



No. S209201
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF 1077 HOLDINGS CO-OPERATIVE (FORMERLY, MOUNTAIN EQUIPMENT
CO-OPERATIVE) AND 1314625 ONTARIO LIMITED

PETITIONERS

FIFTEENTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.

March 23, 2023



ALVAREZ & MARSAL

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1.0 INTRODUCTION

- 1.1 On September 14, 2020, Mountain Equipment Co-operative (subsequently renamed 1077 Holdings Co-operative) and 1314625 Ontario Limited (together, “1077” or the “**Petitioners**”) were granted an initial order (the “**Initial Order**”) by the Supreme Court of British Columbia commencing proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). Among other things, the Initial Order afforded 1077 an initial stay of proceedings up to and including September 24, 2020 (the “**Stay Period**”) and appointed Alvarez & Marsal Canada Inc. as monitor of 1077 (the “**Monitor**”) during the CCAA Proceedings.
- 1.2 On October 2, 2020, this Honourable Court pronounced the amended and restated initial order (the “**ARIO**”) and sale approval and vesting order to approve the sale transaction (the “**Sale Transaction**”) contemplated by the asset purchase and sale agreement between the Petitioners and 1264686 B.C. Ltd. (the “**Original Purchaser**”) dated September 11, 2020 (the “**APA**”) for the sale of the Purchased Assets and to vest all of the Purchased Assets in the Original Purchaser’s permitted assignee free and clear of any Encumbrances other than Permitted Encumbrances, as such capitalized terms are defined in the APA. The Sale Transaction closed on October 30, 2020.
- 1.3 On November 27, 2020, this Honourable Court pronounced an order enhancing the powers of the Monitor and an order (the “**Claims Process Order**”) setting a claims process by which creditors may confirm or prove their claims against the Petitioners (the “**Claims Process**”).
- 1.4 On March 29, 2022, this Honourable Court granted an order (the “**Distribution Order**”) granting, *inter alia*, the approval of a distribution methodology (the “**Distribution Methodology**”), to be applied by the Monitor in administering any distributions in these CCAA Proceedings, which included, among other things, (i) authorizing the Petitioners to make one or more cash distributions to each Claimant and Employee Claimant holding an Accepted Claim; and (ii) directing the Monitor to make final distributions only to those Claimants who would be entitled to distributions of \$10.00 or more.
- 1.5 On December 6, 2022, this Honourable Court pronounced an order further extending the Stay Period to March 31, 2023.
- 1.6 The Monitor has filed a notice of application with this Honourable Court, returnable on March 30, 2023 (the “**March 30th Application**”), seeking approval of an order (the “**Stay Extension Order**”) which, among other things:

- a) grants the Monitor the authority to assign the Petitioners into bankruptcy following a final distribution in accordance with the Distribution Methodology (the “**Final Distribution**”); and
- b) extends the Stay Period to September 29, 2023.
- c) Further information regarding these CCAA Proceedings, including the Initial Order, affidavits, reports of the Monitor and all other Court-filed documents and notices are available on the Monitor’s website at www.alvarezandmarsal.com/mec.

2.0 PURPOSE

2.1 This Fifteenth Report dated March 23, 2023 (the “**Fifteenth Report**”) has been prepared by the Monitor in support of its application for a Stay Extension Order and to provide this Honourable Court and the Petitioners’ stakeholders information with respect to the following:

- a) the activities of the Monitor since the Monitor’s Fourteenth Report dated November 29, 2022 (the “**Fourteenth Report**”);
- b) an update on the anticipated Final Distribution;
- c) a comparison of the actual cash receipts and disbursements compared to the cash flow forecast (the “**Ninth Cash Flow Forecast**”), as appended to the Fourteenth Report;
- d) an updated cash flow forecast for the period March 13, 2023 to September 29, 2023 (the “**Tenth Cash Flow Forecast**”), and the Monitor’s comments in respect of same; and
- e) the Monitor’s conclusions and recommendations.

3.0 TERMS OF REFERENCE

3.1 The Monitor has prepared this Fifteenth Report in connection with the March 30th Application and this report should not be relied on for any other purpose.

