

Estate No. 31-2008366
Court File No. 31-2008366

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF ONE KENTON ALZHEIMER CENTER FOR EXCELLENCE
(NON-PROFIT) INC.

SECOND REPORT OF THE PROPOSAL TRUSTEE

AUGUST 26, 2015

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ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF ONE KENTON ALZHEIMER CENTER FOR EXCELLENCE
(NON-PROFIT) INC.**

SECOND REPORT OF THE PROPOSAL TRUSTEE

AUGUST 26, 2015

INTRODUCTION

1. On June 23, 2015, One Kenton Alzheimer Center For Excellence (Non-Profit) Inc. (“**Kenton**”) and B’nai Brith Hillel of Toronto Inc. (“**BBH**”, and together with Kenton, the “**Kenton Group**” or the “**Debtors**”) each filed a Notice of Intention to Make a Proposal (“**NOI**”) under Section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”). A. Farber & Partners Inc. (“**Farber**”) was appointed as Trustee in the Proposal of Kenton and BBH (the “**Proposal Trustee**”).

2. The Kenton Group is the owner and operator of a retirement home for residents afflicted with Alzheimer’s disease and dementia located in the City of Toronto. The principal purposes of these proposal proceedings, as explained in the materials filed by the Debtors and the Proposal Trustee in this proceeding, are to provide the Kenton Group with an opportunity to: (i) conduct the Sale Process for the sale of the Debtors’ business and assets, hopefully to a purchaser who would continue to service patients affected with early stage Alzheimer’s and dementia; and (ii) negotiate and make a viable proposal to their creditors.

3. On June 26, 2015, the Court granted an order (the “**June 26 Order**”), which, among other things:

- (a) administratively consolidated the estate and proposal proceedings of Kenton and BBH (collectively, “**Proposal Proceedings**”) under one title of proceeding;

- (b) approved the interim financing (the “**DIP Loan**”) of the Kenton Group by The Bank of Nova Scotia (the “**DIP Term Sheet**”) and granted the DIP Lender's Charge (as defined in the June 26 Order);
- (c) approved the sale solicitation process for the sale of the Debtors’ business and/or assets (the “**Sale Process**”); and
- (d) extended the time within which a proposal must be filed with the Official Receiver to September 4, 2015.

A copy of the June 26 Order is attached hereto as **Appendix “A”**.

- 4. The Kenton Group will bring a motion returnable on September 2, 2015 (the “**Motion**”) for an order, *inter alia*, extending the time within which a Proposal must be filed with the Official Receiver to and including October 19, 2015.

PURPOSES OF THE FIRST REPORT

- 5. The purposes of this Report are to:
 - (a) Report on the Sale Process; and
 - (b) Support the Debtors’ request for an extension of the time period to file a proposal with the Official Receiver to October 19, 2015.

DISCLAIMER

- 6. In preparing this Second Report, the Proposal Trustee relied upon certain unaudited, draft and/or internal financial information, the Debtors’ books and records, discussions with third party consultants to the Debtors, management and employees, and, information from other third party sources. The Proposal Trustee assumes no responsibility or liability for loss or damage occasioned by any party as a result of the circulation, publication, reproduction or use of this Second Report. Any use which any party, other than this Honourable Court, makes of this Second Report, or any reliance on, or any decisions to be made, based upon it, is the responsibility of such party.

BACKGROUND

7. The Debtors' background, history and the reasons for the commencement of these proceedings was set out in detail in the Affidavit of Michael Mostyn sworn June 23, 2015 served and filed in these proceedings by the Debtors in support of the June 26 Order. The Proposal Trustee has not repeated those details in this Second Report to the Court, except to the extent necessary.

8. Kenton and BBH are not-for-profit corporations that are not registered charities under the *Income Tax Act* (Canada), R.S.C. 1985, c.1 (5th Supp.).

9. BBH is the registered owner of the properties municipally known as 1 Kenton Drive and 3 Kenton Drive, Toronto, Ontario (the "**Properties**").

10. The Properties are the site of a 13,344 square foot retirement home for patients suffering from early stage Alzheimer's and dementia, containing 44 bedrooms with 45 beds (the "**Home**"). Kenton was incorporated in 2013 for the purpose of operating the Home. At the time that these Proposal Proceedings were commenced, the Home had 20 residents, with the occupancy level maintained at that level of 20 effective this reporting.

SALE PROCESS

11. As described in the materials filed with the Court by the Debtors and the Proposal Trustee in these proceedings, the primary purpose of the Debtors' proposal proceedings is to find a purchaser for the business and/or assets of the Debtors, hopefully one who will continue to operate the Home as a centre for patients suffering from early Alzheimer's or dementia.

12. Pursuant to the terms of the June 26 Order, the Court approved the Sale Process for the sale of the Debtors' business and/or assets. The Sale Process is being administered by the Proposal Trustee, in consultation with the Debtors to the extent that the Proposal Trustee deems appropriate. The Sale Process was described in detail in the First Report of the Proposal Trustee dated June 24, 2015. The Sales Process timetable provided for a deadline for submission of offers of September 17, 2015. For reference, a copy of the First Report without appendices is attached hereto as **Appendix "B"**.

13. As required by the terms of the June 26 Order, the Proposal Trustee gave notice of the Sale Process by causing notice of the Sale Process to be published in the *Globe and Mail*

(National Edition) on July 6, 2015 and July 13, 2015 and by distributing an interest solicitation letter to prospective investors and purchasers. The Proposal Trustee also completed a confidential information memorandum (“CIM”) and a standard form of agreement of purchase and sale (“APS”) for use by interested parties. The Proposal Trustee set up and populated an electronic data room with the CIM, the APS as well as certain financial and other information with respect to the Kenton Group, which interested parties were provided to access to on signing a Non-Disclosure Agreement (“NDA”).

14. Effective August 21, 2015, 75 interested parties have contacted the Proposal Trustee and have been provided with the solicitation letter and a confidentiality agreement (“CA”). Of the interested parties that were provided with a CA, effective August 21, 2015, 32 have signed the CA and have been provided with access to the electronic data room. Of the parties that have signed the CA, 27 continue to undertake due diligence to determine if they will make an offer.

15. The Proposal Trustee has conducted 14 site tours of the Properties with one further tour for an additional interested party currently scheduled for August 26, 2015.

16. A chart of material deadlines in the Sale Process from the date of this Report is set out below:

Sale Solicitation Process	Date
Deadline for Submissions of Offers	September 17, 2015
Selection of Offer(s)	September 21, 2015
Execution of Binding Agreement(s)	September 30, 2015
Court Approval of Binding Agreement(s) and Granting of Vesting Order(s)	October 15, 2015
Closing(s)	As soon as practicable following Court approval of the of binding agreement, and in any event no later than October 31, 2015

17. Extensive activity continues with respect to the Sales Process; with the Proposal Trustee working closely with the Kenton Group to meet the due diligence requirements of the interested parties who have signed NDA’s and been provided access to the electronic data room.

