

District of: Ontario
Division No. 04 - Owen Sound
Court No. 35-1844150
Estate No. 35-1844150

FORM 92
Notice of Proposal to Creditors
(Section 51 of the Act)

In the matter of the proposal of
Bogdon & Gross Furniture Company Ltd.
of the Town of Walkerton, in the Municipality of Brockton
in the Province of Ontario

Take notice that Bogdon & Gross Furniture Company Ltd. of the Town of Walkerton in the Province of Ontario has lodged with us a proposal under the Bankruptcy and Insolvency Act.

A copy of the proposal, a condensed statement of the debtor's assets, and liabilities, and a list of the creditors affected by the proposal and whose claims amount to \$250 or more are enclosed herewith.

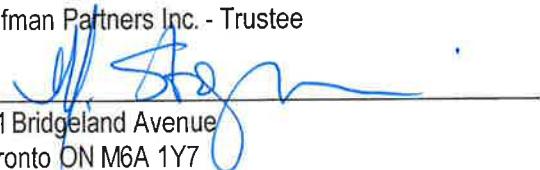
A general meeting of the creditors will be held at The Hampton Inn & Suites located at 725 Imperial Road North, Guelph, ON on the 24th day of July 2014 at 9:00 AM.

The creditors or any class of creditors qualified to vote at the meeting may by resolution accept the proposal either as made or as altered or modified at the meeting. If so accepted and if approved by the court the proposal is binding on all the creditors or the class of creditors affected.

Proofs of claim, proxies and voting letters intended to be used at the meeting must be lodged with us prior to the commencement of the meeting.

Dated at the City of Toronto in the Province of Ontario, this 11th day of July 2014.

Zeifman Partners Inc. - Trustee



201 Bridgeland Avenue
Toronto ON M6A 1Y7
Phone: (416) 256-4005 Fax: (416) 256-4001

Court No. 35-1844150

Estate No. 35-1844150

In the matter of the proposal of
Bogdon & Gross Furniture Company Ltd.
of the Town of Walkerton, in the Municipality of
Brockton
in the Province of Ontario

Form 92
Notice of proposal to creditors

Zeifman Partners Inc. - Trustee
201 Bridgeland Avenue
Toronto ON M6A 1Y7
Phone: (416) 256-4005 Fax: (416) 256-4001

Court File No. 35-1844150

IN THE MATTER OF THE PROPOSAL OF
BOGDON & GROSS FURNITURE COMPANY LIMITED
OF THE TOWN OF WALKERTON, IN THE MUNICIPALITY OF BROCKTON
IN THE PROVINCE OF ONTARIO

TO THE CREDITORS:

Please be advised that Bogdon & Gross Furniture Company Limited (“**B&G**” or the “**Company**”) lodged with Zeifman Partners Inc., a Proposal under Part III, Division I of the *Bankruptcy and Insolvency Act* (“**BIA**”), which Proposal was filed with the Official Receiver on July 3, 2014.

We enclose herein a copy of the Proposal, together with a copy of the condensed statement of affairs, a list of creditors, a proof of claim, proxy and a voting letter.

A meeting of creditors will be held on Thursday, the 24th day of July, 2014 at the hour of 9 o'clock in the morning at The Hampton Inn & Suites located at 725 Imperial Road North, Guelph, Ontario.

Please note that only creditors with proven claims may vote at the meeting. Provided you have filed your proof of claim with the Trustee, you may vote by mail or facsimile, in advance of the meeting, by returning the attached voting letter to the Trustee. If you are a corporation, and wish to have someone attend at the meeting on your behalf in order to vote in person, you must bring to the meeting your proxy form, properly completed to identify the person who is authorized to vote on behalf of your company.

BACKGROUND TO PROPOSAL

B&G is a privately held company incorporated in the Province of Ontario. It operates as a manufacturer of high-quality wood furniture at its production facility located in Walkerton, Ontario. The business has been in operation since 1927 and has operated from the Walkerton facility since 1938. The facilities, all on 16 acres of land, include:

- 72,000 square feet of manufacturing space on three stories
- 4,000 square feet of heated dry lumber storage area
- 1,600 square feet of unheated green lumber storage space
- 4 kilns for drying lumber
- 26,000 square feet of unheated storage space in a separate building

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B&G has approximately 60 full time employees and is one of the largest employers in the Walkerton regions. Approximately 50 of B&G's staff members are hourly, unionized employees who are members of the United Steelworkers of America. Operations are currently shut down for summer holidays, intending to resume production on July 21st, 2014. Prior to shutting down, 42 employees were actually working, with the balance of 22 on temporary layoff.