3.2 Certain of the information referred to in this Fifteenth Report consists of financial forecasts and/or projections prepared by the Monitor. An examination or review of financial forecasts and projections and procedures as outlined by the *Chartered Professional Accountants Canada Handbook* has not been performed. Readers are cautioned that since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from those forecasts and/or projected and the variations could be significant.

3.3 Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

- 3.4 Background information, including capitalized terms not otherwise defined herein, are contained in the Initial Order, ARIO, Claims Process Order, and Distribution Order, and the Monitor's previous reports, and have not been repeated herein.

4.0 ACTIVITIES OF THE MONITOR

- 4.1 The activities of the Monitor since the Fourteenth Report have included the following:

Review of CCAA Court Materials

- a) reviewing draft Court application materials in consultation with the Monitor's legal counsel;

Administering the Claims Process and Interim Distributions

- b) administering the Claims Process in accordance with the Claims Process Order (including dealing with numerous enquiries from Claimants and Employee Claimants);
c) corresponding and following up with numerous Claimants and Employee Claimants and/or their legal counsel regarding their Interim Distributions, as well as outstanding cheques and updating addresses and contact information as required;
d) coordinating with a third-party payroll service provider to assist the Monitor in preparing annual income tax forms for Employee Claimants with Accepted Claims and other tax compliance reporting;

Monitoring of Cash Receipts & Disbursements

- e) preparing and reviewing weekly payments, as well as reconciling cash receipts and disbursements of the trust accounts of the Monitor;

Asset Realization and Recovery Matters

- f) advancing the wind-down of 1077's interest in Park Towns Developments Limited Partnership, a residential townhouse project located in Toronto, Ontario (the "**Park Towns Project**");
g) corresponding with the Canada Border Services Agency ("**CBSA**") and customs consultants, Tradewin, to address CBSA's request for amendments and other enquiries;
h) coordinating and advancing the recovery of certain customs levies applied by the CBSA for the importation of certain goods with the assistance of KPMG LLP;

Statutory and Other Responsibilities

- i) preparing this Fifteenth Report and Tenth Cash Flow Forecast;

- j) reconciling and/or filing pre-filing payroll withholding remittances and post-filing GST returns and corresponding with the Canada Revenue Agency (“CRA”) regarding post-filing refunds and other related matters;
- k) attending to enquiries from the CRA regarding an audit of the Canada Emergency Wage Subsidy (the “**CEWS Audit**”) received by the Petitioners for the period between March 15, 2020 to November 30, 2020;
- l) attending to enquiries from former employees requesting copies of their personnel files and other related payroll records; and
- m) receiving and responding to telephone and email enquiries from members and former employees.

5.0 FINAL DISTRIBUTION

- 5.1 As detailed in the Fourteenth Report, there are 249 Accepted Claims totaling \$31.7 million that the Monitor has, or is deemed to have, accepted and there are no unresolved Disputed Claims remaining.
- 5.2 As at the date of this Fifteenth Report, the Monitor has made two Interim Distributions: the first on or about May 31, 2022 and the second on November 28, 2022, together totaling \$28.2 million and representing 89% of the total Accepted Claims. There are 21 distribution cheques issued to Claimants and Employee Claimants which total approximately \$127,000 that have not cleared the Petitioners’ bank account. The Monitor periodically reviews the bank account and makes best efforts to contact the specific Claimants and Employee Claimants in order to re-issue and/or redirect the cheques, where possible.
- 5.3 The Monitor has maintained a cash reserve in the estate for the estimated on-going costs of the CCAA Proceedings and to ensure that the Final Distribution to Claimants and Employee Claimants would be in excess of \$10.00 per Claim, as further discussed in section 7.3 of this report.
- 5.4 It is anticipated that the Final Distribution will be made following the resolution of all residual matters pertaining to the CCAA Proceedings, which consist primarily of the following:
 - a) collecting trade and customs levy refunds relating to the importation of certain goods. The CBSA has completed its review and assessment of the customs levies and the Monitor has been continually following up as to the timing of the issuance of the refunds which may be in the range of \$350,000;

- b) receiving distributions resulting from the wind-up of the Park Towns Project, which has been advanced since the Fourteenth Report with a purchase agreement drafted and pending execution; and
- c) completing the CEWS Audit and payment of any post-filing assessments, if applicable.