18. Following execution of a binding agreement (s), the Proposal Trustee shall apply to the Court for an order approving the successful offer(s) and authorizing the Debtors to enter into any and all definitive transaction documentation with respect to the successful offer(s) and to undertake such other actions as may be necessary or appropriate to give effect to the successful offer(s).

EXTENSION OF THE TIME TO MAKE A PROPOSAL

19. The time period required for the Debtors to make a proposal expires on September 4, 2015.

20. As detailed above, the deadline for submissions of offers prescribed by the Sale Process is 5:00 p.m. on September 17, 2015. If a successful offer(s) is received, the Debtors and the Proposal Trustee will seek court approval of the successful offer(s) by October 15, 2015 with the expected closing date of no later than October 31, 2015.

21. Accordingly, the Debtors require a further extension of time to complete the Sale Process and negotiate and seek approval of a binding agreement(s) and have therefore asked for the maximum extension permitted under the BIA to October 19, 2015. If the Sale Process proceeds as anticipated, the Debtors and the Proposal Trustee expect to return to the Court before the expiration of the extension to seek an approval of the transaction(s) and an extension of time to make a proposal in order to close the transaction(s).

22. The Proposal Trustee assisted the Debtors in preparing and filing cash flow projections (the "**Cash Flow**") as prescribed by section 50.4(2)(c) of the BIA. A copy of the Cash Flow is attached hereto as **Appendix "C"**. The Cash Flow indicates that the Debtors will have sufficient liquidity to continue to fund their operations and costs during the requested extension period. For the eight week period to August 15, 2015 actual versus forecast reporting indicates that the Kenton Group is at this time, comfortably managing within forecast requirements, due largely to timing differences related to certain fees and costs. Effective August 15, 2015 the Kenton Group had drawn down \$200,000 in aggregate of the DIP Loan, well below the forecasted draw of \$300,000.

23. The Proposal Trustee is satisfied that the Debtors have acted and are acting in good faith and with due diligence in these proceedings to date. Coincident with the Sales Process, the Kenton Group has been maintaining a high level of care and service for its 20 residents.

24. If the extension sought is granted, it will allow the Proposal Trustee and the Debtors to complete the Sale Process and seek approval of a successful offer(s). If the Sale Process is successful and a transaction for the sale of the Debtors' assets is completed, the Debtors will likely be able to make a viable proposal to their creditors.

25. The Proposal Trustee is satisfied that none of the Debtors' creditors will be materially prejudiced by the extension of time sought by the Debtors to make a proposal.

26. In the event an extension is not granted and the Debtors are deemed bankrupt, the Debtors will not be able to complete its restructuring and formulate a proposal to the detriment of all of its stakeholders and its residents in particular.

ADMINISTRATIVE CORRECTIONS

27. Following the issuance of the June 26 Order the Debtors advised the Proposal Trustee that an inadvertent error had resulted in "One Kenton Alzheimer Center For Excellence (Non-Profit) Inc." being referred to as "One Kenton Alzheimer Center of Excellence (Non-Profit) Inc." in the June 26 Order and in the DIP Term Sheet.

28. The NOI filed with the Official Receiver on June 22, 2015, and the Certificate of Filing issued by the Office of the Superintendent of Bankruptcy on June 23, 2015, with respect to Kenton, similarly resulted in "One Kenton Alzheimer Center For Excellence (Non-Profit) Inc." (the "**Certificate of Filing**") being referred to as "One Kenton Alzheimer Center of Excellence (Non-Profit) Inc."

29. The Debtors will seek an order: (i) amending the June 26 Order, and (ii) permitting the amendment and replacement of the NOI and the Certificate of Filing as an administrative matter only without any impact on these proceedings.

30. Upon learning of the error in the Certificate of Filing, the Proposal Trustee duly advised the Office of the Superintendent of Bankruptcy of the error in the Certificate of Filing and of the intention to correct the error by way of a court order.

RECOMMENDATIONS

31. Based on the foregoing, the Proposal Trustee respectfully recommends that this Court make an order granting the stay extension and such other relief as set out in the Debtors' notice of motion.

All of which is respectfully submitted this 26th day of August, 2015.

**A. FARBER & PARTNERS INC.,
In its capacity as Trustee under the Notice of
Intention to Make a Proposal of One Kenton
Alzheimer Center of Excellence (Non-Profit)
Inc. and B'Nai Brith Hillel of Toronto Inc.,
and not in its personal capacity**

A. Farber & Partners Inc.

Appendix A



**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**THE HONOURABLE MR.
JUSTICE NEWBOULD**

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**FRIDAY, THE 26th
DAY OF JUNE, 2015**

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF ONE KENTON ALZHEIMER CENTER OF EXCELLENCE (NON-PROFIT) INC.**

ORDER

THIS MOTION, made by One Kenton Alzheimer Center of Excellence (Non-Profit) Inc. and B'Nai Brith Hillel of Toronto Inc. (collectively, the "**Kenton Group**") pursuant to the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3, as amended ("**BIA**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the affidavit of Michael Mostyn sworn June 23, 2015 (the "**Mostyn Affidavit**"), the First Report of A. Farber & Partners Inc. in its capacity as Trustee ("**NOI Trustee**"), and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel to the Kenton Group, and counsel to the NOI Trustee, no one else appearing.

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

ADMINISTRATIVE CONSOLIDATION

2. **THIS COURT ORDERS** that the proposal proceedings of One Kenton Alzheimer Center of Excellence (Non-Profit) Inc. (estate number 31-2008366) and B'Nai Brith Hillel of

Toronto Inc. (estate number 31-2008367) (collectively, the "**Proposal Proceedings**"), are hereby administratively consolidated and the Proposal Proceedings are hereby authorized and directed to continue under the following joint title of proceedings:

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF ONE KENTON ALZHEIMER CENTER OF EXCELLENCE (NON-PROFIT) INC.

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF B'NAI BRITH HILLEL OF TORONTO INC.

3. **THIS COURT ORDERS** that all further materials in the Proposal Proceedings shall be filed with the Commercial List Office only in the One Kenton Alzheimer Center of Excellence (Non-Profit) Inc. estate and court file, bearing Estate No./Court File No. 31-2008366.

APPROVAL OF SALE PROCESS

4. **THIS COURT ORDERS** that the sale solicitation process (the "**Sale Process**") attached hereto as Schedule "A" is hereby approved.

5. **THIS COURT ORDERS** that the NOI Trustee and the Kenton Group be and are hereby authorized and empowered to take such steps as are necessary or desirable to carry out and perform their obligations under the Sale Process, provided that any definitive agreement to be executed by the Kenton Group in respect of the sale of all or part of the Property (as defined below) shall require further approval of this Court.