The reduction in demand for Ontario produced furniture was an industry-wide trend and is the primary cause for B&G's financial difficulties. This trend was exacerbated by the recession in 2008, compounded by the increasing trend to import product from the Far East due to lower wages and other costs.

B&G reported net losses in 2011 and 2012, respectively, of \$201,000 and \$233,000 in externally prepared financial statements. Internally prepared financial statements for 2013 reflect a net loss of \$241,000. In January of 2014, a lender to B&G, TCE Capital Corporation, terminated B&G's factoring facility. While payroll financing was temporarily made available, ongoing facilities for future payroll, purchasing and operating costs were in jeopardy without a new financing source. In addition, certain creditors had sought court action to recover outstanding trade debt.

As a result, on March 4th, 2014 B&G filed a Notice of Intention to Make a Proposal ("NOI") with the Official Receiver to stay all proceedings with a view to implementing a restructuring plan. The Restructuring Plan contemplated the Proposal Trustee running a Sales and Investment Solicitation Process ("SISP") to seek a buyer/investor for the business. Simultaneously, the Company sought Court approval for debtor in possession financing ("DIP") and a new factoring facility. On March 6th, 2014, the Court approved the DIP facility and factoring facility and granted priority charges in respect of them behind a \$75,000 administrative charge for professional fees and expenses.

In addition, the Court approved a SISP with a deadline for submitting expressions of interest by March 24th, 2014 and binding offers by April 7th, 2014 and the selection of a successful bidder and a motion seeking Court approval by April 21st, 2014. On March 14th, 2014 the Order was amended in respect of the SISP deadlines from that reflected above - from March 24th, 2014 to March 31st, 2014, and from April 7th, 2014 to April 14th, 2014, and from April 21st, 2014 to April 28th, 2014.

On April 3rd, 2014, B&G sought and obtained an Order extending the stay of proceedings to May 19th, 2014.

The Trustee, in its second report to the Court dated May 8th, 2014, reported results of its SISP and recommended acceptance of the one binding offer it received by the Court approved deadlines being an Asset Purchase Agreement dated April 14th, 2014 between the Company and BG Furniture Ltd. for the purchase of substantially all of the Company's assets (the "**Sale Transaction**"). The Trustee's recommendation represented the best alternative in the circumstances. The Sale Transaction preserved the business

ZEIFMAN PARTNERS INC

operations in Walkerton as well as employees' jobs, however, it did not provide funds for unsecured creditors upon completion of the sale.

On May 13th, 2014, the Court approved the Trustee's recommendation for a sale by B&G of its business operations pursuant to the Sale Transaction and granted an Approval and Vesting Order. Since the Sale Transaction could not be completed by May 19th, 2014, the date of the NOI stay expiry, on May 16th, 2014, B&G sought and obtained an Order extending the stay of proceedings to July 3rd, 2014.

The Sale Transaction was delayed further as a result of the inability of the purchaser to come to terms with certain of B&G's secured creditors to allow for the transaction to close prior to the expiry of the stay of proceedings on July 3rd, 2014. As a result, a Proposal to creditors was filed with the Official Receiver on July 3rd, 2014.

OPERATIONS

Since the filing of the NOI, the Company has continued its operations on a limited basis. It is currently closed for summer holidays and has had sporadic shut-downs over the four months of operations.

As referred to earlier, 22 employees are on temporary lay-off. As a result of cash constrictions, B&G has been unable to meet its projections for sales and has compensated by reducing purchasing and temporarily laying-off employees. Based on the last available information provided to the Trustee, the forecast compared to actual was as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Cash Receipts from Operations	1,393,000	983,000	410,000
DIP Financing	<u>300,000</u>	<u>300,000</u>	
	1,693,000	1,283,000	
Cash Disbursements from Operations	<u>(1,693,000)</u>	<u>(1,278,000)</u>	(415,000)
Cash on Hand	0.00	5,000	

Receivables would have been anticipated to be \$600,000 as opposed to the current \$200,000. As such, it would seem the business has operated at a loss during the period. Limited cash flow to purchase product coupled with the inability to concentrate on sales growth due to current need to focus on finding new financing and negotiate with secured creditors has had an impact on the going forward plan.

