

Estate No. 11-2799945  
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA  
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE BANKRUPTCY OF  
MAPLE WELLNESS FOODS CORP.

ORDINARY ADMINISTRATION

TRUSTEE'S PRELIMINARY REPORT TO CREDITORS

**BACKGROUND**

Maple Wellness Foods Corp. (“**Maple**” or the “**Company**”) was engaged in the business of marketing and selling healthy snack products through online and retail channels both domestically and overseas. The Company’s main product was its sprouted spelt cookies. The Company’s product line included various flavours of cookies. The cookies used primarily organic ingredients and were sold in individual packaging as well as by the dozen. The Company operated from leased premises in Surrey, BC.

Maple is a company incorporated under the laws of British Columbia with its registered office listed as 204-19138 26<sup>th</sup> Ave Surrey, BC. A corporate records search performed by MNP Ltd. on January 10, 2022 indicated that the following individuals are listed as the Company’s directors: Earl Altrows, Linqian Fu (“**Ms. Fu**” or the “**Director**”), Linyan Jiang, Allen Pan and Gang Qing.

Maple incurred net operating losses for the years ending December 2019 and 2020. Ms. Fu explained that the impacts of the COVID-19 pandemic and its effect on the supply chain led to increased cost of the ingredients needed to make its products. The increased cost of inputs negatively impacted Maple’s margins. The decreased cash flows further damaged the Company’s ability to grow its customer base and eventually become profitable. The Company’s operations ceased on or around December 2021.

**ASSIGNMENT IN BANKRUPTCY**

On January 26, 2022, it was resolved at a meeting of the Company’s directors that the Company was in financial distress, could no longer meet its obligations as they generally became due, that the Company would make an assignment in bankruptcy pursuant to the provisions of the *Bankruptcy and Insolvency Act* and that Ms. Fu be authorized to execute the documents

associated with the bankruptcy proceedings. MNP Ltd. was appointed as the Licensed Insolvency Trustee of the Bankrupt Estate (“MNP” or the “Trustee”)

Notice of the Assignment in Bankruptcy and First Meeting of Creditors was sent to all known creditors on January 28, 2022. Notice was also given to the Company’s former employees on February 1, 2022.

## ASSETS

According to the Statement of Affairs filed in the bankruptcy, the assets of Maple include:

### Statement of Affairs

Computer Equipment	200
Machinery & Equipment	10,000
Cash in Bank	7,400
Security Deposits	260
Securities	12
Trademarks	1
Total Assets	<u>\$17,873</u>

### Computer Equipment

The Statement of Affairs listed computer equipment with an estimated realizable value of \$200. The computer equipment was not listed on the Company’s balance sheet for the year ended 2020. After filing the Statement of Affairs, Ms. Fu indicated that the computer equipment was owned by FL Trading Inc. (a company under common control). Following discussions between MNP and Cedar Accounting Ltd. (Maple’s accountant) it was determined that the computer equipment was not owned by Maple and as such MNP has no intention to take steps to realize on the computer equipment.

### Machinery & Equipment

Prior to the Company’s bankruptcy, the machinery & equipment that was in working order was collected by Able Auctions and was sold on February 3, 2022. The net proceeds from the sale of \$2,796.25 were forwarded to the Trustee and have been deposited into the estate. A label maker was not sold at auction as it required repairs and it was anticipated that the costs to repair, store and insure the machine would be greater than any possible realization for the estate. MNP has no intention to take steps to realize on the damaged label maker.

## **Cash in Bank**

The Trustee sent a letter to the Company's banking institution on January 31, 2022, to advise them of the bankruptcy and to request that the funds in the accounts be directed to MNP for the benefit of the estate. Per discussions with the Company's banking institution, we expect Vancity to have a valid claim in the amount of \$40,000. We further expect that Vancity will claim set-off rights over the funds in the Company's account. The expected recovery of the cash will not be known until a proof of claim is submitted by Vancity and is reviewed by the Trustee.

## **Security Deposits**

Security deposits of \$260 were listed as an asset on the Company's statement of affairs and its balance sheet. The Trustee inquired with Maple's Accountant as to what was the makeup of the security deposits and if they were collectible. Maple's Accountant reported that the deposit related to the Company's Fortis BC account and that the deposit was collected by the Company in August, 2021. Maple's accountant provided a copy of the August invoice from Fortis BC confirming the same. No realization is expected from the security deposits.

## **Securities**

The securities listed on the Statement of Affairs are Vancity Class B membership shares (the "Shares"). As previously reported, Vancity is the Company's banking institution and the Trustee expects that Vancity has a valid claim in the amount of \$40,000. We further expect that Vancity will claim set-off rights in excess of the value of the Shares. The expected recovery from the Shares will not be known until a proof of claim is submitted by Vancity and is reviewed by the Trustee.

