



**KPMG Inc.**  
600 de Maisonneuve Blvd. West  
Suite 1500, KPMG Tower  
Montréal Québec H3A 0A3

Telephone 514-840-2100  
Fax 514-840-2443  
Internet www.kpmg.ca

**CANADA**  
**PROVINCE OF QUEBEC**  
**DISTRICT OF QUEBEC**  
Division N° : 01 - Montreal  
Court N° : 500-11-064695-246  
Estate N° : 41-3132602

**SUPERIOR COURT**  
**(Commercial Division)**

**IN THE MATTER OF THE NOTICE OF INTENTION  
TO MAKE A PROPOSAL OF:**

**3760626 CANADA INC.**, a body duly incorporated according to Law and having its head office and principal place of business at 700-1435 Saint-Alexandre Street, in the city of Montreal, province of Quebec H3A 2G4.

Debtor Company

- AND -

**KPMG INC.**, 600 de Maisonneuve Blvd. West,  
Suite 1500, Montréal, Quebec H3A 0A3.

Licensed Insolvency Trustee

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**FIRST REPORT TO THE COURT SUBMITTED BY KPMG INC.  
IN ITS CAPACITY AS TRUSTEE UNDER THE  
NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
3760626 CANADA INC.**

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September 27, 2024



## A. INTRODUCTION

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1. This report (“**First Report**”) is filed by KPMG Inc. (“**KPMG**” or the “**Trustee**”), as Trustee named under the Notice of Intention to Make a Proposal (the “**NOI**”) filed by 3760626 Canada Inc. (the “**Company**” or the “**Debtor**”) on September 24, 2024 (the “**Filing Date**”) pursuant to Section 50.4 (1) of the *Bankruptcy and Insolvency Act* (the “**BIA**”). A copy of the *Certificate of Filing a Notice of Intention to Make a Proposal* issued by the Office of the Superintendent of Bankruptcy Canada is attached as “**Appendix A**”.
2. The report is filed with this honourable Court in connection with the application presented by the Company who seeks an order authorizing a sale and solicitation process (the “**SSP**”) and an administration charge (“**Administration Charge**”) over all of the Company’s assets.
3. The purpose of this First Report is to provide this honorable Court with a summary of the following:
  - a) Restrictions and Scope Limitations (**Section B**)
  - b) Background information on the Company (**Section C**)
  - c) Sales and Solicitation Process (**Section D**)
  - d) Cash Flow Forecast (**Section E**)
  - e) Proposed Administration Charge (**Section F**)
  - f) Recommendations (**Section G**)

## B. RESTRICTIONS AND SCOPE LIMITATIONS

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4. In preparing this First Report, the Trustee has relied solely on information and documents provided to it by the Debtor, and their respective advisors, including audited, unaudited, draft and/or internal financial information, financial projections, and discussions with the Company’s management.
5. The Trustee has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CASs**”) pursuant to the Chartered Professional Accountants Canada Handbook and accordingly, the Trustee expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and
6. Some of the information referred to in this Report consists of financial forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.



## C. BACKGROUND

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7. Established in 2000, the Debtor operates a Montreal based strategy and technology firm which creates, designs, and implements customized digital platforms and solutions for many industries, including healthcare and medical (the “**Business**”). The Debtor’s activities also include, to a lesser extent, digital media and marketing services.
8. The Debtor currently employs 20 people in Montreal and 8 people in Toronto. The Debtor operates from leased premises in Montreal and a temporary workspace in Toronto.
9. The Debtor is self-financed with no bank or financial institution. Effectively, the only creditors of the Debtor are unsecured.
10. As appears from the Searches, the only interests registered are ownership retention interests over leased cars and a hypothec in favor of the Debtor’s Montreal landlord.
11. The board of directors is comprised of Mr. Thane Churchill Calder and Mr. Pascal Hébert, who are also the shareholders of the Company.
12. Starting in the beginning of 2024, the Company experienced financial difficulties namely:
  - a) Increased labor costs that put pressure on margins;
  - b) Entering into unprofitable contracts; and
  - c) The Company lost an important profitable contract with the Québec provincial government.
13. In light of the severe changes in the Debtor’s financial situation, the Debtor implemented a number of cost-cutting measures, such as subletting its leased Toronto office, reducing its overhead and dismissing certain personnel.
14. Despite these overhead reduction measures, the Debtor could not improve its financial situation and did not have the liquidity to cover its short-term financial liabilities. Accordingly, the Debtor had no choice but to file the NOI on September 24, 2024.
15. The Business continues to operate at a reduced scale and is pursuing a restructuring pursuant to these proceedings.