While productivity improvements and continuing orders are positive signs, B&G is in need of new investment and restructured financing to achieve a turnaround. Additional equity investment would improve its ability to generate additional revenue to meet fixed overheads and improve productivity.

BUSINESS PLAN

B&G would, as discussed, require agreements with lenders in conjunction with new equity investment to achieve the proper foundation for future growth and turnaround. The key elements of the plan include:

- Addition of a financial manager to add strength in accounting, finance and cost control
- Repositioning of sales executives to add strength to outside/inside sales and the adding of more large regional retailers to bolster sales
- Improved manufacturing productivity
- New product development
- Reduced debt cost

DETAILS OF PROPOSAL

It is a condition precedent to the Proposal being put to the creditors at the meeting of creditors, or any adjournment thereof, that the Sale Transaction approved by the Approval and Vesting Order was not concluded. If said Sale Transaction closes prior to the date of the meeting of creditors on July 24th, 2014, or any adjournment thereof, no Proposal shall be made to Creditors.

The Proposal, if accepted by unsecured creditors, calls for the issuance of 20% New Shares, representing 20% of the issued and outstanding shares of B&G, to be distributed on a proportionate share based on their respective proven claims. Another 80% New Shares, representing the remaining 80% of the issued and outstanding shares of B&G, are to be issued to the Existing Shareholders. All existing equity will be cancelled and the existing shareholders will cease to be holders of any equity or have any rights as existing shareholders to acquire any shares of B&G.

The Proposal requires an agreement to be reached with each of the Company's secured creditors with respect to the terms and conditions of their respective secured claims. If the terms and conditions cannot be agreed between the Company and each of its secured creditors, the Company will assign itself into bankruptcy.

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It should be understood that a simple majority (50%) of the number of unsecured creditors represented at the upcoming meeting on July 24, 2014, which number must also represent at least two-thirds of the dollar value of unsecured creditors represented, must vote in favour of the Proposal in order to render it binding on all creditors. Once the creditors have accepted the Proposal, Court approval must also be obtained. In the event that a majority of the unsecured creditors (50% in number and two-thirds in the dollar value of proven claims) do not vote in favour of the proposal, B&G will be adjudged bankrupt as at July 24th, 2014 and a first meeting of creditors in the bankruptcy of B&G would immediately take place.

CREDITORS CLAIMS

B&G currently owes approximately \$2.9 million to its unsecured creditors and \$1.5 million to secured creditors after considering the estimated value of their respective securities. The Company's secured creditors and approximate amounts outstanding as at the date of this report are as follows:

a. Administrative Claim	\$75,000
b. Bruce Community Futures Development Corp.	\$202,000
c. Canada Revenue Agency (Source and HST)	\$255,000
d. CIT Financial	\$21,000
e. CNH Capital Leasing	\$57,000
f. Employee Wages	\$136,000
g. MCAP	\$1,000
h. Municipality of Brockton	\$128,000
i. RCAP Leasing	\$15,000
j. RPG Receivables Purchase Group Inc. (DIP and Factoring Facility)	\$345,000
k. Saugeen Economic Development Corp.	\$202,000
l. TCE Capital Corporation	\$108,000

The Trustee has obtained verbal opinion from counsel indicating that the secured claims are valid. As such, a bankruptcy will result in no funds available for distribution to unsecured creditors, as detailed below.

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RECOMMENDATIONS

In our opinion, acceptance of the Proposal would be preferable to the creditors as it would provide for a dividend in the form of a distribution of the Company's new shares totaling 20% of the issued and outstanding shares of B&G. A bankruptcy would provide for no dividend to unsecured creditors after the claims of the secured creditors.

The assets available for liquidation by the Trustee are outlined below.

ESTIMATED REALIZATION

Proposal Scenario

There are no funds available to unsecured creditors. In the event the proposed sale of assets as approved by the Court fails to close prior to the meeting of creditors on July 24th, 2014, B&G is to issue 20% in new shares representing 20% of the issued and outstanding shares of the Company, to be distributed on a pro rata basis to unsecured creditors with proven claims.