ADMINISTRATION CHARGE

6. **THIS COURT ORDERS** that the NOI Trustee, counsel to the NOI Trustee, and counsel to the Kenton Group shall be paid their reasonable fees and disbursements (including any pre-filing fees and disbursements), in each case at their standard rates and charges, by the Kenton Group as part of the costs of these proceedings. The Kenton Group is hereby authorized and directed to pay the accounts of the NOI Trustee, counsel to the NOI Trustee and counsel to the Kenton Group on at least a bi-weekly basis.

7. **THIS COURT ORDERS** that the NOI Trustee (including in its capacity as trustee in bankruptcy, if applicable), counsel to the NOI Trustee (including as counsel to the trustee in bankruptcy, if applicable), and counsel to the Kenton Group shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on all assets, rights, undertakings, and properties of the Kenton Group, of every nature and kind whatsoever, and wherever situated including all proceeds thereof (the "**Property**"), which Administration Charge shall not exceed an aggregate amount of \$100,000, as security for their professional fees and disbursements incurred at their standard rates and charges, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 14 and 16 hereof.

DIP FINANCING

8. **THIS COURT ORDERS** that the execution by the Kenton Group of the DIP Term Sheet (as hereinafter defined) is hereby approved, *nunc pro tunc*, and the Kenton Group is hereby authorized and empowered to perform its obligations under the DIP Term Sheet and to obtain and borrow amounts under DIP Term Sheet entered into among the Kenton Group, as borrowers, and The Bank of Nova Scotia, as lender (in such capacity, the "**DIP Lender**"), provided that borrowings under such credit facility shall not exceed the principal amount of \$400,000 unless permitted by further Order of this Court.

9. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the Interim Financing Facility Terms and Conditions between the Kenton Group and the DIP Lender dated as of June 2, 2015, and appended to the Mostyn Affidavit (the "**DIP Term Sheet**") together with such modifications as may be agreed upon by the Kenton Group and the DIP Lender and consented to by the NOI Trustee.

10. **THIS COURT ORDERS** that the Kenton Group is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees or other definitive documents (such documents, together with the DIP Term Sheet, collectively, the "**Definitive Documents**"), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof together with such modifications as may be agreed upon by the Kenton Group and the DIP Lender and

consented to by the NOI Trustee, and the Kenton Group is hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities, and obligations to the DIP Lender under and pursuant to the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

11. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is granted a charge (the "**DIP Lender's Charge**") on the Property, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 14 and 16.

12. **THIS COURT ORDERS** that, notwithstanding any other provisions of the BIA:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record, or perfect the DIP Lender's Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents, the DIP Lender may with leave of the Court (i) cease making advances to the Kenton Group, and (ii) upon at least three (3) business days' notice to the Kenton Group and the NOI Trustee, exercise any and all of its rights and remedies against the Kenton Group or the Property under or pursuant to the Definitive Documents and the DIP Lender's Charge, including without limitation, set off and/or consolidate any amounts owing by the DIP Lender to the Kenton Group against the obligations of the Kenton Group to the DIP Lender under the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim manager, or for a bankruptcy order against the Kenton Group and for the appointment of A. Farber & Partners Inc. as trustee in bankruptcy of the Kenton Group; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Kenton Group or the Property.

13. **THIS COURT ORDERS AND DECLARES** that all claims of the DIP Lender pursuant to the Definitive Documents are not claims that may be compromised pursuant to any Proposal under the BIA ("**Proposal**") filed by the Kenton Group or any plan of arrangement or compromise ("**Plan**") filed by the Kenton Group under the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended (the "**CCAA**") without consent of the DIP Lender and, the DIP Lender shall be treated as unaffected in any Proposal ("**Proposal**") under the BIA or Plan or other restructuring with respect to any obligations outstanding to the DIP Lender under or in respect of the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

14. **THIS COURT ORDERS** that the priorities of the Administration Charge, and the DIP Lender's Charge, as among them, shall be as follows:

First — Administration Charge (to the maximum amount of \$100,000); and

Second — DIP Lender's Charge.

15. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge, or the DIP Lender's Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

16. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, municipal taxes (including realty taxes), charges and encumbrances, claims of secured creditors, statutory or otherwise, in favour of any Person, notwithstanding the order of perfection or attachment (collectively, "**Encumbrances**").

17. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Kenton Group shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Kenton Group

also obtains the prior written consent of the NOI Trustee, the DIP Lender and all other beneficiaries of the Charges, or further Order of this Court.

18. **THIS COURT ORDERS** that the Administration Charge, the Definitive Documents and the DIP Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any motion(s) or application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such motions or applications; (c) the filing of any assignments for the general benefit of creditors made or deemed to have been made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, leases, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Kenton Group or the DIP Lender, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Definitive Documents shall create or be deemed to constitute a breach by the Kenton Group or the DIP Lender of any Agreement to which any one of them is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Kenton Group entering into the Definitive Documents, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Kenton Group pursuant to this Order, the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

EXTENSION OF TIME TO FILE PROPOSAL

19. **THIS COURT ORDERS** that the time within which the Kenton Group must file a proposal with the Official Receiver be and is hereby extended to September 4, 2015.

SERVICE AND NOTICE

20. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which may be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 of the *Rules of Civil Procedure* this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure*. Subject to Rule 3.01(d) of the *Rules of Civil Procedure* and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: <http://www.farberfinancial.com/insolvency-engagements/one-kenton-alzheimer-center-for-excellence-non-profit-inc.-and-bnai-brith-hillel-of-toronto-inc.-the-kenton-group>.

21. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the NOI Trustee, counsel to the NOI Trustee and counsel to the Kenton Group are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile or electronic transmission to the Kenton Group's creditors or other interested parties at their respective addresses as last shown on the records of the Kenton Group and that any such service or notice by courier, personal delivery, facsimile or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

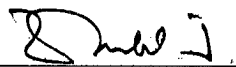
22. **THIS COURT ORDERS** that the Kenton Group or the NOI Trustee may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

23. **THIS COURT ORDERS** that nothing in this Order shall prevent the NOI Trustee from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Kenton Group or the Property.

24. **THIS COURT ORDERS** that each of the Kenton Group and the NOI Trustee be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order, and for assistance in carrying out the terms of this Order and any other Order issued in these proceedings.

25. **THIS COURT ORDERS** that any interested party (including the Kenton Group and the NOI Trustee) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

26. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Daylight Time on the date of this Order.

A handwritten signature in black ink, appearing to read "D. J. [unclear]", is written above a horizontal line.