## **Trademarks**

At this point in time the value of a trademark for the bankrupt company is unknown. MNP will review any offers to purchase the trademarks from related parties or otherwise.

## **PROVABLE CLAIMS**

It is the duty of the Trustee to examine and satisfy itself as to the validity and priority of all claims filed in the Estate. As of the date of this report, 1 proof of claim have been filed with the Trustee and represents approximately \$118,120 in total creditor claims.

As at the date of this report, there have been no significant differences between the claims listed on the Statement of Affairs and the claims filed to date with the Trustee.



## **SECURED CREDITORS**

### ***Canada Revenue Agency (“CRA”)***

CRA has a “deemed trust” claim or property claim equal to the amount of payroll deductions withheld from employees’ compensation and not remitted to CRA. This claim comes in priority to the claims of all other creditors. Ms. Fu indicated that all payroll deductions withheld from employees had been paid prior to the Company’s bankruptcy. The Company provided the Trustee with completed copies of the 2021 T4s and records of employment. We do not anticipate a debt owing to CRA in relation to payroll withholdings.

Any debt owing to CRA for unremitted Goods and Service Tax at the date of bankruptcy will rank as a general, unsecured claim. The Director advised that there are no unpaid Goods and Service Tax amounts outstanding, and that all returns, and remittances are current.

### ***Claims of Wage Earners***

Pursuant to Section 81.3(1) of the BIA, claims of employees who are owed wages, vacation pay, and other compensation for services rendered in the six-month period preceding the Date of Bankruptcy are secured, to the extent of \$2,000, by security over the Company’s current assets (cash and accounts receivable).

The Director has advised that all employee wages, vacation pay, and other compensation have been paid in full, and as such, the Trustee does not anticipate receiving claims under Section 81.3(1).

## **PREFERRED CREDITORS**

### ***Employees***

Employees are afforded priority for wages and compensation that are not paid by virtue of Section 81 of the BIA. Claims of employees that relate to the period more than six months preceding the date of bankruptcy are general, unsecured claims and will share ratably with the claims of other creditors. As reported, we do not anticipate receiving claims from employees for unpaid compensation.

## **UNSECURED CREDITORS**

The Statement of Affairs reports total unsecured creditors of \$1,164,821.75. Ultimately the amounts owing to the unsecured creditors will be based on proofs of claim filed by the creditors and admitted by the Trustee.

## **SALE OF ASSETS**

The Trustee will review the value of the Company's trademarks and assess if there is any material value for the estate. The Trustee does not expect to receive any material realizations over and above the realizations from the machinery and equipment via auction.

## **OTHER MATTERS**

### ***Books and Records***

The Trustee is in possession of certain books and records at the date of bankruptcy that were provided by the Company.

### ***Legal Proceedings***

The Trustee has not commenced any legal proceedings at the date of this report.

### ***Conservatory and Protective Measures***

The Trustee attended the Company's leased premises and took an inventory of the assets located on site. The Trustee deemed it uneconomical to maintain the lease after the bankruptcy as the realizations from the assets at the leased premises are expected to be minimal, if any. The Trustee expects that, with the approval of inspectors, the lease will be disclaimed back to the landlord. As such the Trustee did not take possession of the leased premises or change the locks. The Trustee notified the landlord of the bankruptcy proceedings and requested that none of the Company's assets be removed until the lease disclaimer could be completed.

### ***Preferences, and Transactions at Under Value***

The Trustee will review the Company's books and records preceding the date of bankruptcy in order to ascertain whether or not any preferential payments and/or reviewable transactions have occurred within the last three months or, where related parties are involved, within the last twelve months.

### ***Directive 16 Third-Party Deposits and Guarantees***

Ms. Fu has provided Trustee with a retainer in the amount of \$25,000 to cover professional fees over and above the fees that can be paid from the realization of the Company's unencumbered assets.

## **ESTIMATED REALIZATION**

The total realization will depend on the proceeds the sale of the Company's trademarks and the ability of the Trustee to collect the funds in the Company's bank accounts. It is unknown at this time what funds may be realized by the Trustee from these assets.

All dividends payable by the Trustee to creditors are subject to a 5% levy payable to the Office of the Superintendent of Bankruptcy.

This concludes the Trustee's Preliminary Report to Creditors.

DATED at the City of Vancouver, in the Province of British Columbia, this 17th day of February, 2022.

**MNP Ltd.**

In its capacity as Licensed Insolvency Trustee  
of the Bankrupt Estate of Maple Wellness Foods Corp.  
and not in its personal capacity



Greg Ibbott, CIRP, LIT, CPA, CA  
Senior Vice President