5.5 Once the remaining matters referenced in 5.4 above have been resolved, the total anticipated recovery to Claimants is expected to be in the range of 94% of their Accepted Claim, which remains consistent with the estimated recoveries presented by the Monitor in previous reports.

6.0 ACTUAL CASH FLOW RESULTS COMPARED TO NINTH CASH FLOW FORECAST

6.1 Consistent with the ongoing oversight and monitoring of the business and financial affairs of the Petitioners, the Monitor has established a weekly cash flow review protocol to compare actual cash flows against the Ninth Cash Flow Forecast.

6.2 The Petitioners' actual cash receipts and disbursements compared to the Ninth Cash Flow Forecast during the period from September 15, 2020 to March 12, 2023 is summarized in the table below:

1077 Holdings Co-operative and 1314625 Ontario Limited
Cash Flow Variance Analysis
For the period September 15, 2020 to March 12, 2023
(in CAD 000's)

	For the 129 Weeks Ended March 12, 2023		
	Actual	Forecast	Variance
Receipts			
Sales	\$ 41,176	\$ 41,176	\$ -
Canada Emergency Wage and Rent Subsidy	8,628	8,628	-
Other receipts and letters of credit	4,282	4,555	(273)
GST refunds	177	194	(18)
Return of deposits	(601)	(601)	-
Total receipts	53,662	53,952	(290)
Disbursements			
Merchandise and/or vendor prepayments	33,507	33,507	-
Freight and other non-merchandise	3,142	3,142	-
Wages and salary	11,377	11,377	-
SG&A	3,318	3,420	102
Insurance	145	145	-
Property taxes and other property liabilities	4,512	4,512	-
Statutory obligations	3,757	3,767	10
Consultants	63	63	-
Total disbursements	59,819	59,932	112
	(6,157)	(5,979)	(178)
Other disbursements			
KERP payments	778	778	-
Professional fees	6,110	6,125	15
Debt service	987	987	-
Contingency	574	614	40
Total other disbursements	(8,449)	(8,504)	55
Interim Distributions	(28,233)	(28,233)	-
Net proceeds from Sale Transaction	30,411	30,411	-
Net Cash Flow	\$ (12,428)	\$ (12,305)	\$ (123)
Opening Cash Balance	\$ 14,188	\$ 14,188	\$ -
Net Cash Flow	(12,428)	(12,305)	(123)
Ending Cash Balance	\$ 1,761	\$ 1,883	\$ (123)

* Net proceeds from the Sale Transaction are presented net of secured debt due to the Royal Bank of Canada which was repaid on the Closing Date.

6.3 As at March 12, 2023, the closing cash balance held in trust by the Monitor totaled approximately \$1.8 million. Certain variances in respect of the reported cash receipts and disbursements are as follows:

- total operating receipts were approximately \$290,000 lower than forecast, primarily due to the pending recovery of customs levies from the CBSA and settlement receipts related to the Park Towns Project, which have not yet been collected, and offset by return of retainers from various professionals involved in the CCAA Proceedings; and
- total operating disbursements were approximately \$167,000 lower than forecast, primarily due to timing differences with respect to payment of consultant fees, which were incurred to assist in the recovery of the customs levies, and the fact that less time had been incurred by

the Monitor and its counsel as it awaits final resolution of certain governmental audits and reviews.

- 6.4 Since the Fourteenth Report, the Monitor has continued to review the cash receipts and disbursements of the Petitioners and perform weekly variance reporting and approval of disbursements. Nothing has come to the attention of the Monitor that causes the Monitor to believe that there have been material adverse changes in the cash flow of the Petitioners or that would financially prejudice the stakeholders of the Petitioners.

7.0 UPDATED CASH FLOW FORECAST

- 7.1 The Tenth Cash Flow Forecast has been prepared by the Monitor for the period from March 13, 2023 to September 29, 2023 (the “**Forecast Period**”). The Tenth Cash Flow Forecast is attached herewith as Appendix “A” along with accompanying notes and assumptions. A summary of the Tenth Cash Flow Forecast is tabled below:

