACCEPTANCE OF THIS OFFER

If you wish to accept this offer, we must receive a signed copy of this letter along with a deposit of \$5,000 by certified cheque or bank draft payable to **Batcher, Wasserman, in Trust**, delivered to our offices by 1:00 pm Thu, Mar 21, 2019.

An acceptance delivered after the expiry of this offer, or delivered without the full deposit amount as required above, will not be binding on us and, even if we confirm an acceptance after Thu, Mar 21, 2019, closing date cannot be assured. Please also note the due diligence requirements that must be satisfied in advance of the closing date as previously described.

March 20, 2019

Revised 1st mortgage on 18 Cosentino Drive, Toronto and
2nd mortgage on 12 Deer Ridge Rd, Uxbridge

If you accept this offer, but a default by this law firm or its Lender clients causes the mortgage transaction to fail, the \$5,000 deposit is refundable to you without deduction or interest. If the mortgage transaction does not close for any other reason, the full amount of the lender/arranging fees and the lenders' out of pocket costs remain payable by the Borrowers, and the deposit will not be refundable and will be applied against amounts due.

We thank you again for your interest and look forward to completing this financing with you.

Yours truly,

BATCHER, WASSERMAN

per: 

for: T. BATCHER (TB/jpc)

E&OE

cc

I/We accept above mortgage commitment for a one-year term and agree to be bound by its terms and conditions.

Borrower and Owner of 18 Cosentino Drive:

2565496 Ontario Inc. - Borrower

per:  - A.S.O.
Print name:

21/03/2019
Date

per:  - A.S.O.
Print name:

Date

Business
e-mail address:

Business
phone#:

Borrower and Owner of 12 Deer Ridge Rd, Uxbridge:

per:  - Borrower
Thayaparan Parameswaran

21/03/2019
Date


E-mail address:

Daytime phone#:

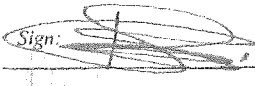
March 20, 2019

Revised 1st mortgage on 18 Cosentino Drive, Toronto and
2nd mortgage on 12 Deer Ridge Rd, Uxbridge

Personal Guarantees:

Sign: 	- Guarantor	<u>21/03/19</u> Date
Thayaparan Parameswaran		
E-mail address: _____	Daytime phone#: _____	

Corporate Guarantor:

2480240 Ontario Inc o/a Fix Auto Scarborough Central - Guarantor		
per: 	- A.S.O.	<u>21/03/19</u> Date
Print name: _____		
Sign: _____	- A.S.O.	_____
per: _____		Date
Print name: _____		
Business e-mail address: _____	Business phone#: _____	

APPENDIX 2

Jeremy Nemers

From: Sanj Mitra
Sent: April-04-19 1:00 PM
To: 'David Schatzker'; 'Domenico Magisano'
Cc: Jeremy Nemers; Sanj Mitra; 'Mukul Manchanda'; Philip Gennis; Sanj Mitra
Subject: RE: Northview Collision Inc., and 2565496 Ontario Inc. both carrying on business Fix Auto
Attachments: RE: Northview Collision Inc., and 2565496 Ontario Inc. both carrying on business Fix Auto

David, the receiver is reviewing the information that you have provided and we will be back to you with questions.

Your clients supplied only limited information and well after the information requests had been made to your clients. It was received less than two days ago.

I note that you have yet to confirm the amount of the net advance which was requested in our email attached so that the receiver can evaluate the sufficiency of funds to address the obligations of 256. Please provide same. There may be additional requests for information once the Receiver has had a chance to review what your clients have provided.

When do you wish to bring your motion?

Sanjeev Mitra, B.Sc., LL.B.

T 416.865.3085
F 416.863.1515
E smitra@airdberlis.com

Aird & Berlis LLP | Lawyers
Brookfield Place, 181 Bay Street, Suite 1800
Toronto, Canada M5J 2T9 | airdberlis.com



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If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

From: David Schatzker [<mailto:dschatzker@cfflaw.com>]
Sent: April-04-19 12:32 PM
To: Sanj Mitra <smitra@airdberlis.com>; 'Domenico Magisano' <dmagisano@lerner.ca>
Cc: Jeremy Nemers <jnemers@airdberlis.com>
Subject: RE: Northview Collision Inc., and 2565496 Ontario Inc. both carrying on business Fix Auto

Sanj, Domenico,

Following up.

