

COURT FILE NUMBER 1901-03824

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE RECEIVERSHIP OF SURFACE PRO SERVICES INC., ATKINS KUNTZ CONSTRUCTION GROUP INC. and 2049829 ALBERTA INC.

PLAINTIFF ROYAL BANK OF CANADA

DEFENDANTS SURFACE PRO SERVICES INC., ATKINS KUNTZ CONSTRUCTION GROUP INC. and 2049829 ALBERTA INC.

DOCUMENT **FOURTH REPORT OF THE COURT-APPOINTED RECEIVER AND MANAGER OF SURFACE PRO SERVICES INC., ATKINS KUNTZ CONSTRUCTION GROUP INC. and 2049829 ALBERTA INC.**

**DATED MARCH 2, 2020**  
**PREPARED BY DELOITTE RESTRUCTURING INC.**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Counsel

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## Introduction and background

1. Surface Pro Services Inc. ("**SPS**"), Atkins Kuntz Construction Group Inc. ("**AKC**") and 2049829 Alberta Inc. ("**204**") (collectively, the "**Companies**" or the "**Debtors**") are private companies incorporated in the Province of Alberta on February 16, 2011, September 11, 2012, and June 12, 2017, respectively. SPS performs landscaping and maintenance work for commercial and residential customers. AKC is a concrete company specializing in commercial and residential concrete formwork. 204 owned the land and building located at 8916 44 Street SE, Calgary, Alberta (the "**Real Property**"). SPS and AKC operated out of the yard, shop, and offices (the "**Premises**") located on the Real Property. SPS's and AKC's primary assets include concrete and landscaping equipment, vehicles, tools, accounts receivable, and the land and building located at 37 Anderson Road, St. Peter's, Prince Edward Island (the "**PEI Property**") (collectively, the "**Assets**").
2. The Companies' primary secured lender is the Royal Bank of Canada ("**RBC**") which was owed approximately \$3.27 million ("**RBC Indebtedness**") by the Debtors as at the Date of Receivership (defined hereafter). RBC holds various registered security over the Assets and Real Property of SPS, AKC, and 204 (the "**RBC Security**") and is the first position secured creditor over the same. The Business Development Bank of Canada also holds registered security over the Assets of SPS and AKC, while Trisura Guarantee Insurance Company holds registered security over the accounts receivable, inventory, equipment, and motor vehicles of SPS.
3. On March 5, 2019, RBC demanded repayment of the loans and issued a notice of intention to enforce security pursuant to section 244(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the "**BIA**").
4. On March 15, 2019, RBC made an application to the Court of Queen's Bench of Alberta (the "**Court**") seeking the appointment of Deloitte Restructuring Inc. ("**Deloitte**") as interim receiver over the Debtors (the "**Application**"). The Application was made due to RBC's concerns over the deterioration of the financial condition of the Companies, their inability to make payroll, and the conduct of Management (defined hereafter). The Application was heard by the Honourable Justice K.D. Yamauchi, and ultimately, an Order was granted adjourning the Application to March 19, 2019 (the "**March 15, 2019 Order**").
5. The March 15, 2019 Order also required the Debtors to: i) provide RBC with proof that all goods and services tax ("**GST**") and payroll source deductions were remitted to the Canada Revenue Agency ("**CRA**") no later than the close of business on March 18, 2019; and ii) provide a list of employees and payroll amounts for the March 15, 2019 pay period.
6. The Debtors failed to provide all the required documentation noted in the March 15, 2019 Order, including but not limited to the proof that all GST and payroll source deductions were remitted to CRA, and on March 19, 2019 (the "**Date of Receivership**"), the Court granted an order (the "**Receivership Order**") appointing Deloitte as receiver and manager (the "**Receiver**") of all of the current and future assets, undertakings and properties of the Companies.
7. The Receivership Order, together with related Court documents and the notices sent to the creditors of the Companies have been posted on the Receiver's website (the "**Receiver's Website**") at <https://www.insolvencies.deloitte.ca/en-ca/Pages/Surface-Pro-et-al.-.aspx>. This report (the "**Fourth Report**") will also be posted on the Receiver's Website after it has been filed with the Court.
8. The Receiver's independent legal counsel, Torys LLP ("**Torys**"), conducted an independent security review, and on April 22, 2019 opined on the validity, enforceability and priority of the RBC Security (the "**Torys Security Opinion**"). The Torys Security Opinion concluded that RBC holds valid first

ranking security over the Real Property and Assets of the Debtors, including the PEI Property held by SPS.