1077 Holdings Co-operative and 1314625 Ontario Limited Tenth Cash Flow Forecast For the 29 week period ending on September 29, 2023 (in CAD 000's)	
	<u>Forecast Period</u>
Receipts	
GST and other refunds	\$ 30
Other receipts	410
Total receipts	<u>440</u>
Disbursements	
General and administrative	95
Property taxes	35
Statutory obligations	10
Total disbursements	<u>140</u>
	299
Other disbursements	
Professional fees	150
Contingency	30
Total other disbursements	<u>(180)</u>
Net cash flow	<u>\$ 119</u>
Opening cash balance	\$ 1,761
Net cash flow	119
Ending cash balance	<u>\$ 1,880</u>

- 7.2 The Monitor’s comments with respect to the Tenth Cash Flow Forecast are as follows:
- forecast receipts totaling \$440,000 relate to interest earned and GST refunds anticipated for post-filing expenses incurred during the pendency of the CCAA Proceedings, as well as the anticipated recovery of customs levies and distribution from the Park Towns Project;
 - forecast disbursements totaling \$320,000 consist of the following:

- i. general and administrative costs of approximately \$95,000 relate to estimated fees for engaging KPMG LLP to assist with the recovery of customs levies, fees for a third-party payroll provider to administer distributions to Employee Claimants and preparation of related tax forms, and estimated mailing and banking fees for the Final Distribution;
- ii. property liabilities approximating \$35,000 in connection with outstanding property taxes for the former head office property;
- iii. statutory obligations of approximately \$10,000 relate primarily to assessments completed by the CRA pertaining to pensionable and insurable earnings reviews, subject to the Monitor's review and reconciliation; and
- iv. professional fees of approximately \$150,000 for services provided by the Monitor and its legal counsel. We note that this estimate of professional fees has been reduced since the date of the Monitor's last report as outstanding matters have been resolved or are expected to be resolved in the near term.

7.3 At present, the Monitor anticipates it will be holding approximately \$1.9 million at the end of the Forecast Period, which is higher than the \$1.7 million reported in the Monitor's Fourteenth Report, as a result of higher than anticipated return of retainers, interest earned on cash held, and proceeds from the Park Towns Project. The majority of the \$1.9 million balance will be used to make the Final Distribution with a balance of funds, expected not to exceed \$50,000, reserved to administer the Petitioners' bankrupt estate and resolve any remaining residual matters in the estate, if any. It is the Monitor's intention to make best efforts to complete the Final Distribution prior to the end of the Forecast Period.

7.4 The Tenth Cash Flow Forecast has been prepared solely for the purpose described in Note 1 on the face of the Tenth Cash Flow Forecast, and readers are cautioned that it may not be appropriate for other purposes.

8.0 BANKRUPTCY ASSIGNMENT

8.1 The Monitor is seeking the additional power to assign the Petitioners into bankruptcy following the Final Distribution. With all of the assets sold and the Claims Process complete, it is the Monitor's view that an assignment of the Petitioners into bankruptcy would provide transparency and certainty to all stakeholders that the business and affairs of the Petitioners have been wound down to completion with no outstanding matters remaining. In addition, a bankruptcy filing would afford certain protections to the Petitioners' financial, membership and other personal and

proprietary data and ensure that the records are securely maintained in accordance with the *Bankruptcy and Insolvency Act*, R.S.C., 1985 c. B-3 and the *Income Tax Act*, R.S.C., 1985, c. 1.

- 8.2 The Monitor intends to assign the Petitioners into bankruptcy following the Final Distribution and upon this Honourable Court granting the following: (i) approval of the reports of the Monitor filed in these CCAA Proceedings and the activities and conduct of the Monitor as described therein; (ii) approval of the fees and disbursements of the Monitor and Monitor's legal counsel; (iii) terminating these CCAA Proceedings and discharging the Monitor; and (iv) approval of other ancillary matters or relief sought, as may be considered necessary. It is contemplated that the termination of the CCAA Proceedings and discharge of the Monitor will become effective upon filing an assignment of the Petitioners into bankruptcy.

9.0 STAY EXTENSION

- 9.1 Pursuant to the Stay Extension Order, the Stay Period will expire on March 31, 2023. The Monitor is seeking an extension of the Stay Period to September 29, 2023.