Does the receiver need any further information in order to comment as my client's proposal to payout the 256 indebtedness?

The lender is standing by but we must move quickly. Assuming that the receiver and RBC will not oppose a motion to permit the refinancing, I would ask for their final payout figures on 256.

It is expected that a refinancing for the other property would follow shortly.

David A. Schatzker
B.A., LL.B., CFE

Clark Farb Fiksel LLP

Barristers & Solicitors
188 Avenue Road
Toronto, ON M5R 2J1

Tel: (416) 599-7761 Ext. 248
Fax: (416) 324-4213

From: David Schatzker
Sent: Tuesday, April 02, 2019 3:21 PM
To: Sanj Mitra (smitra@airdberlis.com); 'Domenico Magisano'
Cc: jnemers@airdberlis.com
Subject: Northview Collision Inc., and 2565496 Ontario Inc. both carrying on business Fix Auto

Sanj, Domenico,

I am attaching some addition documents and information from my clients that I hope will assist the Receiver in coming to a decision as to facilitating a payout of the Toronto property and associated company.

Property Tax:

2565496 Ontario Inc. \$21,328.70 owing – my clients stand by to pay this amount
Northview Collision Inc. \$5791.19 owing - my clients stand by to pay this amount on a closing for the associated property

HST (see attached documents):

2565496 Ontario Inc. \$0.00 - Refund of \$15,939.16
Northview Collision Inc. \$32,309.92 owing – my client has arranged some funds to be used in connection with a closing

Payroll (see attached):

2565496 Ontario Inc. \$31,878.89 owing, but the amount is to be adjusted to \$25,712.73
Northview Collision Inc. \$24,613.42

Other items:

I am attaching the following which my clients have provided:

1. 2017 Financial Statements
2. Aged AR's for 256 and Northview
3. Northview HST balance
4. TD account statements
5. RBC account statements

In answer to the Receiver's questions and requirements of March 11, 2019, my clients can advise as follows:

1. Externally prepared financial statements of 256 for fiscal 2018 along with copy of the corporate tax return;

2018 Statements not prepared. 2017 Statements are attached.

2. Internally prepared financial statements for Northview for the period from November 1, 2018 to February 28, 2019;

Not available.

3. Internally prepared financial statements for 256 for the period from January 1, 2019 to February 28, 2019;

Not available.

4. Aged accounts receivable listing for the last three months for each of Northview and 256;

Attached.

5. Aged accounts payable listing for the last three months for each of Northview and 256;

256 = \$0.00 COD

Northview = \$5351.00 (See Attachment)

6. Bank statements for the last six months for each of Northview and 256;

Attached.

7. A fully integrated financial forecast for the next 6 months including forecasted income statement, balance sheet and cash flow forecast on a weekly basis;

Not available.

8. Statement of outstanding amounts to Canada Revenue Agency in relation to *Harmonized Sales Tax* ("HST"), source deductions and corporate taxes for each of Northview and 256;

See above comments, and attached.

9. Copies of fillings related to HST, source deductions and corporate taxes and proof of payment of amount outstanding in relation to same;

Attached – as above, some payments still to be made in connection with resolution.

10. Reconciliation of any amounts outstanding to employees or subcontractors including wages, vacation pay, bonuses, commission, termination pay and severance;

My client advises that weekly pay there is \$0.00 owing and that they do not provide bonus', commission. The question of termination pay and severance is to some degree a legal question and I cannot provide an answer at this point except to say that my clients are obviously hopeful that they will refinance and continue operating, rendering this question moot.

11. Proof of up-to-date payments of insurance premiums for the insurance policies in place for each for Northview and 256;

My clients advise: See TD Statement (Under Economical GRP. INC) for Northview See RBC Statement for 256 (Under Insurance Aviva) [I appreciate that this is not a receipt from the insurer's themselves but I do not have same in hand at the moment]

12. Copies of appraisals for the real properties owned by Northview and 256;

See attached regarding 256.