Dividend Distribution

Unsecured Claims of \$2,860,000

Dividend: 20% new shares

Bankruptcy Scenario

	<u>in (\$000's)</u>	<u>Notes</u>
Other	93	(1)
Inventory	441	(2)
Equipment	630	(3)
Land & Building – Walkerton	<u>380</u>	(4)
	<u>1,544</u>	
Less: Administrative Claim	75	(5)
Less: DIP and Factoring Facility Claim	345	(5)
Less: Secured Creditors' Claim	<u>1,686</u>	
	<u>2,106</u>	
Shortfall	<u>\$ 562</u>	

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Notes -- (1) – ‘Other’ represents the value of equipment subject to lease, which has been set at obligations under lease.

(2) – Value is based on appraisals averaged between orderly liquidation value and forced liquidation value less a 10% orderly liquidation cost.

(3) – Value is based on appraisals averaged between orderly liquidation value and forced liquidation value.

(4) – Realty is based on average appraised value, less a 5% selling cost.

(5) – Priority charges were granted by the Court as follows:

(i) Administrative Fees and Expenses	\$ 75,000
(ii) RPG DIP Loan	\$300,000
(iii) RPG Factoring charge for recourse on non-collectable accounts	\$150,000

– Receivables purchased are estimated to be subject to a 30% discount in a bankruptcy resulting in a loss to RPG of \$50,000.

Dividend Distribution

Unsecured Claims of \$2,860,000

Dividend: 0% - 0%

Please contact us should you have any questions prior to the meeting of creditors to consider the Proposal.

Dated at Toronto, Ontario, this 11th day of July, 2014.

Yours very truly,

ZEIFMAN PARTNERS INC.

Per:



Allan A. Rutman, CA, MBA
President

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

IN THE MATTER OF THE PROPOSAL OF
BOGDON & GROSS FURNITURE COMPANY LIMITED
OF THE TOWN OF WALKERTON
IN THE PROVINCE OF ONTARIO

PROPOSAL

Bogdon & Gross Furniture Company Limited, the above-noted Debtor, hereby submits the following Proposal pursuant to the *Bankruptcy and Insolvency Act* (Canada).

The purpose of this Proposal is to restructure the business and affairs of the Debtor with the expectation that all Creditors will derive a greater benefit from the continued operation of the Debtor than would result from a bankruptcy and liquidation of its assets.

1. DEFINITIONS

For the purposes of this Proposal, the following terms shall have the following meanings:

- (a) “Act” means the *Bankruptcy and Insolvency Act* R.S.C. 1985, c.B.3, as amended;
- (b) “Administration Charge” means the charge granted pursuant to the DIP and SISP Order over the all of the assets and undertakings of the Debtor to secure payment of the fees and disbursements of the Debtor’s counsel and the Trustee and its legal counsel, to a maximum of \$75,000, such charge ranking priority to all other claims against the Debtor’s assets and undertaking;

- (c) “Administrative Fees and Expenses” means:
 - (i) All proper fees and expenses of the Trustee; and
 - (ii) All reasonable legal fees and disbursements of the Trustee on and incidental to any proceedings relating to or arising out of the Proposal;
- (d) “Approval and Vesting Order” means the Order of Mr. Justice Penny dated May 13, 2014, among other things, approving the Proposed Transaction;
- (e) “Claims” means all claims for any and all debts and liabilities, present and future, including without limitations, contingent and unliquidated claims to which the Debtor is subject at the Filing Date;
- (f) “Court” means the Ontario Superior Court of Justice (In Bankruptcy and Insolvency) or the Ontario Superior Court of Justice (Commercial List), as the case may be;
- (g) “Creditors” means all Persons with Claims against the Debtor, and for greater certainty includes Unsecured Creditors, Preferred Creditors and Secured Creditors;
- (h) “Debtor” means Bogdon & Gross Furniture Company Limited;
- (i) “DIP and SISP Order” means the Order of the Madam Justice Thorburn of the Court dated March 6, 2014, as amended;
- (j) “DIP Lender” means RPG Receivables Purchase Group Inc.;

- (k) “DIP Loan” means the funds advanced to the Debtor by the DIP Lender pursuant to the provisions of the DIP and SISP Order, and the loan and security documents related thereto;
- (l) “Distribution Date” means a date selected by the Trustee, in its sole discretion, which shall not be later than thirty (30) days following the later of:
 - (i) the date on which all disputed claims, if any, have been finally determined;
or
 - (ii) the Effective Date;
- (m) “Effective Date” shall mean the later of thirty (30) days following:
 - (i) the date on which the Proposal is approved by the Court and is final and non-appealable; or
 - (ii) the date on which all other conditions precedent set out in paragraph 16 have been fulfilled.
- (n) “Employee Claim” means, in respect of any employee or former employee of the Debtor, a Claim in an amount equal to the amount such employee or former employee would be qualified to receive under paragraph 136(1)(d) of the Act if the Debtor became bankrupt on the date of Court approval of the Proposal;
- (o) “Equity Distribution Basket” has the meaning ascribed thereto in paragraph 12(a) hereof;