## D. SALE AND SOLICITATION PROCESS

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16. The proposed SSP, to be conducted in collaboration with the Trustee, will market the Debtor's Business and related assets, with the following milestones:

Steps	Dates (no later than)
Issuance by the Trustee of a solicitation package	October 1, 2024
Due diligence / inspection of assets by potential bidders (" <b>Bidders</b> ")	Between October 1 and 30, 2024
Deadline to submit a bid (" <b>Bid Deadline</b> ")	October 30, 2024
Determination of the retained bidder(s) (" <b>Retained Bidder(s)</b> ")	November 1, 2024
Court's authorization and Closing Date of the contemplated transaction (" <b>Closing Date</b> ")	November 12, 2024

17. It is in the best interest of all stakeholders that the SSP be conducted without delay and during the next few weeks. Given the Debtor's precarious financial state, any delay in soliciting interest in the Business will challenge and prejudice the Debtor's operations and its going-concern state.

18. All delays set forth in this SSP, including, without limitation, the Bid Deadline and the Closing Date may be extended by the Debtor, with the consent of the Trustee.

19. The SSP will provide the following:

- a) The Trustee will send a teaser document to a diversified group of potential purchasers;
- b) Signature of a non-disclosure agreement (the "**NDA**");
- c) Additional information will be made available to such interested parties, through virtual data room or through other means;
- d) Bidder(s) to complete its due diligence/inspection of assets prior to submitting a bid;
- e) Interested parties who have executed an NDA may then proceed to submit a bid;
- f) After the Bid Deadline, Bidders will be informed if their bid is accepted or rejected;
- g) Following receipt of a notice of acceptance, the Retained Bidder(s), the Debtor and the Trustee undertake to negotiate and finalize the purchase agreement(s);
- h) Application to the Court for approval of the contemplated transaction(s).
- i) Closing of the contemplated transaction(s).

20. In order to conduct a sale process in a fair and transparent fashion, it is to the benefit of all stakeholders that such process be approved by the Court

21. The SSP will attempt to sell the Business as a going concern in order to preserve the current employees, contracts and supplier relationships. KPMG is of the view that a sale of the business would be a better outcome for the creditors as compared to a go-dark scenario.

## E. CASH FLOW FORECAST

22. The table below summarizes the Debtor's 12-week cash flow forecast for the period from September 23 to December 13, 2024. A copy of the detailed weekly cash flow forecast is included in **Appendix B**.

	Total
<b>Receipts</b>	
Sales and accounts receivable	1,043,534
Other revenue	61,293
GST-PST receivable	95,397
	1,200,224
<b>Disbursements</b>	
Operational expenses	182,651
Production costs	278,364
Salaries and DAS	1,007,529
Rent	151,217
Insurance	10,431
GST-PST payable	28,500
Professional fees	100,000
	1,758,692
<b>Net Cash Flow</b>	<b>(558,468)</b>
<b>Opening Balance</b>	<b>639,043</b>
<b>Ending Balance</b>	<b>80,575</b>

23. The key assumptions are as follows:

- a) Sales and accounts receivable are based on historical trending;
- b) Other revenues consist of subleases from the Montreal office and are under the assumption that the Debtor will maintain its current lease;
- c) Reimbursement of GST-QST from Google and Facebook are excluded from the projected cashflow as they are still being disputed;
- d) Operational expenses include fees related to software usage and general fees;
- e) Production costs are related to external expenses (ex. publicity) for the production and completion of current contracts;
- f) The Debtor currently employs 28 individuals as of the date of filing. Significant reduction has already been made prior of the filing of the NOI. All current employees are necessary to complete current and expected contracts;
- g) Rent consists of rent offices in Montreal usage. Part of the space is subleased to other parties as part of the reduction's measures undertaken by the Company;
- h) Professional fees are comprised of the Trustee and counsel fees related to the NOI procedures.



## F. PROPOSED ADMINISTRATION CHARGE

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24. The Debtor also proposes to indemnify the Trustee and related professionals in the amount of \$100,000.
25. The Trustee believes that the Administration Charge is required and reasonable in the circumstances when considering the length of the proceedings, anticipated work levels of the applicable professional firms and the size of similar charges in comparable cases. In addition, there are no secured creditors affected by such charge.

## G. RECOMMENDATIONS

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26. The Trustee supports and recommends that the Court approve the sought relief:
- a) The proposed Sale and Solicitation Process;
  - b) The proposed Administration charge over the Company's assets.

All of which is respectfully submitted.

MONTRÉAL, this 27<sup>th</sup> day of September 2024.