13. Copies of environmental reports conducted in relation to the real properties owned by Northview and 256;

Checking and will provide if available

David A. Schatzker
B.A., LL.B., CFE

Clark Farb Fiksel LLP
Barristers & Solicitors
188 Avenue Road
Toronto, ON M5R 2J1

Tel: (416) 599-7761 Ext. 248
Fax: (416) 324-4213

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APPENDIX 3

Jeremy Nemers

From: Jeremy Nemers
Sent: April-05-19 4:07 PM
To: 'David Schatzker'
Cc: Sanj Mitra; Philip Gennis; 'Mukul Manchanda'; 'Domenico Magisano'
Subject: RE: Northview Collision Inc., and 2565496 Ontario Inc. both carrying on business Fix Auto
Attachments: RE: Northview Collision Inc., and 2565496 Ontario Inc. both carrying on business Fix Auto; CCF_000002.pdf; Receiver_s Follow-Up Questions and Concerns.pdf; Example of HST Report from CRA's Website.pdf

Importance: High

David,

The Receiver has reviewed:

- (i) the information and documents that you provided on April 2 (which you summarized in the below email chain) regarding both Debtors;
- (ii) Dom's email of yesterday advising of RBC's indebtedness numbers (a copy of which is reattached for convenience); and
- (iii) your client's most recent commitment letter provided to us (a copy of which is also reattached for convenience).

Based on the currency and scope of the materials received to date, the Receiver remains uncertain as to the universe of creditors for each of the Debtors, and, therefore, what amounts would be required to satisfy such debts. However, it appears clear to the Receiver that the attached commitment letter cannot generate sufficient proceeds to satisfy 256's creditors, such that even assuming that everything were to be resolved and closed today without any additional creditors, interest, fees and need to attend at court or need to obtain the Receiver's discharge, the proceeds from the 256 commitment letter would be at least \$90,000 short (such that the shortfall is in fact larger than \$90,000), as set out below:

Gross commitment letter	900,000
<u>Less base commitment fees (assuming zero commitment legals)</u>	<u>(15,400)</u>
	884,600
<u>Less property taxes (assuming accuracy of your April 2 email)</u>	<u>(21,329)</u>
	863,271
<u>Less payroll arrears (assuming accuracy of your April 2 email)</u>	<u>(25,713)</u>
	837,558
<u>Less Receiver's fees (only to Mar 23, per Receiver's report)</u>	<u>(21,808)</u>
	815,750
<u>Less Receiver's counsel's fees (only to Mar 25, per same report)</u>	<u>(9,803)</u>
	805,947
<u>Less RBC's 256 indebtedness (subject to caveats in Dom's email)</u>	<u>(858,014)</u>
	(52,067)
<u>Less RBC's enforcement for 256 (if equal split; subject to caveats in Dom's email)</u>	<u>(25,026)</u>
	(77,093)
<u>Less corporate taxes (per 2017 financial statements provided to Receiver)</u>	<u>(12,579)</u>
	(89,672)

To be clear, the above line items and amounts should in no way be interpreted to reflect the totality of all amounts owing, but we raise them simply to illustrate that the commitment letter clearly appears to be insufficient. Moreover, RBC has advised the Receiver that there is only approximately \$7,700 in 256's bank account as of today, and 256 has not identified any additional accounts to the Receiver.

In addition to the insufficiencies regarding the 256 commitment letter (and there being no updated commitment letter provided in respect of Northview), neither debtor has demonstrated to the Receiver that it is currently profitable. In this regard, and without limiting the generality of the foregoing, 256 has not provided the Receiver with 2018 financial statements, current fiscal year-to-date financial statements or a cash flow forecast, and Northview has not provided the Receiver with current fiscal year-to-date financial statements or a cash flow forecast. The Receiver has also

identified some concerns and follow-up questions regarding the partial disclosures that were provided (including frequent transfers of round amounts to unknown destinations), which concerns and follow-up questions are attached and will need to be addressed by the debtors.

At the end of the day, in order for the Receiver to consider modifying its recommendations to the Court (which recommendations and reasons therefor are set out in the Receiver's report), your clients will need to demonstrate that there is proper justification for modifying such recommendations, and, as matter presently stand, they have not done so.

Given the circumstances, it appears to the Receiver that:

- a) to the extent the debtors wish to avoid the proposed sale process by the Receiver and proceed with a refinancing of at least 256, this company will need to provide credible and well-supported evidence to establish the totality of its creditors. Further it will have to establish that any shortfall from the financing can be addressed. This should be addressed prior to next Friday's court attendance. The Receiver is proposing that funds to address any anticipated shortfall from the financing be deposited with the Receiver in order for it to abandon any sales process in connection with 256; and
- b) to the extent the debtors wish to modify the proposed sale process by the Receiver, such that an attempt be made to market the businesses as going concerns, the Debtors will have to provide source materials to support the profitability of the Debtors which may be used in a data room. We anticipate these documents would include current financial statements and cash flow forecasts that the Receiver has been requesting for some time now (together with answers to the Receiver's attached concerns and follow-up questions triggered by the partial disclosures to date), again all prior to next Friday's court attendance. Absent the foregoing it is unclear how the Receiver will be able to realize any going concern value for either of the businesses.