Schedule "A"

Sale Solicitation Process

Sale Solicitation Process

Purpose

1. The purpose of the Sale Solicitation Process ("**Sale Process**") is to identify one or more purchasers of, and/or investors in, the business and/or assets of B'Nai Brith Hillel of Toronto Inc. and One Kenton Alzheimer Center of Excellence (Non-Profit) Inc. (collectively, the "**Kenton Group**") The sale process will be conducted by A. Farber & Partners Inc. in its capacity as the trustee in the notice of intention proceedings of the Kenton Group (the "**NOI Trustee**"), with such consultation with the Kenton Group as the NOI Trustee deems appropriate.
2. It is contemplated that the Kenton Group will seek an order (the "**Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), among other things, approving of the Sale Process on or about June 26, 2015.
3. Unless otherwise indicated herein any event that occurs on a day that is not a business day shall be deemed to occur on the next business day.

Sale Process Procedures

4. The NOI Trustee will compile a list of prospective investors and purchasers (together with any other party expressing an interest in the business and/or assets of the Kenton Group, the "**Interested Parties**"). The NOI Trustee will make best efforts to canvass the interest of all Interested Parties.
5. The Sale Process will be conducted by the NOI Trustee and will provide Interested Parties with the opportunity to submit offers to purchase some or all of the Kenton Group's business and/or assets.
6. The NOI Trustee shall cause a notice of the Sale Process to be published in The Globe and Mail (National Edition) within ten (10) days following the date of the Order.
7. As soon as possible after the issuance of the Order, the NOI Trustee will distribute to Interested Parties an interest solicitation letter which will provide an overview of this

opportunity and the Kenton Group's business and assets. A form of confidentiality agreement ("**CA**") will be attached to the interest solicitation letter that Interested Parties will be required to sign in order to gain access to confidential information and to commence performing due diligence (each Interested Party who signs a CA being referred to herein as, a "**Prospective Offeror**"). All CA's shall enure to the benefit of any purchaser of or investor in the Kenton Group's business and/or assets.

8. The NOI Trustee will provide to each Prospective Offeror (i) a confidential information memorandum, (ii) access to an electronic data room (which will include certain financial and other information with respect to the Kenton group), and (iii) a proposed form of agreement of purchase and sale (the "**NOI Trustee APS**"). The NOI Trustee will also facilitate diligence by Prospective Offerors, including arranging site visits, as the NOI Trustee determines to be appropriate. The NOI Trustee will attend such site visits as it considers appropriate.

9. Notwithstanding paragraph 8 above, the NOI Trustee, in such consultation with the Kenton Group and the DIP Lender as the NOI Trustee deems appropriate, shall have the right to limit any Prospective Offeror's access to confidential information. This will include limiting access, if deemed appropriate, to parties who the NOI Trustee reasonably believes are not likely to be serious offerors.

Timeline

10. A chart summarizing material deadlines for the Sale Process is set out below:

Sale Solicitation Process	Date
Court Approval of Sale Process	Date of Approval (" Sale Process Approval Date ")
Begin Marketing to Interested Parties	Immediately following the Sale Process Approval Date
Complete Deliver of Sale Solicitation Materials and Listings	July 15, 2015
Deadline for Submissions of Offers	September 17, 2015
Selection of Offer	September 21, 2015

Execution of Binding Agreement	September 30, 2015
Court Approval of Binding Agreement and Granting of Vesting Order	October 15, 2015
Closing(s)	As soon as practicable following Court approval of the of binding agreement, and in any event no later than October 31, 2015

Submission of Offers

11. The NOI Trustee shall seek binding offers from Prospective Offerors in accordance with the timeline above that:
- (a) provides the identity of each person or entity (including its shareholders) that is sponsoring or participating in the offer and the complete terms of such participation, evidence of corporate authority, and proof of such offeror's financial ability to perform the proposed transaction to the satisfaction of the NOI Trustee, acting reasonably;
 - (b) are in the form of a binding offer capable of acceptance, irrevocable until September 21, 2015;
 - (c) at the discretion of the NOI Trustee, are accompanied by a cash deposit (the "**Deposit**") in the form of a wire transfer (to a bank account specified by the NOI Trustee), in an amount equal to 10% of the consideration in the offer and otherwise on terms acceptable to the NOI Trustee;
 - (d) in the case of a proposed purchase of the Kenton's Group's business and/or assets, is substantially in the form of the NOI Trustee APS, with any changes to the offer blacklined against the NOI Trustee APS;
 - (e) includes: an acknowledgement and representation that the offeror: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid; and (ii) did not rely upon any written or oral statements, representations,

promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the business and/or assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in any definitive documents;

- (f) is not conditional upon:
 - (i) the outcome of unperformed due diligence; or
 - (ii) obtaining financing; and
- (g) states any conditions to closing.

12. Each offer submitted in accordance with paragraph 11 above shall be a "**Qualified Offer**" and each such offeror a "**Qualified Offeror**".

Post-Offer Procedure

13. If one or more Qualified Offers are received, the NOI Trustee, in consultation with the Kenton Group and The Bank of Nova Scotia (the "**DIP Lender**"), may choose to:

- (a) accept one (or more if for distinct transactions) Qualified Offer(s) (the "**Successful Offer**" and each Qualified Offeror making the Successful Offer(s) being a "**Successful Offeror**") and take such steps as are necessary to finalize and complete an agreement for the Successful Offer(s) with the Successful Offeror(s); or
- (b) continue negotiations with a selected number of offerors (collectively, "**Selected Offerors**") with a view to finalizing one or more agreements with one or more Selected Offerors.

14. The NOI Trustee shall be under no obligation to accept the highest or best offer and the selection of the Successful Offer(s) and the Selected Offeror(s) shall be entirely in the discretion of the NOI Trustee, after consultation with the Kenton Group.

15. No party shall be allowed any break, termination or similar fee. For greater certainty, Interested Parties and Qualified Offerors shall be responsible for their own fees and costs relating to any transaction.

Other Terms

16. If a Successful Offeror breaches its obligations under the terms of its offer, its Deposit shall be forfeited to the Kenton Group as liquidated damages and not as a penalty.
17. Notwithstanding anything else contain herein, if it becomes evident to the NOI Trustee that no Qualified Offers will be received, the NOI Trustee may terminate the Sale Process.
18. The NOI Trustee shall apply to the Court (the "**Approval Motion**") for an order approving the Successful Offer(s) and authorizing the Kenton Group to undertake such actions as may be necessary or appropriate to give effect to the Successful Offer.
19. The NOI Trustee will schedule the Approval Motion on the earliest reasonably possible date following the determination of the Successful Offer.
20. At any time during the Sale Process, the NOI Trustee or the Kenton Group may, upon reasonable notice to the service list, apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder.
21. There shall be no amendments to this Sale Process, including, for greater certainty the process and procedures set out herein, without further order of the Court. Notwithstanding the foregoing, the NOI Trustee shall be permitted to extend the dates in the SISF by a total of up to two (2) weeks without further order of the Court, provided that the NOI Trustee receives the prior written consent of the Kenton Group and the DIP Lender.