9. The Receiver has previously filed three reports with the Court in relation to the Receivership of the Companies. On August 19, 2019 the Receiver filed its first report with the Court, which described, amongst other things, the proposed auction of the Equipment, the sale of the Real Property, the Camber Loan Agreement, the PEI Property and the Alberta Boot Project (the "**First Report**"). Included with the First Report were several confidential appendices, including an appraisal of the Equipment and documentation related to the sale of the Real Property.
10. On October 15, 2019 the Receiver filed its second Report with the Court (the "**Second Report**"), which described, amongst other things, the PEI Property and the Amended MacDougall Offer.
11. On November 25, 2019 the Receiver filed its third Report with the Court (the "**Third Report**"), which described, amongst other things, further developments regarding the PEI Property including the Cunningham Settlement.

## Terms of Reference

12. In preparing this Fourth Report, the Receiver has relied upon unaudited financial information prepared by the Debtors' management ("**Management**"), the Debtors' books and records, and discussions with Management. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the information. The Receiver may refine or alter its observations as further information is obtained or brought to its attention after the date of this Fourth Report.
13. Unless otherwise provided, all other capitalized terms not defined in this Fourth Report are as defined in the First Report, Second Report and the Third Report.
14. All dollar amounts in this Fourth Report are in Canadian dollars, unless otherwise indicated.

## Purpose

15. The purpose of this Fourth Report is to:

- a) Provide the Court with an update of the Receiver's activities since the filing of the Third Report; and
- b) Respectfully recommend that this Honourable Court make an Order:
  - i. Approving the activities of the Receiver as described in this Fourth Report, including without limitation, the steps taken by the Receiver pursuant to the Receivership Order and its mandate thereunder;
  - ii. Approving the Receiver's final consolidated statement of actual and estimated receipts and disbursements;
  - iii. Approving the professional fees and disbursements of the Receiver and its legal counsel from February 28, 2019 to the Receiver's date of discharge;
  - iv. Approving the distribution of funds to the CRA and Service Canada in relation to their statutory super priority claims;
  - v. Approving the distribution of funds to RBC as the senior secured creditor of the Debtors further to the RBC Security;
  - vi. Approving the Receiver's discharge, subject to the filing of a final Affidavit of Discharge of the Receiver, confirming all funds held by the Receiver have been distributed and all administrative matters have been concluded, including the submission of a final statutory report to the Office of the Superintendent of Bankruptcy pursuant to subsection 246(3) of the BIA, and performing a final reconciliation of the Receiver's estate bank accounts; and
  - vii. Providing such further and other relief that the Court considers just and warranted in the circumstances.

## Update on the Receiver's activities

16. The Receiver notes that, included in the activities described in the Third Report, was the provision of an updated Statement of Receipts and Disbursements ("**SRD**") to Mr. Atkins. This statement was incorrect as the SRD was not provided to Mr. Atkins during that period due to a clerical oversight. The Receiver advises that Mr. Atkins has subsequently been provided with an updated SRD as previously requested.
17. Since the Third Report, the Receiver has undertaken the following activities:
  - a. Completed tasks associated with the closing of the sale of the PEI Property;
  - b. Followed up on several accounts receivable, including reviewing disputes and liens against associated projects;
  - c. Completed tasks associated with the closing of the sale of the Real Property;
  - d. Provided an updated SRD to Mr. Atkins as requested;
  - e. Met with Mr. Atkins and his legal counsel to discuss the receivership proceedings to date and any outstanding assets of the estates;
  - f. Corresponded with legal counsel on various legal matters relating to the Real Property, the PEI Property and matters arising from the meeting with Mr. Atkins;
  - g. Corresponded with Colliers and the Realtor on a number of occasions to discuss matters relating to the Real Property and PEI Property, respectively, as they arose;
  - h. Prepared T4 forms for the former employees of SPS and AKC;
  - i. Reviewed receipts and disbursements of the receivership estates, and arranged for payment of various invoices;
  - j. Corresponded with creditors and all other stakeholders;
  - k. Consulted regularly with their legal counsel, Torys, with respect to inquiries and issues arising, and strategy concerning the administration of the receivership estate;
  - l. Updated the Receiver's Website with relevant documents relating to the receivership proceedings;
  - m. Administered receivership estate banking and related transactions and reconciliations; and
  - n. Addressed additional matters as they arose from time to time.