Please note that in fairness to the Receiver and the Court, any further disclosure should be provided as soon as possible and well in advance of next Thursday if your clients wish the Receiver to be able to review and comment on same.

Thanks,

Jeremy Nemers
Aird & Berlis LLP

T 416.865.7724
E jnemers@airdberlis.com

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From: Sanj Mitra
Sent: April-04-19 1:00 PM
To: 'David Schatzker' <dschatzker@cfflaw.com>; 'Domenico Magisano' <dmagisano@lerner.ca>
Cc: Jeremy Nemers <jnemers@airdberlis.com>; Sanj Mitra <smitra@airdberlis.com>; 'Mukul Manchanda' <mmanchanda@spergel.ca>; Philip Gennis <PGennis@spergel.ca>; Sanj Mitra <smitra@airdberlis.com>
Subject: RE: Northview Collision Inc., and 2565496 Ontario Inc. both carrying on business Fix Auto

David, the receiver is reviewing the information that you have provided and we will be back to you with questions.

Your clients supplied only limited information and well after the information requests had been made to your clients. It was received less than two days ago.

I note that you have yet to confirm the amount of the net advance which was requested in our email attached so that the receiver can evaluate the sufficiency of funds to address the obligations of 256. Please provide same. There may

be additional requests for information once the Receiver has had a chance to review what your clients have provided.

When do you wish to bring your motion?

Sanjeev Mitra, B.Sc., LL.B.

T 416.865.3085
F 416.863.1515
E smitra@airdberlis.com

Aird & Berlis LLP | Lawyers
Brookfield Place, 181 Bay Street, Suite 1800
Toronto, Canada M5J 2T9 | airdberlis.com



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If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

From: David Schatzker [<mailto:dschatzker@cflaw.com>]
Sent: April-04-19 12:32 PM
To: Sanj Mitra <smitra@airdberlis.com>; 'Domenico Magisano' <dmagisano@lerner.ca>
Cc: Jeremy Nemers <jnemers@airdberlis.com>
Subject: RE: Northview Collision Inc., and 2565496 Ontario Inc. both carrying on business Fix Auto

Sanj, Domenico,

Following up.

Does the receiver need any further information in order to comment as my client's proposal to payout the 256 indebtedness?

The lender is standing by but we must move quickly. Assuming that the receiver and RBC will not oppose a motion to permit the refinancing, I would ask for their final payout figures on 256.

It is expected that a refinancing for the other property would follow shortly.

David A. Schatzker
B.A., LL.B., CFE

Clark Farb Fiksel LLP
Barristers & Solicitors
188 Avenue Road
Toronto, ON M5R 2J1

Tel: (416) 599-7761 Ext. 248
Fax: (416) 324-4213

From: David Schatzker
Sent: Tuesday, April 02, 2019 3:21 PM
To: Sanj Mitra (smitra@airdberlis.com); 'Domenico Magisano'
Cc: jnemers@airdberlis.com
Subject: Northview Collision Inc., and 2565496 Ontario Inc. both carrying on business Fix Auto

Sanj, Domenico,

I am attaching some addition documents and information from my clients that I hope will assist the Receiver in coming to a decision as to facilitating a payout of the Toronto property and associated company.

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2565496 Ontario Inc. \$31,878.89 owing, but the amount is to be adjusted to \$25,712.73

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Other items:

I am attaching the following which my clients have provided:

1. 2017 Financial Statements
2. Aged AR's for 256 and Northview
3. Northview HST balance
4. TD account statements
5. RBC account statements

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1. Externally prepared financial statements of 256 for fiscal 2018 along with copy of the corporate tax return;

2018 Statements not prepared. 2017 Statements are attached.

2. Internally prepared financial statements for Northview for the period from November 1, 2018 to February 28, 2019;

Not available.

3. Internally prepared financial statements for 256 for the period from January 1, 2019 to February 28, 2019;

Not available.

4. Aged accounts receivable listing for the last three months for each of Northview and 256;

Attached.