- (p) “Existing Debtor Equity” means all issued and outstanding equity in the capital of the Debtor as at the Effective Date including any and all issued and outstanding common or preferred shares of the Debtor of every class and series, and all rights attached to them, and any and all warrants, options, conversion rights and any agreement to purchase any of the foregoing;
- (q) “Existing Shareholders” means the holders of Existing Debtor Equity, or, in relation to the New Shares, means Adam Hofmann and Dirk Nielsen;
- (r) “Factoring Charge” means the charge granted pursuant to the DIP and SISP Order over all of the assets and undertaking of the Debtor, to a maximum of \$150,000, securing any shortfall under the factoring facility between the Debtor and the DIP Lender into which the Debtor and DIP Lender were authorized and empowered to enter under the terms of the DIP and SISP Order;
- (s) “Filing Date” means March 4, 2014, being the date upon which a Notice of Intention to Make a Proposal was lodged by the Debtor with the Official Receiver;
- (t) “Inspector” means an Inspector appointed pursuant to paragraph 15 hereof;
- (u) “Meeting of Creditors” means the meeting of creditors scheduled to consider and vote on the Proposal;
- (v) “New Shares” means a new unlimited class of voting Class A common shares in the capital of the Debtor to be created to give effect to the Proposal;

- (w) “Performance of the Proposal” means satisfaction of the conditions prescribed at Section 16 hereof;
- (x) “Person” means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;
- (y) “Proposal” means this Proposal of the Debtor, as the same may be amended or altered in accordance with the terms hereof;
- (z) “Proposed Transaction” means the transaction contemplated by the Asset Purchase Agreement dated April 14, 2014 between the Debtor and BG Furniture Ltd. for the purchase of substantially all of the Debtor’s assets that arose out of the sale and investment solicitation process undertaken by the Trustee pursuant to the DIP and SISP Order, such transaction being approved by the Approval and Vesting Order;
- (aa) “Preferred Claim” means a Claim, which is not a Secured Claim, or an Employee Claim, the payment of which the Act directs to be paid after payment of Administrative Fees and Expenses but in priority of all unsecured claims on a proposal made by the Debtor including, without limitation, all Section 60(1.1) Claims;
- (bb) “Preferred Creditor” means the holder of a Preferred Claim, in such capacity;
- (cc) “Section 60(1.1) Claim” means a claim of Her Majesty the Queen in Right of Canada or a province described in Section 60(1.1) of the Act;

- (dd) “Secured Claim” means the Claim of a Secured Creditor, in such capacity;
- (ee) “Secured Creditor” means a secured creditor of the Debtor as defined in Section 2 of the Act;
- (ff) “Trustee” means Zeifman Partners Inc. or its duly-appointed successors;
- (gg) “Unsecured Claim” means any Claim, other than a Claim that:
 - (i) has been disallowed by the Trustee or expunged by the Court;
 - (ii) is a Secured Claim;
 - (iii) is a Preferred Claim; or
 - (iv) is an Employee Claim;
- (hh) “Unsecured Creditor” is a Creditor with an Unsecured Claim;

2. CONDITIONS

This Proposal shall only be made to Creditors in the event the Proposed Transaction does not close before the date of the Meeting of Creditors or any adjournment thereof. For greater certainty, if the Proposed Transaction closes before the date of the Meeting of Creditors or any adjournment thereof, no Proposal shall be made to Creditors.