## Remaining assets

### Accounts receivable

18. At the Date of Receivership, the Receiver obtained a copy of the Companies' accounts receivable sub-ledger and access to the Companies' accounting software, which indicated that SPS and AKC had accounts receivable of approximately \$1.17 million and \$463,000, respectively.
19. To date, the Receiver has collected approximately \$178,000 and \$147,000 of the SPS and AKC accounts receivable, respectively.
20. Of the remaining accounts receivable balance still outstanding, the Receiver notes the following observations:
  - a. A review of the accounts receivable sub-ledger identified approximately \$626,000 and \$145,000 for SPS and AKC, respectively, as being related party accounts receivable owing to the Companies by Heartwood Tree Care Inc. ("**Heartwood**") and Underworld Environmental Inc. ("**Underworld**"). The Receiver understands from discussions with Management that these liabilities related to expenses, such as equipment finance expenses, incurred by AKC and SPS on behalf of Heartwood and Underworld. The Receiver sent demand letters with respect of these outstanding balances and was verbally advised by former Management and former employees that both Heartwood and Underworld do not have the funds to repay any portion of the outstanding amounts. The Receiver has identified limited financial information relating to Heartwood and Underworld contained within the books and records of the Companies, which appears to corroborate this advice regarding Heartwood and Underworld's capacity to repay these amounts.
  - b. The Receiver was contacted by numerous customers following the receipt of the respective demand letters sent to these customers disputing the balances outstanding to the Companies. The disputes related to deficiencies in the work performed by the Companies, cost overruns as a result of non-completion of contracted work by the Companies and unpaid suppliers in relation to work performed by SPS and AKC, including suppliers filing liens against the customers' properties.
21. The Receiver continued to take steps to pursue the collection of the remaining outstanding accounts receivable, including having discussions with former members of Management regarding assistance in collecting the outstanding amounts.
22. As previously discussed in the First Report, the Receiver entered into a construction completion and payment arrangement with Axiom Builders Inc. ("**Axiom**") which enabled the Receiver to complete the outstanding work on the Alberta Boot Project, the payment of four sub-trades by Axiom and resulted in the Receiver collecting approximately \$94,500 in outstanding accounts receivable in relation to the Alberta Boot Project and the potential to collect an additional \$30,000 after a 24 month holdback/warranty period (the "**Axiom Holdback**").
23. The Receiver expects to recover approximately \$22,000 of the Axiom Holdback in December 2020 following the expiry of a final warranty period for the Alberta Boot Project (the "**Alberta Boot Project AR**").
24. While the Receiver believes that further collection of any significant outstanding amounts other than the Alberta Boot Project AR is unlikely, the Receiver will continue to pursue these outstanding amounts until the finalization of the estates.



## Missing Equipment

25. As noted in the First Report, the Companies did not maintain a comprehensive Equipment listing. Following its appointment, the Receiver compiled an Equipment list using information obtained from personal property registry search results, interviews with Management and former employees and a review of the Companies' project boards. As at the Date of Receivership, the majority of assets identified by the Receiver were not located at the Premises.
26. Since the Date of Receivership, the Receiver spent significant time and effort in recovering and returning these assets to the Premises for appraisal and realization, including engaging several former employees to assist with the return of equipment located at jobsites.
27. The Receiver believes that approximately \$90,000 of Equipment, or approximately eight (8) units, remain missing. The Receiver has not received any further assistance or explanations from Management regarding the status or location of these assets.

## Camber loan

28. During the course of the Receiver's review of the books and records of SPS, it came to the Receiver's attention that SPS had entered into a loan agreement with Camber Resource Services Ltd. ("**Camber**") in December 2016, whereby SPS loaned \$200,000 to Camber with interest of 14% per annum and a 90-day term. Since the initial loan, Camber made two partial repayments prior to the Date of Receivership in conjunction with rolling over the loan agreement to new terms.
29. On June 20, 2019, the Receiver served a demand for payment on Camber for an outstanding balance of approximately \$167,300 and, through subsequent correspondence with Camber's legal counsel, the Receiver received limited financial information regarding the current position of Camber and its ability to repay the loan. The Receiver and its counsel have reviewed the available options to recover the outstanding balance, including petitioning Camber into bankruptcy, and has discussed recovery options with Mr. Atkins who has offered to assist the Receiver with recovering the outstanding balance.
30. Camber also issued approximately 11,000 Class "A" Common Shares in Camber to Mr. Atkins for each rollover occurrence. On July 4, 2019, the Receiver wrote to counsel for Mr. Atkins demanding that Mr. Atkins provide the Receiver with all Class "A" Common Shares that he was issued by Camber; however, to date, Mr. Atkins has not addressed the Receiver's demands.