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C.
1985, c. B-3, AS AMENDED

Court File No.: 31-2008367
Estate No.: 31-2008367

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF ONE KENTON ALZHEIMER CENTER OF EXCELLENCE
(NON-PROFIT) INC.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

ORDER

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Appendix B

Estate No. 31-2008366
Court File No. 31-2008366

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF ONE KENTON ALZHEIMER CENTER FOR EXCELLENCE
(NON-PROFIT) INC.

Estate No. 31-2008367
Court File No. 31-2008367

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF B'NAI BRITH HILLEL OF TORONTO INC.

FIRST REPORT OF THE PROPOSAL TRUSTEE

JUNE 24, 2015

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FIRST REPORT OF THE PROPOSAL TRUSTEE

JUNE 24, 2015

INTRODUCTION

1. On June 23, 2015, One Kenton Alzheimer Center For Excellence (Non-Profit) Inc. ("Kenton") and B'nai Brith Hillel of Toronto Inc. ("BBH", and together with Kenton, the "Kenton Group" or the "Debtors") each filed a Notice of Intention to Make a Proposal ("NOI") under Section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA"). A. Farber & Partners Inc. ("Farber") was appointed as Trustee in the Proposal of Kenton and BBH (the "Proposal Trustee").

2. The Kenton Group will bring a motion returnable on June 26, 2015 (the "Motion") for an order, *inter alia*,

(a) administratively consolidating the estates and proposal proceedings of the Kenton Group (the "Proposal Proceedings") under one title of proceeding;

(b) approving the interim financing of the Kenton Group by The Bank of Nova Scotia (in such capacity, the "DIP Lender") substantially in accordance with terms of the DIP Term Sheet (defined below) and granting the DIP Lender's Charge (as defined below);

(c) approving the sale solicitation process (the "Sale Process") for the sale of the Kenton Group's assets and business;

(d) granting the Administration Charge (as defined below) in favour of the Proposal Trustee (including in its capacity as trustee in bankruptcy, if applicable), counsel for the Proposal Trustee (including as counsel to the trustee in bankruptcy, if applicable), and counsel for the Kenton Group; and

(e) extending the time within which a Proposal must be filed with the Official Receiver to September 4, 2015

3. In support of the Motion, the Kenton Group filed an Affidavit of Michael Mostyn, sworn June 23, 2015 (the "Mostyn Affidavit") which describes, *inter alia*, the Kenton Group's history and the reasons for the commencement of these proceedings. The Proposal Trustee has not repeated those details in this first report to the Court (the "First Report"), except to the extent necessary.

4. The Kenton Group is the owner and operator of a retirement home for residents afflicted with Alzheimer's disease and dementia located in the City of Toronto. The principal purposes of these proposal proceedings, as explained in the Mostyn Affidavit, are to provide the Kenton Group with an opportunity to: (i) conduct the Sale Process for the sale of the Debtors' business and assets, hopefully to a purchaser who would continue to service patients affected with early stage Alzheimer's and dementia; and (ii) negotiate and make a viable proposal to their creditors.

PURPOSES OF THE FIRST REPORT

5. The purposes of this First Report are to:

- (a) Summarize and support the Sale Process;
- (b) Report on the Debtors' cash flow projection for the period commencing June 22, 2015 and ending October 31, 2015 and the Debtors' need for a debtor in possession facility between the Debtors and the DIP Lender in the principal amount of \$400,000 (the "DIP Facility"), as well as a charge in favour of the DIP Lender over the Debtors' assets, properties and undertakings to secure repayment of the amounts borrowed by the Debtors under the DIP Facility (the "DIP Lender's Charge");
- (c) Support the request for a \$100,000 charge to secure the fees and disbursements of the Proposal Trustee (including in its capacity as trustee in bankruptcy, if applicable), counsel for the Proposal Trustee (including as counsel to the trustee in bankruptcy, if applicable) Chaitons LLP and the Debtors' counsel, Bennett Jones LLP (the "Administration Charge"); and
- (d) Support the Debtors' request for an extension of the time period to file a proposal with the Official Receiver to September 4, 2015.

DISCLAIMER

6. In preparing this First Report, the Proposal Trustee has relied upon certain unaudited, draft and/or internal financial information, the Debtor's books and records, discussions with third party consultants to the Kenton Group, management and employees, and, information from other third party sources. The Proposal Trustee assumes no responsibility or liability for loss or damage occasioned by any party as a result of the circulation, publication, re-production or use of this First Report. Any use which any party, other than this Honourable Court, makes of this First Report, or any reliance on, or any decisions to be made, based upon it, is the responsibility of

such party.

BACKGROUND

7. Kenton and BBH are not-for-profit corporations that are not registered charities under the *Income Tax Act* (Canada), R.S.C. 1985, c.1 (5th Supp.).

8. BBH is the registered owner of the properties municipally known as 1 Kenton Drive and 3 Kenton Drive, Toronto, Ontario (the "Properties").

9. The Properties are the site of a 13,344 square foot retirement home for patients suffering from early stage Alzheimer's and dementia, containing 44 bedrooms with 45 beds (the "Home"). Kenton was incorporated in 2013 for the purpose of operating the Home. The Home is managed by Assured Care Consulting Inc., a third-party professional. At present, the Home has 20 residents.

10. As at June 22, 2015, Kenton employed 12 full time and 23 part time staff. Employee roles include nurses, administration personnel, and kitchen staff, among others. The employees of Kenton are not unionized and Kenton does not offer a pension plan.

SECURED CREDITORS

11. The Bank of Nova Scotia (the "Bank") is the senior secured creditor of BBH. As at May 31, 2015, BBH was indebted to the Bank in amounts that totalled \$7,134,332.42, inclusive of accrued interest and costs. As security for its loan, BBH granted to the Bank, among other things, a mortgage in the amount of \$8,000,000 over the Properties and a General Security Agreement providing a first charge over all present and future personal property of BBH. Copies of the loan and security documents are attached as Exhibits to the Mostyn Affidavit.

12. A second mortgage was registered on title to the Properties in favour of Avcon Construction Inc., Claude Ayache and Norel Electric Inc., dated May 1, 2014 (the "Second Mortgage") against the Properties. The amount claimed to be outstanding under the Second Mortgage as at June 15, 2015 is approximately \$1.6 million, including accrued interest.

13. The Proposal Trustee is advised by its counsel, Chaitons LLP ("Chaitons"), that Chaitons has reviewed the PPSA searches obtained against Kenton and BBH attached as exhibits R and S to the Mostyn Affidavit. In addition to the secured creditors described above, the PPSA

search results reveal a number of registrations against BBH in favour of various equipment lessors which appear to relate to certain specific equipment.