3. CLASSES OF CREDITORS

The classes of creditors of the Debtor established pursuant to the provisions of the Act for the purposes of voting on the Proposal are as follows:

- (a) Class 1 – Unsecured Creditors and Preferred Creditors. All Unsecured Creditors and all Preferred Creditors of the Debtor to the extent of their Unsecured Claims and Preferred Claims.
- (b) Class 2 – Secured Creditors. All Secured Creditors with proven Secured Claims, to the extent of their Secured Claims:

4. PROPOSAL TO SECURED CREDITORS

The Proposal shall apply to Secured Creditors as follows:

- (a) Secured Creditors with Secured Claims shall prove the Secured Claims with the Trustee. Where the security interest held by the Secured Creditor is unperfected or invalid for any reason whatsoever and such imperfection or invalidity renders the security interest held by the Secured Creditor subordinate to the security interest held by the Trustee, the Trustee shall disallow the Secured Claim. Where the Secured Claim is disallowed by the Trustee, all property that comprises the security interest held by the Secured Creditor shall vest in the Trustee in priority to the Secured Creditor for the general benefit of the Unsecured Creditors. All proceeds arising from the realization of the aforesaid property by the Trustee shall be distributed pursuant to the Unsecured Creditors pursuant to the provisions herein in addition to any other consideration payable to the Unsecured Creditors as provided within this Proposal.

- (b) Payment of the Secured Claims of the Secured Creditors of the Debtor shall be made in accordance with the terms of their security, or as may be agreed between the Debtor and the holders of the Secured Claims. If the terms and conditions of payment cannot be agreed to then the Debtor will assign itself into bankruptcy.

5. ADMINISTRATIVE FEES AND EXPENSES

Payment of the Administrative Fees and Expenses will be made in priority to all other Claims other than Secured Claims and the DIP Loan.

6. PAYMENT OF ADMINISTRATION CHARGE AND FACTORING CHARGE

Payment of the Administration Charge will be made in priority to all other claims, including Secured Claims and the DIP Loan. Payment of the Factoring Charge will be made in priority to all other claims other than the Administration Charge and the DIP Loan.

7. CROWN CLAIMS

All claims of Her Majesty in right of Canada or a province of a kind that could be subject to a demand under,

- (a) subsection 124(1.2) of the Income Tax Act (Canada);
- (b) any provision of the Canada Pension Plan or of the Employment Insurance Act that refers to subsection 224(1.2) of the Income Tax Act and provides for the collection of a contribution, as defined in the Canada Pension Plan, or an employee's

premium, or employer's premium, as defined in the Employment Insurance Act, and of any related interest, penalties or other amounts; or

- (c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the Income Tax Act, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:
 - (i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature at the income tax imposed on individuals under the Income Tax Act; or
 - (ii) is of the same nature as a contribution under the Canada Pension Plan if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the Canada Pension Plan and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;

and that were outstanding on the Filing Date shall be paid in full within six (6) months of the date of Court approval of this Proposal.

8. POST-FILING GOODS AND SERVICES

All persons who advance money or provide goods, services or credit to the Debtor after the Filing Date shall be paid by the Debtor in the ordinary course, but subsequent to Administration Fees. The Debtor shall dispose of no assets other than as contemplated by the Proposed Transaction or, in the event the Proposed Transaction does not close, as contemplated by this Proposal and always

subject to the Debtor's ability to do so in the normal and regular course of its ongoing business. The Debtor agrees that the Trustee shall not be responsible for ensuring that payment is duly made pursuant to this Proposal and to all those persons supplying post filing goods or services.

9. PREFERRED CLAIMS

All proven Preferred Claims, if any, without interest from the Filing Date, will be paid in full in priority to all Unsecured Claims. In particular, all proven Section 60(1.1) Claims will be paid in full within six months after Court approval of the Proposal, as is required pursuant to the Act.

10. EMPLOYEE CLAIMS

All proven Employee Claims, if any, shall be paid in full immediately following the Effective Date, in accordance with the Act.

11. PROPOSAL TO UNSECURED CREDITORS

Unsecured Creditors shall receive the following:

- (a) On the Distribution Date, Unsecured Creditors with proven Claims shall receive their proportionate share of the Equity Distribution Basket; and
- (b) Unsecured Creditors with proven Claims shall accept the New Shares distributed pursuant to paragraph 11(a) hereof in full and complete satisfaction of their Claims, and hereby release the Debtor from any and all Claims therefrom.