- 9.2 The Monitor believes the extended Stay Period of approximately six months is reasonable for the following reasons:

- a) during the proposed extension of the Stay Period, the Monitor will have an opportunity to:
 - i. realize on residual assets and/or receivables of the Petitioners, including any trade and customs levy refunds and distributions resulting from the wind-up of the Park Towns Project, which may present material recoveries for the estate;
 - ii. complete the Final Distribution to affected creditors prior to the end of the Forecast Period;
 - iii. assign the Petitioners into bankruptcy upon completion of the Final Distribution; and
 - iv. attend to any remaining activities relating to the wind-down of the Petitioners' operations and business, including resolution of the CEWS Audit.
- b) the Tenth Cash Flow Forecast indicates that there is sufficient liquidity to continue operating during the requested extension of the Stay Period; and
- c) no creditor or any stakeholders of the Petitioners would be materially prejudiced by the extension of the Stay Period.

10.0 MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

- 10.1 For the reasons set out in this Fifteenth Report, the Monitor is of the view that the requests are reasonable and respectfully recommends that this Honourable Court grant the proposed Stay Extension Order.

All of which is respectfully submitted to this Honourable Court this 23rd day of March, 2023.

**Alvarez & Marsal Canada Inc.,
in its capacity as Monitor of
1077 and not in its personal or corporate capacity**



Todd M. Martin
Senior Vice President



Vicki Chan
Vice President

Appendix A

Tenth Cash Flow Forecast

1077 Holdings Co-operative and 131465 Ontario Limited
Tenth Cash Flow Forecast (Note 1)
For the 29 week period ending on September 29, 2023
(Unaudited, in 000s CAD)

Week		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14	Week 15	Week 16	Week 17
Week Ending	Notes	Mar 19	Mar 26	Apr 2	Apr 9	Apr 16	Apr 23	Apr 30	May 7	May 14	May 21	May 28	Jun 4	Jun 11	Jun 18	Jun 25	Jul 2	Jul 9
Receipts																		
GST and other refunds	2	\$ -	\$ -	\$ -	\$ 19	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ -	\$ -
Other receipts	3	-	-	-	-	-	-	-	-	-	-	-	350	-	-	-	60	-
Total receipts		-	-	-	19	-	-	-	2	-	-	-	350	2	-	-	60	-
Disbursements																		
General and administrative	4	-	-	3	-	-	-	0	-	-	-	-	83	-	-	-	0	-
Property taxes	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Statutory obligations	6	-	-	-	-	-	-	-	-	-	-	-	10	-	-	-	-	-
Total disbursements		-	-	3	-	-	-	0	-	-	-	-	93	-	-	-	0	-
		-	-	(3)	19	-	-	(0)	2	-	-	-	257	2	-	-	60	-
Other disbursements																		
Professional fees	7	30	-	-	35	-	-	-	13	-	-	-	-	13	-	-	-	13
Contingency	8	-	-	-	-	5	-	-	-	-	5	-	-	-	5	-	-	-
Total other disbursements		(30)	-	-	(35)	(5)	-	-	(13)	-	(5)	-	-	(13)	(5)	-	-	(13)
Net cash flow		\$ (30)	\$ -	\$ (3)	\$ (16)	\$ (5)	\$ -	\$ (0)	\$ (11)	\$ -	\$ (5)	\$ -	\$ 257	\$ (11)	\$ (5)	\$ -	\$ 60	\$ (13)
Opening cash balance		\$ 1,761	\$ 1,731	\$ 1,731	\$ 1,728	\$ 1,712	\$ 1,707	\$ 1,707	\$ 1,707	\$ 1,696	\$ 1,696	\$ 1,691	\$ 1,691	\$ 1,949	\$ 1,938	\$ 1,933	\$ 1,933	\$ 1,993
Net cash flow		(10)	-	(3)	(16)	(5)	-	(0)	(11)	-	(5)	-	257	(11)	(5)	-	60	(13)
Ending cash balance	9	\$ 1,731	\$ 1,731	\$ 1,728	\$ 1,712	\$ 1,707	\$ 1,707	\$ 1,707	\$ 1,696	\$ 1,696	\$ 1,691	\$ 1,691	\$ 1,949	\$ 1,938	\$ 1,933	\$ 1,933	\$ 1,993	\$ 1,981

1077 Holdings Co-operative and 131465 Ontario Limited
Tenth Cash Flow Forecast (Note 1)
For the 29 week period ending on September 29, 2023
(Unaudited, in 000s C.A.D.)