5. Aged accounts payable listing for the last three months for each of Northview and 256;

256 = \$0.00 COD

Northview = \$5351.00 (See Attachment)

6. Bank statements for the last six months for each of Northview and 256;

Attached.

7. A fully integrated financial forecast for the next 6 months including forecasted income statement, balance sheet and cash flow forecast on a weekly basis;

Not available.

8. Statement of outstanding amounts to Canada Revenue Agency in relation to *Harmonized Sales Tax* ("HST"), source deductions and corporate taxes for each of Northview and 256;

See above comments, and attached.

9. Copies of fillings related to HST, source deductions and corporate taxes and proof of payment of amount outstanding in relation to same;

Attached – as above, some payments still to be made in connection with resolution.

10. Reconciliation of any amounts outstanding to employees or subcontractors including wages, vacation pay, bonuses, commission, termination pay and severance;

My client advises that weekly pay there is \$0.00 owing and that they do not provide bonus', commission. The question of termination pay and severance is to some degree a legal question and I cannot provide an answer at this point except to say that my clients are obviously hopeful that they will refinance and continue operating, rendering this question moot.

11. Proof of up-to-date payments of insurance premiums for the insurance policies in place for each for Northview and 256;

My clients advise: See TD Statement (Under Economical GRP. INC) for Northview See RBC Statement for 256 (Under Insurance Aviva) [I appreciate that this is not a receipt from the insurer's themselves but I do not have same in hand at the moment]

12. Copies of appraisals for the real properties owned by Northview and 256;

See attached regarding 256.