## Future recoveries

31. In or around January 24, 2020, Mr. Atkins requested to meet with the Receiver to discuss the asset recoveries to date and certain other matters associated with the estate.
32. On February 18, 2020, the Receiver, Torys, RBC and RBC's counsel met with Mr. Atkins (the "**Atkins Meeting**"). At the Atkins Meeting, Mr. Atkins inquired about the assets recoveries to date and discussed potential avenues for additional recoveries for the benefit of the estates.
33. Mr. Atkins advised that he may be able to provide information and resources to assist with future recoveries should a mutually agreeable arrangement be entered into. The Receiver and RBC asked Mr. Atkins to make a formal request in writing for consideration. As at the date of the Fourth Report no such request has been received.

34. As noted above, the Receiver believes that any significant recoveries from the above remaining assets is unlikely; however, should any further recoveries be made prior to the finalization of the estates, these funds will be included in any distribution to the secured creditors.
35. The Receiver will also respectfully request the Court assign any further recoveries in relation to the above claims to RBC or BDC, with RBC ranking in priority.

## Fees and disbursements of the Receiver and its legal counsel

36. The Receiver's professional fees and disbursements invoiced for the period February 28, 2019 to October 29, 2019 total approximately \$299,500 (excluding GST). The Receiver's counsel's fees and disbursements invoiced for the period March 6, 2019 to January 31, 2020 total approximately \$128,600 (excluding GST). The Receiver also engaged Cox & Palmer LLP ("**C&P**") to assist with specific matters related to PEI contract law. C&P has billed approximately \$3,500 (excluding GST) for the period July 2019 to October 2019. Together the total actual fees and disbursements is approximately \$431,600 (excluding GST) ("**Billed Professional Fees**").
37. The Receiver has incurred approximately \$25,000 for the period October 20, 2019 to date, and estimates additional fees of approximately \$10,000 to complete the administration of the receivership. The Receiver estimates additional legal costs, from February 1, 2020 to complete the administration of the receivership, to be approximately \$5,000. Together, the total estimate to discharge is approximately \$40,000 ("**Estimate to Discharge**").
38. Attached as **Appendix "A"** is a summary of the Billed Professional Fees and the Estimate to Discharge (the "**Receivership Professional Fees**").
39. The fees charged by the Receiver are based on the amount of professional time required at standard hourly billing rates, which vary depending upon the level of experience of the professionals involved. The average blended hour rate charged by the Receiver in these proceedings for invoices issued to date is approximately \$385 per hour. The rates charged by the Receiver are comparable to the rates charged for the provision of services by other professional firms providing specialized financial advisory and restructuring services.
40. At the March 11, 2020 hearing, the Receiver will be seeking approval of the Receivership Professional Fees. Copies of the invoices described therein, including detailed time analysis, will be made available to the Court at the March 11, 2020 hearing if requested.
41. As is documented in the First Report, Second Report, Third Report and the Fourth Report, the Receiver has had to incur considerable time and cost to perform primarily the following:
  - a. Preparing a master list of assets for the Companies from various sources of information, given that the Companies and Management could not produce any asset listings;
  - b. Locating the Equipment and coordinating the recovery of a significant portion of the Equipment from customer sites and other third party locations;
  - c. Reporting and investigating several subsequent break-ins and Equipment thefts at the Premises;
  - d. Delays in engaging with Mirterra Industrial Appraisers & Auctioneers to conduct the auction of the Equipment due to a proposed refinancing of the RBC Indebtedness which did not occur; and
  - e. Preparing a report to the Court, along with the associated application materials, following the objections of Ms. Cunningham to the Amended MacDougall Offer, which resulted in the Receiver, Torys and RBC's counsel negotiating a settlement that necessitated the preparation of an additional report to the Court and associated application materials.
42. The Receiver is of view that, in light of nature, the extent and value of the assets, the degree of assistance from former Management and the responsibilities undertaken by the Receiver, the professional fees are fair and reasonable.