14. BBH's creditor list included in its NOI filing describes creditors of BBH with claims totalling \$10,949,092.24 as of June 22, 2015, including secured creditors. Kenton's creditor list included in the NOI filing describes creditors of Kenton with claims totalling \$90,664.05 as of June 22, 2015. The Proposal Trustee understands that Kenton has no secured creditors. The Proposal Trustee was provided with a balance sheet for One Kenton dated April 30, 2015 that indicates that there is a loan from BBH in the amount of \$174,385. It should be noted that BBH was inadvertently and erroneously omitted from the One Kenton list of creditors. Copies of the Debtors' creditor lists are attached as exhibits to the Mostyn Affidavit.

SALE PROCESS

15. As described in greater detail in the Mostyn Affidavit, the primary purpose of the Debtors' proposal proceedings is to find a purchaser for the business and/or assets of the Debtors, hopefully one who will continue to operate the Home as a centre for patients suffering from early Alzheimer's or dementia.

16. The purpose of the Sale Process is to identify one or more purchasers of the business and/or assets of the Debtors. The Sale Process will be run by the Proposal Trustee, in consultation with the Debtors to the extent that the Proposal Trustee deems appropriate. The following is a summary of the significant terms of the Sale Process. A copy of the proposed Sale Process is attached hereto as Appendix "A". Terms not otherwise defined in this First Report shall have the meaning ascribed to these terms in the Sale Process.

(a) The Proposal Trustee shall cause notice of the Sale Process to be published in The Globe and Mail (National Edition) within ten (10) days following the date of the Order.

(b) As soon as possible after the issuance of the Order approving the Sale Process, the Proposal Trustee will distribute to Interested Parties an interest solicitation letter which will provide an overview of this opportunity and the Kenton Group's business and assets. A form of confidentiality agreement ("CA") will be attached to the interest solicitation letter that Interested Parties will be required to sign in order to gain access to confidential information and to commence performing due diligence (each Interested Party who signs a CA being referred to herein as, a "Prospective Offeror").

(c) The Proposal Trustee will provide to each Prospective Offeror (i) a confidential information memorandum, (ii) access to an electronic data room (which will include certain financial and other information with respect to the Kenton Group), and (iii) a proposed form of agreement of purchase and sale (the "Trustee APS"). The Proposal Trustee will also facilitate diligence by Prospective Offerors, including arranging site visits, as the Proposal Trustee determines to be appropriate.

(d) The deadline for submission of offers will be September 17, 2015. In order to be a "Qualified Offer", the offer must be submitted by September 17, 2015 and comply with the other requirements set out in the Sale Process.

(e) If one or more Qualified Offers are received, the Proposal Trustee in consultation with the Debtors and the DIP Lender may choose to: (i) accept one or more Qualified Offer(s) and take steps to finalize and complete an agreement(s); or (ii) continue negotiations with a select number of offerors.

(f) The Proposal Trustee shall be under no obligation to accept the highest or best offer(s) and the selection of the Successful Offer(s) shall be entirely in the discretion of the Proposal Trustee, after consultation with the Kenton Group.

(g) If at any time during the Sale Process it becomes evident to the Proposal Trustee that no Qualified Offers will be received, the Proposal Trustee may terminate the Sale Process.

17. A chart summarizing material deadlines for the Sale Process is set out below:

Sale Solicitation Process	Date
Court Approval of Sale Process	Date of Approval ("Sale Process Approval Date")
Begin Marketing to Interested Parties	Immediately following the Sale Process Approval Date
Complete Delivery of Sale Solicitation Materials and Listings	July 15, 2015
Deadline for Submissions of Offers	September 17, 2015
Selection of Offer(s)	September 21, 2015
Execution of Binding Agreement(s)	September 30, 2015
Court Approval of Binding Agreement(s) and	October 15, 2015

Granting of Vesting Order(s)	
Closing(s)	As soon as practicable following Court approval of the of binding agreement, and in any event no later than October 31, 2015

18. The Proposal Trustee shall apply to the Court for an order approving the Successful Offer(s) and authorizing the Debtors to enter into any and all definitive transaction documentation with respect to the Successful Offer (a) and to undertake such other actions as may be necessary or appropriate to give effect to the Successful Offer.

19. The Proposal Trustee respectfully recommends that the Court approve the Sale Process for the following reasons, among others:

(a) In the view of the Proposal Trustee, the Sale Process provides an appropriate mechanism to expose the Debtors' business and assets to the market for a reasonable period of time;

(b) The Sale Process provides the Proposal Trustee with an opportunity to solicit and negotiate one or more offers that meet the Debtors' goals and the Proposal Trustee does not believe that there is a better viable alternative than a sale of the Debtors' business and assets;

(c) The sale of the Debtors' business and assets will benefit the Debtors' entire economic community, including its residents;

(d) The approval of the Sale Process is a condition precedent that must be satisfied for the Kenton Group to access the DIP Facility; and

(e) The Proposal Trustee understands that none of the Debtors' creditors have a *bona fide* reason to object to the marketing of the Debtors' business and assets, in particular given that any sale will be subject to Court approval.

DIP FINANCING

20. The Home has been operating at a deficit and the Kenton Group is facing a liquidity crisis. Absent further funding, the Kenton Group will be unable to continue its operations and

will be forced to shut down the Home to the prejudice of its stakeholders and residents in particular.

21. As at June 24, 2015, the Debtors had approximately \$67,000 of cash on hand. The Kenton Group's expenditures result in a monthly net "burn rate" of approximately \$50,000, including debt service amounts but not including the costs of these proceedings. At this rate, the Kenton Group is expected to deplete its working capital shortly. The Kenton Group presently has no ability to raise additional capital outside of these proceedings.

22. Attached hereto as Appendix "B" is a copy of the consolidated cash flows prepared by the Debtors for the time period commencing June 22, 2015 and ending October 31, 2015 (the "Cash Flow").

23. In order to address the short term liquidity crisis facing the Kenton Group, the Bank, in its capacity as the DIP Lender, has agreed to provide interim funding for the Kenton Group (the "DIP Loan") by way of an Interim Financing Facility Terms and Conditions Term Sheet (the "DIP Term Sheet"). A copy of the DIP Term Sheet is attached hereto as Appendix "C".

24. Certain of the key terms of the DIP Term Sheet are summarized below:

(a) Commitment Amount: Senior secured super-priority interim financing facility of up to CDN \$400,000.

(b) Interest Rate: All borrowings shall bear interest at the DIP Lender's CAD\$ prime rate plus 4% per annum.

(c) Security and Priority: The obligations of the borrowers under the DIP Term Sheet are to be subject to a court-ordered super-priority charge on all of the existing and after-acquired real and personal, tangible and intangible assets of the Kenton Group. All encumbrances (with the exception of the Administration Charge) shall be subordinate to the DIP Lender's Charge.