13. Copies of environmental reports conducted in relation to the real properties owned by Northview and 256;

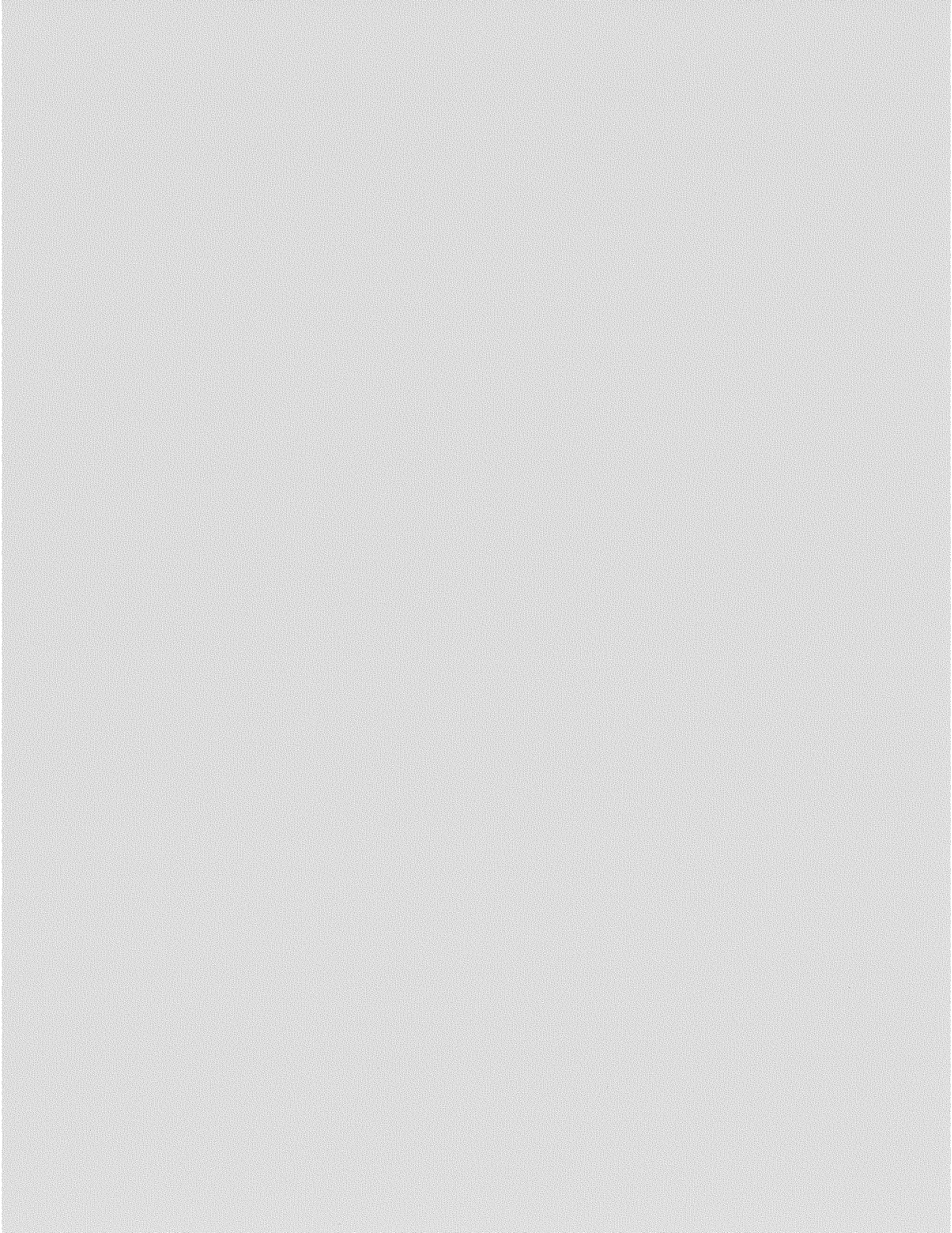
Checking and will provide if available

David A. Schatzker
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Toronto, ON M5R 2J1

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Subject:

FW: Northview Collision Inc., and 2565496 Ontario Inc. both carrying on business Fix Auto

Attachments:

Example of HST Report from CRA's Website.pdf

2565496 Ontario Inc. ("256")

1. 256's HST return for the period from March 9, 2017 to December 31, 2017 indicates a refund of approximately \$15K. Please provide proof that the return was filed with CRA. In addition please provide backup documents supporting the return. It appears that the 2017 HST refund maybe as a result of 256 buying capital assets in 2017 (2017 being the year of incorporation) as such 256 may owe HST for 2018. We note that generally HST must be filed within three months after the year end. Accordingly, the deadline for 256 to file and pay outstanding HST for 2018 should be March 31, 2019. Please provide documents evidencing the 2018 filing and payment of outstanding amounts. Attached to this email you will find a sample report that can be generated from CRA's website outlining the amounts that a tax debtor owes in relation to HST. Please provide a similar report for 256.
2. 256 has provided a statement from CRA indicating that the 2019 source deductions balance is nil. The Receiver notes that 256 is required to remit source deductions on a monthly basis (specifically on the 15th of each month). The Receiver is provided with no evidence that 256 filed the required remittance with CRA for January – March 2019. Given 256 owes source deductions for 2018 for the entire year (i.e. no monthly payments were made), the Receiver is asking for evidence that the 2019 year-to-date payroll filings were submitted to CRA and the source deductions were remitted for that period. In addition, the Receiver is asking that 256 provide evidence that 2017 source deductions were paid to CRA and provide a report from CRA's website for its payroll filings similar to the one for HST, an example of which is attached to this email.
3. The 2017 financial statements of 256 indicate that the company owes approximately \$13k in corporate taxes. Please provide evidence that the \$13k was paid to CRA on account of the outstanding taxes. In addition, if 256 is profitable for 2018 there will be additional corporate taxes outstanding. The Receiver notes that 256 is required to pay its corporate taxes within three months of its year-end. As such any corporate taxes payable for 2018 should be paid by March 31, 2019. The Receiver understands that the filing of the corporate tax return is not required until six (6) months following the year-end however, as noted earlier, any amounts outstanding for corporate taxes should be paid by March 31, 2019. Please advise if this was done and what was the amount that was remitted to CRA. If 256 did not remit the amount, please advise what, if any, amount will be outstanding in relation to 2018 corporate taxes.

Observations

1. The review of the RBC bank statements indicate that the company is frequently transferring even amounts out of the account by way of online transfers. It is unclear to whom these monies are being transferred to. Please advise the nature of these transaction and provide documents supporting same.
2. The accounts receivable aging provided by 256 appears to be more of a sales ledger than an accounts receivable listing. It appears that the accounts receivable listing may include work in progress ("WIP") as such it is very difficult to determine collectability of the accounts. Please advise:
 - a) whether the accounts receivable listing includes WIP or not? If yes, please identify the WIP on the listing and provide an estimated cost and timing to complete the WIP; and
 - b) which accounts on the accounts receivable listing are collectible (i.e. work is completed and waiting for payment).

Given the above and that 256 did not provide: a) the 2018 financial statements; b) the current fiscal year-to-date financials; and c) the cash flow forecast, the Receiver is unable to assess the viability of 256 as a going concern or 256's cash flow requirements in the short term.