## Other Priority Claims

43. The Receiver obtained the Torys Security Opinion on the validity and priority of the RBC Security. As previously noted, RBC is the principal secured creditor to the debtors and was owed approximately \$3.27 million at the Date of Receivership, plus \$503 of interest per diem.
44. In addition to the RBC Security, several creditors may have certain statutory priorities that rank in priority over the RBC Security (the "**Other Priority Claims**"). These claims are as follows:
  - a. CRA has completed its trust audits and claimed a deemed trust claim in the estates of AKC and SPS (the "**CRA Priority Claims**") in relation to the outstanding payroll source deductions. The Receiver estimated the CRA Priority Claims may be in or around \$57,800 in the estate of AKC and \$154,800 in the estate of SPS, for a total claim of \$212,600. The Receiver continues to work with the CRA to finalize the CRA Priority Claims.
  - b. The Receiver has also submitted the appropriate information required for Service Canada to process certain claims in respect of the *Wage Earner Protection Program Act* (Canada) for both SPS and AKC. The Receiver expects to pay approximately \$25,400 and \$53,900 to Service Canada as priority claims for SPS and AKC, respectively, totalling approximately \$79,300.
45. Subject to final review, the Receiver proposes to distribute up to \$300,000 to the CRA and Service Canada in priority over RBC and the remaining funds from the estate to RBC (the "**Proposed Distribution**"). The Proposed Distribution will be subject to the Receiver maintaining sufficient funds to satisfy the costs of the Receivership Proceedings and payment of the Receiver's Professional Fees.
46. As the indebtedness to RBC exceeds the funds available in the estates, the Receiver anticipates there will be no distributions available to subordinate creditors.

## Bankruptcy of AKC and SPS

47. As described in the First Report, the Receiver recommended to the Court to authorize the Receiver to assign the Companies into bankruptcy.
48. On August 29, 2019, the Court granted a bankruptcy order (the "**Bankruptcy Order**") authorizing the Receiver to assign the Companies into bankruptcy after October 1, 2019. Subsequently, the Receiver assigned AKC and SPS into bankruptcy on February 28, 2020 with Deloitte appointed as the trustee of the bankrupt estates (the "**Trustee**").
49. The Trustee issued the statutory notices as of the date of the Fourth Report and scheduled the first meeting of creditors for both bankruptcy estates to be on March 19, 2020.
50. Deloitte, in its capacity as the Trustee of the bankrupt estate of AKC and SPS, will retain the books and records of the Companies.

## Final statement of actual and estimated receipts and disbursements

51. The final consolidated statement of receipts and disbursements includes the actual receipts and disbursements for the period March 15, 2019 to February 21, 2020, and the estimated receipt and disbursements for the period February 22, 202 to discharge (the "**Final SRD**"). The Final SRD is attached as **Appendix "B"**.
52. As at the date of this Fourth Report, the Receiver has realized sufficient funds from the collection of accounts receivable and sale of equipment to meet all operating expenses without having to draw on the Court authorized borrowing facility to fund the receivership proceedings.

## Conclusions and recommendations

53. Based on the foregoing, the Receiver respectfully requests the Court grant an Order:

- a. Approving the activities of the Receiver as described in this Fourth Report, including without limitation, the steps taken by the Receiver pursuant to the Receivership Order and its mandate thereunder;
- b. Approving the Receiver's Final SRD;
- c. Approving the Receivership Professional Fees from February 28, 2019 to the Receiver's date of discharge;
- d. Approving the Proposed Distribution;
- e. Approving the Receiver's discharge, subject to the filing of an Affidavit of Discharge confirming all funds held by the Receiver have been distributed and all administrative matters have been concluded, including the submission of a final statutory report to the Office of the Superintendent of Bankruptcy pursuant to subsection 246(3) of the BIA, and performing a final reconciliation of the Receiver's estates bank account; and
- f. Provide such further and other relief that the Court considers just and warranted in the circumstances.

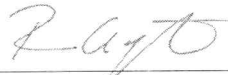
\* \* \*

All of which is respectfully submitted at Calgary, Alberta this 2<sup>nd</sup> day of March, 2020.