(d) Conditions to Availability: The obligation of the DIP Lender to make the interim financing available to the Kenton Group is subject to and conditional upon, among other things, the granting of the Order approving the DIP Facility and the DIP Lender's Charge.

25. The Proposal Trustee has considered the factors set out in Section 50.6(5) of the BIA with respect to granting of a Court order for interim financing and a charge related thereto. The Proposal Trustee believes that the terms of the DIP Facility are reasonable for, *inter alia*, the following reasons:

- (a) The DIP Facility enhances the prospect of the Debtors successfully completing their restructuring;
- (b) The Debtors are facing liquidity crisis and are unable to fund the operations of the Home and these proceedings without additional financing. In the absence of the DIP Facility, the Debtors will have no prospect for making a viable proposal and will be forced to shut down the Home;
- (c) The Proposal Trustee is not aware of any creditor who would be materially prejudiced by the approval of the DIP Facility and the DIP Lender's Charge;
- (d) The terms of the DIP Facility appear to be reasonable in the circumstances and are more favourable to the Debtors than debtor-in-possession financing facilities in similar proceedings; and
- (e) The rate of interest appears to be reasonable in the circumstances given the risk inherent in these proceedings.

ADMINISTRATION CHARGE

26. The Debtors are seeking an Administration Charge in the amount of \$100,000, which would have priority over all claims against the Debtors (including the DIP Charge). The beneficiaries of the Administration Charge would be the Proposal Trustee (including in its capacity as trustee in bankruptcy, if applicable), the Proposal Trustee's legal counsel (including as counsel to the trustee in bankruptcy, if applicable), Chaitons and the Debtors' legal counsel, Bennett Jones. The Debtors also seek to extend the Administration Charge to secure the fees and disbursements of Farber as Trustee in Bankruptcy, if applicable, of the Debtors.

27. An Administration Charge is common in restructuring proceedings and is, in the Proposal Trustee's view, appropriate in the present case given the Debtors' lack of liquidity. The professionals involved in these proceedings require the benefit of a Court-ordered first ranking charge on the Debtors' business and assets to secure payment of their fees and expenses.

28. The Administration Charge is supported by the DIP Lender.

EXTENSION OF THE TIME TO MAKE A PROPOSAL

29. The initial 30-day stay period granted upon the filing of the NOI expires on July 23, 2015.

30. As detailed above, subject to the approval of the Court, the Proposal Trustee will commence a Sale Process for the marketing of the Debtors' business and assets. The proposed offer deadline under the Sale Process will be set for September 17, 2015.

31. The Cash Flow includes weekly cash flow projections of the Debtors for the period of time from June 22, 2015 to October 31, 2015, which includes the initial 30-day stay period and the extension of the stay period requested by the Debtors. The Proposal Trustee notes that in the third week of the Cash Flow, ending July 11, 2015, the Debtors are projected to be in a cash flow deficit position, with the deficit continually increasing over the following 3 week, without the availability of the DIP Loan. The Cash Flow projects a deficit of approximately \$398,000 for the week ending October 31, 2015; however, if the DIP Loan is approved, the Debtors are projected to remain cash flow positive until the Sale Process has been completed.

32. The Debtors and the Proposal Trustee will require a further extension to commence and carry out the Sale Process, and the Debtors have therefore asked for the maximum extension to September 4, 2015. If this Court approves the DIP Facility and the DIP Charge, the Cash Flow demonstrates that the Debtors will have sufficient funds to continue to operate and finance the Sale Process during the extension period.

33. In the event an extension is not granted and the Debtors are deemed bankrupt, the Debtors will not be able to complete its restructuring and formulate a proposal to the detriment of all of its stakeholders and its residents in particular.

34. The Proposal Trustee is satisfied that the Debtors have acted and are acting in good faith and with due diligence in these proceedings to date and, if the extension sought is granted, this will allow the Debtors to commence and carry out the Sale Process. In addition, the Debtors have demonstrated a commitment to minimize any disruptions to the residents of the Home and have retained a public relations firm to assist management with communications to families of residents and other stakeholders.

RECOMMENDATIONS

35. Based on the foregoing, the Proposal Trustee respectfully recommends that this Court make an order granting the relief detailed in section 2 of this First Report.

All of which is respectfully submitted this 24th day of June 2015.

A. FARBER & PARTNERS INC.,
In its capacity as Trustee under the Notice of Intention to Make a Proposal of One Kenton Alzheimer Center of Excellence (Non-Profit) Inc. and B'Nai Brith Hillel of Toronto Inc., and not in its personal capacity

A. Farber & Partners Assoc.

Appendix C

**One Kenton Alzheimer Centre of Excellence (Non-Profit) Inc.
& B'nai Brith Hillel of Toronto Inc.
Consolidated Projected Weekly Cash Flow Statement**