Northview Collision Inc. ("Northview")

1. Northview has advised that it owes approximately \$32,000 in relation to HST for the period from November 1, 2017 to October 31, 2018. There is no evidence of HST filing and payment of outstanding amounts in relation to periods prior to November 1, 2017. In addition, HST liability for the period from November 1, 2018 to March 31, 2019 is also unknown. Please provide evidence of HST filing and payment for the last five (5) years and provide a report from CRA's website similar to the one attached to this email. The CRA report should indicate whether Northview is: a) current on its filing; and b) current on its payments for all prior and current periods.
2. As to outstanding source deductions, the Receiver is only provided with the liability in relation to calendar year 2018. There is no evidence that Northview is up-to-date with its source deductions remittance for the years prior to 2018. In addition, Northview will owe source deduction for 2019 as well. Accordingly, the Receiver is asking that Northview provide a report from the CRA's website in relation to its payroll account similar to the report attached to this email as an example for the HST account.
3. The 2018 financial statements of Northview indicates that it owes approximately \$14k in corporate taxes. Please provide evidence that the \$14k was paid to CRA on account of the outstanding taxes. The Receiver notes that Northview is required to pay its corporate taxes within three months of its year-end. As such any corporate taxes payable for 2018 should have been paid by January 31, 2019. Please advise if this was done and provide evidence of same.
4. In addition the 2018 financial statements of Northview indicate a balance outstanding of \$25K in relation to a line of credit. Please advise information related to this debt including name of bank and current amount outstanding.

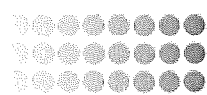
Observations

1. The Receiver notes that Northview has only provided the Receiver with bank statements of one of the two (2) accounts (account number 52***45) that Northview operates with Toronto Dominion Bank (the "TD Bank"). The bank statements for TD Bank account number 52***24 were not provided to the Receiver. The Receiver notes that similar to 256, in the Northview TD Bank statements there are transfers of even amounts - description for which is "TFR-TO C/C" on a frequent basis. Please advise the nature of these transactions and provide documents supporting same.
2. The accounts receivable listing provided for Northview appears to be similar to 256 and may have similar issues as identified above. Please provide the information requested in point 2 of the observations related to 256.

Given the above and that Northview did not provide: a) the current fiscal year-to-date financials; and b) the cash flow forecast, the Receiver is unable to assess the viability of Northview as a going concern or Northview's cash flow requirements in the short term.

