

District of: Ontario
Division No. 09-Mississauga
Court No. 32-3033836
Estate No. 32-3033836

TRUSTEE'S PRELIMINARY REPORT

IN THE MATTER OF THE BANKRUPTCY OF
ONTARIO GROUNDS CARE INC.

Trustee: MNP Ltd.

SECTION A - Background

Ontario Grounds Care Inc. ("**Grounds Care**" or the "**Company**") was incorporated January 14, 1998. The Company was purchased approximately 10 years ago by the current registered directors Brent and Greg Palmer. Grounds Care operated a full service commercial/residential landscape maintenance and construction company servicing clients in Burlington, Oakville, Milton, Guelph and Hamilton.

The Company's sales went to practically nil through the lockdowns brought on by the Covid 19 pandemic. When the lockdowns were lifted sales returned but never back to the pre-Covid levels. The Company struggled with sales and cashflow. It fell behind on remittances to CRA for source deductions and HST, owing approximately \$275,000 combined.

Being unable to cashflow the business and pay the CRA arrears the Company made the decision to cease operations in late 2023. All assets were sold in December 2023 in an arms length sale. The proceeds of the sale were deposited to the Company bank account. Grounds Care made an assignment in bankruptcy on January 23, 2024. MNP Ltd. was appointed as trustee. (the "**Trustee**").

CLASS I - Stocks of merchandise

There was no inventory owned by the Company.

CLASS II - Plant, machinery, equipment, and office

All equipment was sold in an arms length transaction prior to the bankruptcy.

CLASS III - Buildings and real estate

The Company did not own real estate.

CLASS IV - Books and records

The Trustee has received the books and records required to administer the bankruptcy.

CLASS V - Other assets

Approximately \$50,000, which were the proceeds of the equipment sale and other cash on hand, were paid to the Trustee and is being held in an estate trust account.

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 Trustee requested the Company's bank account be frozen.

2. Carrying on business

The Company's operations ceased prior to bankruptcy.

SECTION C - Legal proceedings

None known.

SECTION D - Provable claims

Creditor Class	Per Statement of Affairs	Proven
Deemed Trust	\$150,000	\$110,467
Secured	\$nil	\$nil
Preferred	\$nil	\$nil
Unsecured	\$190,075	\$251,691
Total	\$340,075	\$362,158

Secured Creditors

CRA will have a statutory deemed trust priority charge over all assets of the Company for the component of source deduction arrears withheld from employees and not remitted. CRA has not yet filed a claim to quantify this amount.

The following creditors have registered security against specific equipment or vehicles:

- Newport Leasing Limited – 2016 Ram 2500
- Newport Leasing Limited – 2018 Jeep Wrangler
- Trillium Ford Lincoln Limited – 2017 Ford F260
- Newport Leasing Limited – 2019 Ford F250

These vehicles were returned to the leasing companies prior to the bankruptcy.

SECTION F - Anticipated realizations and projected distribution

Estate realizations will be subject to CRA's deemed trust for unremitted source deductions of \$110,467, and it is unlikely the deemed trust will be satisfied in full. There is not expected to be a distribution to unsecured creditors.

SECTION G - Reviewable transactions and preferential payment

The Trustee has reviewed the bank statements for the twelve months preceding bankruptcy and did not find any evidence of preferences or reviewable transactions.

SECTION H - Other matters

The Trustee has received a third-party deposit of \$12,000 from Brent Palmer to cover the fees and disbursements of the bankruptcy in the event asset realizations are insufficient.

Dated at London, Ontario this 13th day of February 2024.

MNP Ltd.

Licensed Insolvency Trustee of
Ontario Grounds Care Inc.



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



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IN THE MATTER OF THE BANKRUPTCY OF
Ontario Grounds Care Inc.

Carrying on business in the City of Burlington
In the Region of Halton
in the Province of Ontario

TRUSTEE'S PRELIMINARY REPORT

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