**DELOITTE RESTRUCTURING INC.,**

solely in its capacity as Court-appointed Receiver and  
Manager of Surface Pro Services Inc., Atkins Kuntz  
Construction Group Inc. and 2049829 Alberta Inc.,  
and not in its personal or corporate capacity

Per:



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Ryan Adlington, CPA, CA, CIRP, LIT  
Senior Vice-President

## Appendix "A"



In the matter of  
**Atkins Kuniz Construction Group Inc., Surface Pro Services Inc. and 2049829 Alberta Inc.**  
 Summary of Receiver and Legal Invoices as at March 2, 2020

**Deloitte Restructuring Inc. (Receiver) Invoices**

Invoice #	Start Date	End Date	SPS	AKC	204	Fees	Disbursements	Subtotal	GST	Total	Notes
8000755092	28-Feb-19	28-Jun-19	86,490.83	68,035.99	41,373.18	195,900.00	-	195,900.00	9,795.00	205,695.00	
8000899842	2-Jul-19	29-Oct-19	34,265.21	25,960.21	40,094.58	100,320.00	3,263.40	103,583.40	5,179.17	108,762.57	Unpaid
<b>Total Deloitte</b>			120,756.04	93,996.20	81,467.76	296,220.00	3,263.40	299,483.40	14,974.17	314,457.57	

**Torys LLP (Legal) Invoices**

Invoice #	Start Date	End Date	SPS	AKC	204	Fees	Disbursements	Subtotal	GST	Total	Notes
1466364	6-Mar-19	31-Mar-19	5,207.35	4,957.45	5,046.70	15,211.50	20.00	15,231.50	760.58	15,992.08	Unpaid
1468497	1-Apr-19	30-Apr-19	3,379.68	943.16	1,240.66	5,563.50	1,525.00	7,088.50	332.03	7,420.53	Unpaid
1471363	1-May-19	31-May-19	3,616.71	3,652.41	8,860.38	16,129.50	20.00	16,149.50	806.48	16,955.98	Unpaid
1474957	1-Jun-19	30-Jun-19	4,020.85	2,747.55	6,721.60	13,490.00	-	13,490.00	674.50	14,164.50	Unpaid
1476575	1-Jul-19	31-Jul-19	4,221.55	1,135.60	5,474.85	10,832.00	46.00	10,878.00	543.40	11,421.40	Unpaid
1480064	1-Aug-19	31-Aug-19	7,167.02	6,990.76	6,401.72	20,559.50	52.50	20,612.00	1,028.10	21,640.10	Unpaid
1483323	1-Sep-19	30-Sep-19	7,440.00	2,918.00	2,918.00	13,276.00	108.50	13,384.50	669.08	14,053.58	Unpaid
1485443	1-Oct-19	31-Oct-19	3,642.20	2,600.40	2,600.40	8,843.00	81.01	8,924.01	443.70	9,367.71	Unpaid
1489036	1-Nov-19	30-Nov-19	3,226.96	1,437.03	5,371.01	10,035.00	60.00	10,095.00	502.25	10,597.25	Unpaid
1491783	1-Dec-19	31-Dec-19	3,368.65	637.20	5,326.15	9,332.00	67.50	9,399.50	468.23	9,867.73	Unpaid
1495666	1-Jan-20	31-Jan-20	1,395.50	952.00	952.00	3,299.50	40.69	3,340.19	167.01	3,507.20	Unpaid
<b>Total Torys</b>			46,686.47	28,971.56	50,913.47	126,571.50	2,021.20	128,592.70	6,395.36	134,988.06	

**Cox & Palmer (Legal) Invoices**

Invoice #	Start Date	End Date	SPS	AKC	204	Fees	Disbursements	Subtotal	HST	Total	Notes
209085151	22-Jul-19	23-Sep-19	2,500.00	-	-	2,500.00	338.15	2,838.15	409.64	3,247.79	
209086245	7-Oct-19	16-Oct-19	634.50	-	-	634.50	15.86	650.36	97.56	747.92	
<b>Total Cox &amp; Palmer</b>			3,134.50	-	-	3,134.50	354.01	3,488.51	507.20	3,995.71	

**Total Receiver Fees**

120,756.04 93,996.20 81,467.76 296,220.00 3,263.40 299,483.40 14,974.17 314,457.57

**Total Legal Fees**

49,820.97 28,971.56 50,913.47 129,706.00 2,375.21 132,081.21 6,902.56 138,983.77

**Total Receivership Professional Fees**

170,577.01 122,967.76 132,381.23 425,926.00 5,638.61 431,564.61 21,876.73 453,441.34

**General Notes**

1. The allocation of time costs between SPS, AKC and 204 was completed by the Receiver through the analysis of narrations and descriptions for each time entry.
2. Copies of the above invoices, including detailed time analysis, will be made available to the Court at the March 11, 2020 hearing if requested.