Thanks

Mukul Manchanda, CPA, CIRP, LIT | Partner



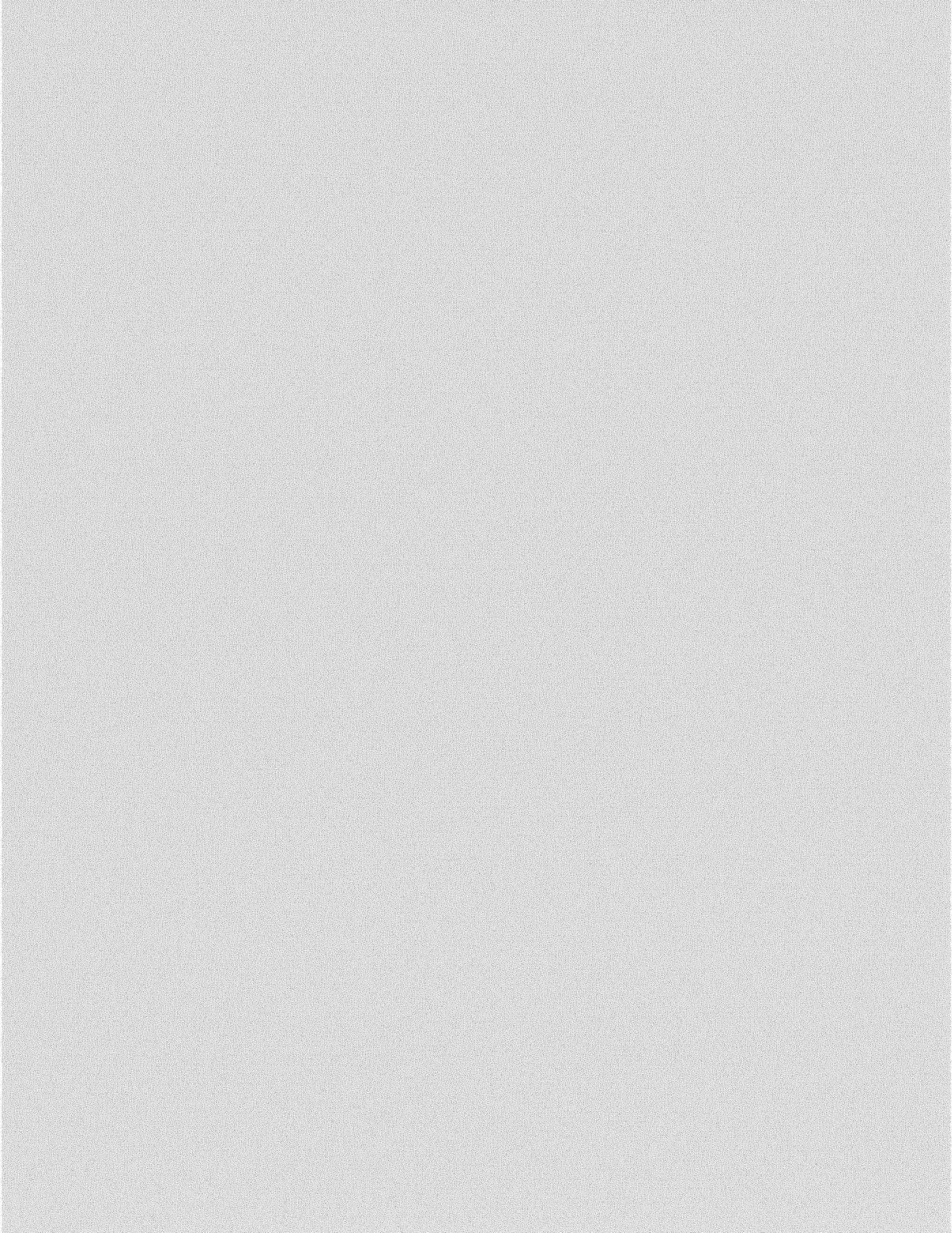
msi Spergel inc., Licensed Insolvency Trustees
505 Consumers Road, Suite 200, Toronto, Ontario, M2J 4V8
T 416-498-4314 | F 416-494-7199 | C 416-454-4246

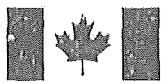
SPERGEL

mmanchanda@spergel.ca | www.spergelcorporate.ca

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Canadian Insolvency Network







Government
of Canada

Gouvernement
du Canada

Canada Revenue Agency

View account balance

Account number:

[REDACTED] RT0001

Business name:

[REDACTED]

Balance as of April 04, 2019: \$0.00

Period-end balances

Period-end	Interim balance	Balance
Non-reporting period	\$0.00	\$0.00
2018-Dec-31	\$0.00	\$0.00
2018-Sep-30	\$0.00	\$0.00
2018-Jun-30	\$0.00	\$0.00
2018-Mar-31	\$0.00	\$0.00
2017-Dec-31	\$0.00	\$0.00
2017-Sep-30	\$0.00	\$0.00
2017-Jun-30	\$0.00	\$0.00
2017-Mar-31	\$0.00	\$0.00
2016-Dec-31	\$0.00	\$0.00
2016-Sep-30	\$0.00	\$0.00
2016-Jun-30	\$0.00	\$0.00
2016-Mar-31	\$0.00	\$0.00
2015-Dec-31	\$0.00	\$0.00
2015-Sep-30	\$0.00	\$0.00

Period-end	Interim balance	Balance
2015-Jun-30	\$0.00	\$0.00
2015-Mar-31	\$0.00	\$0.00
2014-Dec-31	\$0.00	\$0.00
2014-Sep-30	\$0.00	\$0.00
2014-Jun-30	\$0.00	\$0.00
2014-Mar-31	\$0.00	\$0.00
Prior periods	\$0.00	\$0.00
TOTAL	\$0.00	\$0.00

ROYAL BANK OF CANADA

and

NORTHVIEW COLLISION INC., ET AL.

Applicant

Respondents

Court File No. CV-18-00608368-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

**SUPPLEMENTAL REPORT TO THE SECOND
REPORT OF MSI SPERGEL INC.
IN ITS CAPACITY AS THE COURT-APPOINTED
RECEIVER OF NORTHVIEW COLLISION INC. and
2565496 ONTARIO INC.**

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