

Province: British Columbia
Division No. 03 - Vancouver
Court No. VLC-S-B-240334
Estate No. 11-3103569

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
GO FLOORING LTD.
OF THE CITY OF DELTA, PROVINCE OF BRITISH COLUMBIA**

**CROWE MACKAY & COMPANY LTD., PROPOSAL TRUSTEE
MATERIAL ADVERSE CHANGE REPORT**

August 20, 2024

I. INTRODUCTION

1. On July 11, 2024 (the “**Filing Date**”), Go Flooring Ltd. (the “**Company**”) filed a Notice of Intention to Make a Proposal (the “**NOI**”) pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act* R.S.C. 1985, c. B-3 (the “**BIA**”) and Crowe MacKay & Company Ltd. (“**CMCO**”) consented to act as Trustee under the Proposal (the “**Proposal Trustee**”).
2. Pursuant to section 50.4(8) of the BIA, the initial stay period in the proposal proceedings was from July 11, 2024 to August 10, 2024 (the “**Initial Stay Period**”).
3. On August 2, 2024, the Company filed an application to, among other things, approve the granting of an extension of the Initial Stay Period and the deadline for the filing of a proposal to September 24, 2024. The extension was granted by the Court on August 8, 2024.

II. PURPOSE

4. The purpose of this material adverse change report (the “**MAC Report**”) is to:
 - a) provide the Official Receiver, the Court and other interested parties with notice, pursuant to Section 50.4(7) of the BIA that the Proposal Trustee has determined that a material adverse change in the financial circumstances of the Company; and
 - b) provide the Proposal Trustee’s intended course of action.

III. TERMS OF REFERENCE

5. In preparing this MAC Report, the Proposal Trustee has necessarily relied upon unaudited financial and other information provided by the Company, the Company’s books and records, and discussions with management of the Company (collectively, the “**Information**”), namely Mr. Irfan Walji and Ms. Jennifer Grant (together, “**Management**”).
6. CMCO 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 Auditing Standards pursuant to the Chartered Professional Accountants Handbook. Accordingly, CMCO expresses no opinion and does not provide any other form of assurance on the accuracy and/or completeness of any information used to prepare this MAC Report.
7. All monetary amounts contained in this MAC Report are expressed in Canadian dollars unless otherwise noted.

IV. MATERIAL ADVERSE CHANGE

8. The Proposal Trustee has determined that a material adverse change in the financial circumstances of the Company has occurred as a result of the following:
- a) cash receipts from the collection of accounts receivable (“**AR**”) have been around \$387,000 less than projected, which represents 35% less cash collected from AR than set out in the cash flow projections as filed by the Company on July 19, 2024; and,
 - b) as a result of the aforementioned decrease in cash receipts from the collection of AR, the company has failed to meet its post-NOI obligations in the ordinary course. This includes post-NOI obligations to trade vendors, certain landlords, and the Proposal Trustee, among others.
9. Management advised that the Company has been working diligently to collect the outstanding AR, but has had challenges in doing so from two (2) customers in particular. Management advised that it will continue its efforts with respect to the outstanding AR, and will use the funds collected from same to satisfy any post-filing obligations.

V. PROPOSAL TRUSTEE’S INTENDED COURSE OF ACTION

10. The Proposal Trustee is of the view that the material adverse change has occurred in the Company’s cash flow projection and financial position pursuant to section 50.4(7) of the BIA.
11. It is the Proposal Trustee’s intended course of action to:
- a) file this MAC Report with the Court and the Official Receiver without delay pursuant to section 50.4(7) of the BIA;
 - b) advise all known creditors of the Company that this MAC Report will be filed, and is available on the Proposal Trustee’s website;;
 - c) continue to monitor the cash flows and financial position of the Company; and
 - d) advise the stakeholders of future developments.

DATED AT the City of Vancouver, in the Province of British Columbia, the 20th day of August, 2024.

CROWE MACKAY & COMPANY LTD.

in its capacity as Proposal Trustee of Go Flooring Ltd.
and not its personal capacity

Per: 

Derek Lai, CPA, CMA, CIRP, LIT, CFE
Senior Vice President