

District of: Ontario
Division No. 07-Hamilton
Court No. 35-2905338
Estate No. 35-2905338

TRUSTEE'S PRELIMINARY REPORT

IN THE MATTER OF THE BANKRUPTCY OF
NISURPLUS INC.

Trustee: MNP Ltd.

SECTION A - Background

NISurplus Inc. ("**NISurplus**" or the "**Company**") sold industrial equipment and parts, and transportation products. The Company was incorporated in 2001 in the Province of Alberta. The Company moved to Ontario in 2011 and operated from leased premises at 159 Larchwood Circle, Welland, since that time.

The Company was historically profitable, but sales declined at the outset of the Covid-19 pandemic and associated lockdowns. Then, in 2022 the Company suffered a large loss of approximately \$35,000 when goods were sold to an overseas customer. Payment was received by cheque before shipment. NISurplus deposited the cheque and waited five business days to allow it to clear before sending the shipment. Unfortunately, fourteen days after deposit the cheque was returned by the Bank. NISurplus was unable to recover the payment or product.

Due to these factors the Company struggled with cashflow and was ultimately unable to pay its debts as they became due. NISurplus made an assignment in bankruptcy on January 27, 2023. MNP Ltd. was appointed as Licensed Insolvency Trustee. (the "**Trustee**").

CLASS I - Stocks of merchandise

The Company began an inventory liquidation prior to the bankruptcy. There is currently inventory with a book value of approximately \$9,500 at the leased warehouse. The Trustee has received an offer of approximately \$500 to purchase the inventory, conditional on inspection. The Trustee will review this offer with Inspectors appointed at today's meeting.

CLASS II - Plant, machinery, equipment, and office

None.

CLASS III - Buildings and real estate

The Company did not own real estate.

CLASS IV - Books and records

The Trustee has taken possession of the books and records required to administer the bankruptcy.

CLASS V - Other assets

There are no other assets the Trustee is aware of.

Property of Bankruptcy not divisible amongst creditors by virtue of Section 67(b), of the Bankruptcy and Insolvency Act

None known.

Property placed under the guardianship of the Company

None known.

SECTION B

1. Conservatory and protective measures

The Company's operations ceased prior to the bankruptcy. No conservatory or protective measures are necessary.

2. Carrying on business

The Company's operations ceased prior to bankruptcy.

SECTION C - Legal proceedings

There are no legal proceedings the Trustee is aware of.

SECTION D - Provable claims

Creditor Class	Per Statement of Affairs	Proven
Deemed Trust	\$nil	\$nil
Secured	\$nil	\$nil
Preferred	\$nil	\$nil
Unsecured	\$162,117	\$nil
Total	\$162,117	\$nil

Secured creditors

There are no registered secured creditors on the *Personal Property Security Act* Registry in Ontario. Loop Funding Inc. does have a general security interest registered on the Alberta Personal Property Registry. Loop Funding Inc. has not yet filed a proof of claim.

SECTION F - Anticipated realizations and projected distribution

The Trustee does not anticipate a distribution to creditors in this estate.

SECTION G - Reviewable transactions and preferential payment

The Trustee has reviewed the bank statements for the twelve months' preceding bankruptcy and found no evidence of fraudulent preferences or reviewable transactions.

SECTION H - Other matters

The Trustee has received a third-party deposit of \$12,000 from Jeff Wallace.

Dated at London, Ontario this 15th day of February, 2023.

MNP Ltd.

Licensed Insolvency Trustee of

NISuprlus Inc.



Per: Rob Smith CPA, CA, CIRP, LIT
Senior Vice-President



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IN THE MATTER OF THE BANKRUPTCY OF
NISURPLUS INC.

Carrying on business in the City of Welland
In the Municipality of Niagara
in the Province of Ontario

TRUSTEE'S PRELIMINARY REPORT

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