## Appendix "B"

**Atkins Kuntz Construction Group Inc., Surface Pro Services Inc. and 2049829 Alberta Inc.**  
**Pro Forma Receipts and Disbursements**  
**For the period March 19, 2019 to discharge**

Description	AKC	SPS	204	Total	Notes
<b>Receipts</b>					
Sale of Property	\$ -	\$ 95,000	\$ 2,650,000	\$ 2,745,000	1
Net equipment auction proceeds	389,133	487,559	-	876,693	2
Pre-receivership accounts receivable	142,777	77,777	-	220,555	
Post-receivership accounts receivable	3,811	122,872	-	126,683	3
Rental income	-	-	40,907	40,907	4
Cash in bank	4,549	9,957	6,078	20,584	
Miscellaneous refunds	5,772	1,748	7,585	15,105	
GST collected	191	5,025	-	5,215	
Interest	938	1,915	775	3,628	
<b>Total receipts</b>	<b>547,172</b>	<b>801,853</b>	<b>2,705,345</b>	<b>4,054,369</b>	
<b>Disbursements</b>					
Receiver's fees and disbursements	102,084	128,844	103,556	334,483	5
Lease payments	79,539	200,383	-	279,922	6
Receiver's legal fees and disbursements	30,763	51,613	54,705	137,081	5
Realtor's commission	-	6,555	79,500	86,055	
Insurance	14,425	24,246	18,852	57,523	
Property taxes	-	2,057	49,124	51,180	
GST/HST paid on disbursements	7,458	15,474	6,875	29,808	
Payroll & employee expenses	-	20,790	-	20,790	7
Transfer to bankruptcy estates	10,000	10,000	-	20,000	
Operating expenses	273	3,401	9,885	13,559	
Utilities	-	195	11,798	11,993	
Appraisal fees	1,620	4,380	-	6,000	
Filing fees	70	70	70	210	
Bank charges	-	25	-	25	
<b>Total disbursements</b>	<b>246,233</b>	<b>468,033</b>	<b>334,364</b>	<b>1,048,630</b>	
<b>Excess of receipts over disbursements</b>	<b>300,938</b>	<b>333,820</b>	<b>2,370,981</b>	<b>3,005,738</b>	
<b>Proposed distributions to Secured / Priority Creditors</b>					
CRA deemed trust claims	57,809	154,762	-	212,571	
WEPPA priority claims	25,390	53,873	-	79,263	
Royal Bank of Canada	217,739	125,185	2,370,981	2,713,904	8
	300,938	333,820	2,370,981	3,005,738	

**Balance of funds in estate**

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**Specific notes**

1. The sale of property includes the sale of a building as well as a residential property in the province of Prince Edward Island.
2. On July 9, 2019, the Receiver engaged Mirterra Industrial Appraisers & Auctioneers to complete a timed online auction over three days in September 2019. The total auction gross proceeds were \$946,679 and following the deduction of sales commission and expenses the Receiver received net proceeds of \$876,693.
3. Post-receivership accounts receivable relates to the completion of the Axiom project.
4. Rental income includes the payment of rent by the purchaser of the property to facilitate the closing in December 2019.
5. Includes both Billed Professional Fees and Estimate to Discharge. These are subject to Court approval.
6. Lease payments are for certain leased motor vehicles and equipment which were sold by the Receiver through the auction. This figure also includes the payout of certain leases prior to the auction with the exception of three lease buyouts due to RBC from SPS totaling approximately \$184,100 ("RBC Lease Buyout"). The RBC Lease Buyout is also reflected in the total outstanding balance due to RBC.
7. Payroll includes reimbursement of expenses incurred by employees and source deductions paid to the CRA.
8. Proposed distribution of surplus funds to RBC following confirmation and payment of the Other Priority Claims to the CRA and Service Canada. These are subject to Court's approval.