Week Ending	27-Jun	04-Jul	11-Jul	18-Jul	25-Jul	01-Aug	08-Aug	15-Aug	22-Aug	29-Aug	05-Sep	12-Sep	19-Sep	26-Sep
Receipts														
Receipts from Tenants	-	109,125.00	29,100.00	7,275.00	-	-	109,125.00	29,100.00	7,275.00	-	109,125.00	29,100.00	7,275.00	-
Other Receipts HST - Hillel	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	-	109,125.00	29,100.00	7,275.00	-	-	109,125.00	29,100.00	7,275.00	-	109,125.00	29,100.00	7,275.00	-
Disbursements														
Payroll (Gross)		-40,000.00		-40,000.00		-40,000.00		-40,000.00		-40,000.00		-40,000.00		-40,000.00
Dietary - Food and Supplies		-4,400.00		-4,400.00		-4,400.00		-4,400.00		-4,400.00		-4,400.00		-4,400.00
Nursing Expenses		-1,040.00		-1,040.00		-1,040.00		-1,040.00		-1,040.00		-1,040.00		-1,040.00
Housekeeping & Laundry			-440.00		-440.00		-440.00		-440.00		-440.00		-440.00	
Programming Expense Other (excludes cable)			-100.00		-100.00		-100.00		-100.00		-100.00		-100.00	
Facility Expenses:														
Repairs & Maintenance		-2,385.00		-2,385.00		-2,385.00		-2,385.00		-2,385.00		-2,385.00		-2,385.00
Utilities - Hydro					-5,000.00					-5,000.00		-5,000.00		-5,000.00
Utilities - Gas					-1,000.00					-1,000.00		-1,000.00		-1,000.00
Utilities - Water					-1,200.00					-1,200.00		-1,200.00		-1,200.00
Cable & Phones (Rogers)					-2,342.49					-2,342.49		-2,342.49		-2,342.49
Marketing Expenses (P Gladman)			-3,325.00				-3,325.00				-3,325.00			
Bank Charges					-500.00					-500.00				-500.00
Property Taxes					0.00					0.00				0.00
Equipment Leases		-12,009.99					-12,009.99				-12,009.99			
Admin Other		-5,000.00		-2,500.00		-5,000.00		-2,500.00		-5,000.00		-2,500.00		-5,000.00
Insurance				-1,353.58					-1,353.58				-1,353.58	
Consulting Fee (Michael Bausch)			-2,873.00		-2,873.00		-2,873.00		-2,873.00		-2,873.00		-2,873.00	
Management Fees (Assured Care)		-7,910.00				-7,910.00				-7,910.00				-7,910.00
AP/ Contingency		-20,000.00	-25,000.00	-20,000.00								0.00		
Operating disbursements	0.00	-92,744.99	-31,738.00	-71,678.58	-13,455.49	-60,735.00	-18,747.99	-50,325.00	-4,766.58	-62,867.49	-26,657.99	-50,325.00	-4,766.58	-62,867.49
Net operating cash flow	0.00	16,380.01	-2,638.00	-64,403.58	-13,455.49	-60,735.00	90,377.01	-21,225.00	2,508.42	-62,867.49	82,467.01	-21,225.00	2,508.42	-62,867.49
Proposal Trustee Fees (including HST)		-22,600.00	-22,600.00		-22,600.00		-22,600.00		-11,300.00		-11,300.00		-16,950.00	
Independent Legal Counsel - Proposal Trustee (including HST)		-5,650.00	-5,650.00				-5,650.00				-5,650.00			
Company Legal Counsel (including HST)		-16,950.00			-11,300.00				-11,300.00				-11,300.00	
Bankruptcy Retainer (including HST)	-56,500.00													
Bank DIP Interest, Fees and Legal Costs		-4,000.00	-22,600.00	-22,600.00										
Net cash flow before debt service	-56,500.00	-32,819.99	-53,488.00	-87,003.58	-47,355.49	-60,735.00	62,127.01	-21,225.00	-20,091.58	-62,867.49	65,517.01	-21,225.00	-25,741.58	-62,867.49
Opening Cash - Not Including DIP Loan Funds	124,148.51	67,648.51	34,828.52	-18,659.48	-105,663.06	-153,018.55	-213,753.55	-151,626.54	-172,851.54	-192,943.12	-255,810.61	-190,293.60	-211,518.60	-237,260.18
Net cash flow	-56,500.00	-32,819.99	-53,488.00	-87,003.58	-47,355.49	-60,735.00	62,127.01	-21,225.00	-20,091.58	-62,867.49	65,517.01	-21,225.00	-25,741.58	-62,867.49
Closing Cash - Not including DIP Loan Funds	67,648.51	34,828.52	-18,659.48	-105,663.06	-153,018.55	-213,753.55	-151,626.54	-172,851.54	-192,943.12	-255,810.61	-190,293.60	-211,518.60	-237,260.18	-300,127.67
DIP Loan Interim Financing Advances / (Repayments)		100,000.00	100,000.00			100,000.00					50,000.00			
Closing Cash - Total Available at Week End	67,648.51	134,828.52	181,340.52	94,336.94	46,981.45	86,246.45	148,373.46	127,148.46	107,056.88	44,189.39	159,706.40	138,481.40	112,739.82	49,872.33

**One Kenton Alzheimer Centre of Excellence (Non-Profit) Inc.
& B'nai Brith Hillel of Toronto Inc.
Consolidated Projected Weekly Cash Flow Statement**

Week Ending	Forecast					
	03-Oct	10-Oct	17-Oct	24-Oct	31-Oct	
Receipts						
Receipts from Tenants	109,125.00	29,100.00	7,275.00	-	-	582,000.00
Other Receipts HST - Hillel	-	-	-	50,000.00	-	50,000.00
Total Receipts	109,125.00	29,100.00	7,275.00	50,000.00	-	632,000.00
Disbursements						
Payroll (Gross)		-40,000.00		-40,000.00	-17,500.00	-377,500.00
Dietary - Food and Supplies		-4,400.00		-4,400.00		-39,600.00
Nursing Expenses		-1,040.00		-1,040.00		-9,360.00
Housekeeping & Laundry	-440.00		-440.00		-440.00	-3,960.00
Programming Expense Other (excludes cable)	-100.00		-100.00		-100.00	-900.00
Facility Expenses:						
Repairs & Maintenance		-2,385.00		-2,385.00		-21,465.00
Utilities - Hydro				-6,500.00		-21,500.00
Utilities - Gas				-1,500.00		-4,500.00
Utilities - Water				-1,200.00		-4,800.00
Cable & Phones (Rogers)				-2,342.49		-9,369.96
Marketing Expenses (P Gladman)	-3,325.00					-13,300.00
Bank Charges		-500.00			0.00	-2,000.00
Property Taxes				0.00		0.00
Equipment Leases	-12,009.00					-48,038.97
Admin Other		-2,500.00		-5,000.00	0.00	-35,000.00
Insurance			-1,353.58			-5,414.32
Consulting Fee (Michael Bausch)	-2,873.00		-2,873.00		-2,873.00	-25,857.00
Management Fees (Assured Care)	-7,910.00					-31,640.00
AP/ Contingency						-65,000.00
Operating disbursements	-26,657.00	-50,825.00	-4,766.58	-64,367.49	-20,913.00	-719,205.25
Net operating cash flow	82,468.00	-21,725.00	2,508.42	-14,367.49	-20,913.00	-87,205.25
Proposal Trustee Fees (including HST)	-22,600.00		-16,950.00		-11,300.00	-180,800.00
Independent Legal Counsel - Proposal Trustee (including HST)	-5,650.00				-5,650.00	-33,900.00
Company Legal Counsel (including HST)			-28,250.00		-28,250.00	-107,350.00
Bankruptcy Retainer (including HST)						-56,500.00
Bank DIP Interest, Fees and Legal Costs					-7,000.00	-56,200.00
Net cash flow before debt service	54,218.00	-21,725.00	-42,691.58	-14,367.49	-73,113.00	-521,955.25
Opening Cash - Not Including DIP Loan Funds	-300,127.67	-245,909.67	-267,634.67	-310,326.25	-324,693.74	
Net cash flow	54,218.00	-21,725.00	-42,691.58	-14,367.49	-73,113.00	
Closing Cash - Not including DIP Loan Funds	-245,909.67	-267,634.67	-310,326.25	-324,693.74	-397,806.74	
DIP Loan Interim Financing Advances / (Repayments)	50,000.00					400,000.00
Closing Cash - Total Available at Week End	154,090.33	132,365.33	89,673.75	75,306.26	2,193.26	2,193.26