**KPMG Inc.**  
**Licensed Insolvency Trustee**  
Trustee acting *in re* the proposal of  
3760626 Canada Inc

David Malin, CPA, CIRP, LIT  
Designated Trustee



## **APPENDICES**

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**Appendix A** Certificate of Filing a Notice of Intention to Make a Proposal

**Appendix B** Detailed weekly cash flow projections



## APPENDIX A

### Certificate of Filing a Notice of Intention to Make a Proposal



Industrie Canada

Industry Canada

Bureau du surintendant  
des faillites Canada

Office of the Superintendent  
of Bankruptcy Canada

District de Québec

No division: 01 - Montreal

No cour: 500-11-064695-246

No dossier: 41-3132602

Dans l'affaire de l'avis d'intention de faire une proposition de :

**3760626 CANADA INC.**

Personne insolvable

**KPMG INC.**

Syndic autorisé en insolvabilité

Date de l'avis d'intention :

24 septembre 2024

CERTIFICAT DE DÉPÔT D'UN AVIS D'INTENTION DE FAIRE UNE PROPOSITION  
paragraphe 50.4 (1)

Je soussigné, séquestre officiel pour ce district de faillite, certifie par les présentes que la personne insolvable susmentionnée a déposé un avis d'intention de faire une proposition en vertu du paragraphe 50.4 (1) de la Loi sur la faillite et l'insolvabilité;

Conformément au paragraphe 69. (1) de la Loi, toutes les procédures contre la personne insolvable susmentionnée sont suspendues à compter de la date du dépôt de l'avis d'intention.

Date: 25 septembre 2024, 14:47

E-File/Dépôt Electronique

Séquestre officiel

Sun Life Building, 1155 Metcalfe Street, Suite 950, Montréal, Québec, Canada, H3B2V6, (877)376-9902

**Canada**





**KPMG Inc.**  
 600 de Maisonneuve Blvd. West  
 Suite 1500, KPMG Tower  
 Montréal Québec H3A 0A3

Telephone 514-840-2100  
 Fax 514-840-2443  
 Internet www.kpmg.ca

## APPENDIX B

### Detailed weekly cash flow projections

Weekly Cash Flow (unaudited - en \$)														
	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Total
Week ending	1	2	3	4	5	6	7	8	9	10	11	12		
	9/27/2024	10/4/2024	10/11/2024	10/18/2024	10/25/2024	11/1/2024	11/8/2024	11/15/2024	11/22/2024	11/29/2024	12/6/2024	12/13/2024		
<b>Receipts</b>														
Sales and accounts receivable	4,024	28,709	98,812	5,323	54,626	321,383	74,194	144,145	45,918	-	93,546	172,853		1,043,534
Other revenue	-	-	-	20,431	-	-	-	20,431	-	-	-	-	20,431	61,293
GST-PST receivable	-	-	34,378	-	-	-	61,020	-	-	-	-	-	-	95,397
	<b>4,024</b>	<b>28,709</b>	<b>133,190</b>	<b>25,754</b>	<b>54,626</b>	<b>321,383</b>	<b>135,213</b>	<b>164,576</b>	<b>45,918</b>	<b>-</b>	<b>93,546</b>	<b>193,284</b>		<b>1,200,224</b>
<b>Disbursements</b>														
Operational Expenses	10,000	11,585	17,481	30,000	10,000	10,000	17,585	10,000	30,000	10,000	16,000	10,000		182,651
Production costs	237,188	-	12,210	-	-	-	12,210	1,481	-	-	1,585	13,691		278,364
Salaries and DAS	16,995	156,756	10,000	156,756	10,000	156,756	10,000	156,756	10,000	156,756	10,000	156,756		1,007,529
Rent	-	50,406	-	-	-	50,406	-	-	-	50,406	-	-		151,217
Insurance	-	3,477	-	-	-	3,477	-	-	-	3,477	-	-		10,431
GST-PST Payable	-	-	-	-	-	28,500	-	-	-	-	-	-		28,500
Professional fees	20,000	-	20,000	-	15,000	-	15,000	-	15,000	-	15,000	-		100,000
	<b>284,182</b>	<b>222,224</b>	<b>59,691</b>	<b>186,756</b>	<b>35,000</b>	<b>249,138</b>	<b>54,795</b>	<b>168,236</b>	<b>55,000</b>	<b>220,638</b>	<b>42,585</b>	<b>180,446</b>		<b>1,758,692</b>
<b>Net Cash Flow</b>	<b>(280,158)</b>	<b>(193,514)</b>	<b>73,499</b>	<b>(161,001)</b>	<b>19,626</b>	<b>72,245</b>	<b>80,418</b>	<b>(3,661)</b>	<b>(9,082)</b>	<b>(220,638)</b>	<b>50,961</b>	<b>12,837</b>		<b>(558,468)</b>
<b>Opening Balance</b>	<b>639,043</b>	<b>358,885</b>	<b>165,370</b>	<b>238,869</b>	<b>77,868</b>	<b>97,495</b>	<b>169,740</b>	<b>250,158</b>	<b>246,497</b>	<b>237,415</b>	<b>16,777</b>	<b>67,737</b>		<b>639,043</b>
<b>Ending Balance</b>	<b>358,885</b>	<b>165,370</b>	<b>238,869</b>	<b>77,868</b>	<b>97,495</b>	<b>169,740</b>	<b>250,158</b>	<b>246,497</b>	<b>237,415</b>	<b>16,777</b>	<b>67,737</b>	<b>80,575</b>		<b>80,575</b>