Week Week Ending	Notes	Week 18 Jul 16	Week 19 Jul 23	Week 20 Jul 30	Week 21 Aug 6	Week 22 Aug 13	Week 23 Aug 20	Week 24 Aug 27	Week 25 Sep 3	Week 26 Sep 10	Week 27 Sep 17	Week 28 Sep 24	Week 29 Sep 29	29 Week Total	
Receipts															
GST and other refunds	2	\$	\$	\$	\$	\$	\$	1 \$	\$	\$	\$	\$	2 \$	\$ 30	
Other receipts	3													410	
Total receipts		\$					1						2	440	
Disbursements															
General and administrative	4			0		8		0			2	0		95	
Property taxes	5					35								35	
Statutory obligations	6													10	
Total disbursements				0		43		0			2	0		140	
		\$		(0)		(43)	1	(0)			(2)	2		299	
Other disbursements															
Professional fees	7				15					33				150	
Contingency	8		\$					\$						30	
Total other disbursements			(5)		(15)			(5)		(33)			(5)	(180)	
Net cash flow		\$	\$	(5) \$	(0) \$	(15) \$	(43) \$	1 \$	(5) \$	- \$	(33) \$	(2) \$	2 \$	(5) \$	119
Opening cash balance		\$	1,981	\$ 1,985	\$ 1,980	\$ 1,980	\$ 1,965	\$ 1,922	\$ 1,923	\$ 1,918	\$ 1,918	\$ 1,885	\$ 1,883	\$ 1,885	\$ 1,761
Net cash flow		\$	(5)	(0)	(15)	(43)	1	(5)	-	(33)	(2)	2	(5)	119	
Ending cash balance	9	\$	1,985	\$ 1,980	\$ 1,980	\$ 1,965	\$ 1,922	\$ 1,923	\$ 1,918	\$ 1,918	\$ 1,885	\$ 1,883	\$ 1,885	\$ 1,880	\$ 1,880

1077 Holdings Co-operative and 131465 Ontario Limited

Tenth Cash Flow Forecast

Notes and Assumptions

- 1 The weekly cash flow forecast of 1077 Holdings Co-operative and 1314625 Ontario Limited (collectively, "1077") for the period March 13, 2023 to September 29, 2023 has been prepared by the Monitor to set out the cash flow of 1077 (the "Tenth Cash Flow Forecast").

The Tenth Cash Flow Forecast has been prepared based on unaudited financial information and estimates of 1077's projected receipts and disbursements. Readers are cautioned that since the estimates are based on future events and conditions that are not ascertainable, the actual results achieved will vary and such variations may be material. Neither 1077 nor the Monitor makes any representations, warranties or other assurances that any of the estimates, forecasts, or projections will be realized.

The Tenth Cash Flow Forecast reflects estimates and assumptions summarized below with respect to operations most notably, that 1077 continues to operate within the protections afforded under the CCAA and the Amended and Restated Initial Order granted on October 2, 2020 during the CCAA Proceedings. The Tenth Cash Flow Forecast may be updated from time to time.

- 2 GST and other refunds related to post-filing expenses incurred during the pendency of the CCAA Proceedings.
- 3 Other receipts consist of the estimated settlement of the Park Towns interest held by 1077 and potential recovery of trade and customs levies applied to the importation of certain goods by the Canada Border and Services Agency.
- 4 General and administrative costs include estimated professional fees payable to 1077's consultants to assist with the recovery of customs levies, a third-party payroll provider for services related to the interim and final distributions, as well as banking fees and mailing costs.
- 5 Property taxes include property taxes related to the former head office.
- 6 Statutory obligations include payroll withholdings adjustments that may be payable, subject to the Monitor's review and reconciliation.
- 7 Professional fees are estimates of the professional services expected to be provided during the CCAA Proceedings and include fees of the Monitor and its legal counsel.
- 8 Contingency costs are included to account for any unexpected expenses and represent approximately 10% of operating and other disbursements.
- 9 For purposes of this cash flow, the estimated closing cash balance of \$1.9 million will be available for the issuance of the Final Distribution and a reserve to administer the Petitioners' bankrupt estate and attend to any residual matters, which is not expected to exceed \$50,000.