12. CORPORATE REORGANIZATION

As at the Effective Date, the following will occur:

- (a) New Shares representing in the aggregate a 20% ownership interest in the Debtor shall be issued and shall comprise the Equity Distribution Basket, which shall be available for distribution among the Unsecured Creditors in accordance with Section 11(b) hereof;
- (b) New Shares representing in the aggregate an 80% ownership interest in the Debtor shall be issued to the Existing Shareholders;
- (c) the Debtor will cause certificates to be issued to the Unsecured Creditors and the Existing Shareholders in respect of the New Shares to be issued to each of them pursuant to the terms of the Proposal, as directed by the Trustee;
- (d) Except in respect of the New Shares to be issued pursuant to the terms of this Proposal,
 - (i) all issued and outstanding warrants, options, conversion rights, agreements or other rights to purchase Existing Debtor Equity will be cancelled and holders thereof shall cease to be holders thereof or to have any rights as Existing Shareholders or to acquire any shares of the Debtor;
 - (ii) all Existing Debtor Equity issued and outstanding will be acquired, and will be deemed to be acquired, by the Debtor, without any act or formality on the

part of the Existing Shareholders or the Debtor, all without payment and for no further consideration;

- (iii) all Existing Debtor Equity will be cancelled;
 - (iv) all accrued dividends or other entitlements will be cancelled;
 - (v) the names of the Existing Shareholders will be removed as holders of the Existing Debtor Equity from the share register of the Debtor maintained by or on behalf of the Debtor;
 - (vi) the share registers of the Debtor will be altered to reflect the foregoing and that the Existing Debtor Equity is no longer outstanding;
 - (vii) the Articles of the Debtor will be altered, without any authorization, act or formality from the Existing Shareholders, to eliminate, and cancel all Existing Debtor Equity and the Debtor will file Articles of Reorganization accordingly; and
- (e) Existing Shareholders shall not be entitled to any payment or other compensation with respect to such Existing Debtor Equity and any and all Claims, or other claim, debt, liability or right of any nature whatsoever, that any person may have that are directly or indirectly related to or derived from such Existing Debtor Equity shall be deemed to be released in full without any compensation or indemnity.

13. INCOME TAX OBLIGATIONS AFTER FILING DATE

Subject to the provisions of the Proposal, in respect of obligations arising after the Filing Date under the Income Tax Act (Canada), the Debtor covenants and agrees that during the course of the Proposal, if applicable, it will remit current-year installments monthly and file income tax returns as required by the Income Tax Act (Canada);

14. DISCHARGE OF TRUSTEE

Upon payment by the Trustee of the amounts contemplated herein, the Trustee shall have discharged its duties as Trustee, the Trustee's obligation under this Proposal shall be fully performed and the Trustee shall be entitled to apply for its discharge as Trustee hereunder.

The Trustee is acting in its capacity as Trustee under this Proposal, and not in its personal capacity and shall not be responsible or liable for any obligations of Debtor.

15. INSPECTORS

At the Meeting of Creditors held to consider the Proposal the Creditors may appoint one or more, but not exceeding five, inspectors who shall have all the powers conferred on inspectors by the *Act*.

16. CONDITIONS FOR IMPLEMENTATION OF THE PROPOSAL

Implementation of the Proposal shall be subject to the following conditions precedent:

- (a) The conditions more particularly described in section 2 of this Proposal;

- (b) A resolution of the creditors to accept the Proposal (as made or as altered) at the Meeting of Creditors or any adjournment thereof;
- (c) An Order of the Court approving the Proposal;
- (d) The taking of all necessary corporate actions and proceedings to approve the Proposal, including the capital reorganization provided for herein;
- (e) Receipt by the Debtor of a Certificate of Amendment pursuant to which the articles of the Debtor have been amended to give effect to the reorganization provided for in this Proposal;
- (f) The issuance and distribution of the New Shares of the Debtor pursuant to paragraphs 12(a) and 12(b), which will collectively represent one hundred (100) percent of the issued and outstanding shares of the Debtor;
- (g) The obtaining and registration, as required, of any necessary third party consents and releases;
- (h) Confirmation that the terms of the Proposal and its implementation will satisfy all conditions for any license, authorization, certification or permit necessary for the Debtor's ordinary course operations; and
- (i) The performance by the Debtor of all its obligations pursuant to the Proposal;

Once all of the above conditions have been fulfilled or satisfied, when possible, the Proposal shall be deemed to be fully performed and the Trustee will deliver and file with the Court a certificate pursuant to Section 65.3 of the Act.

17. VALUATION OF CLAIMS, VOTING AND APPLICABLE DATES

- (a) Claims of all proven creditors shall be valued as at the Filing Date by the Trustee, at or before the Meeting of Creditors or any adjournment thereof.
- (b) Proofs of claim, proxies and voting letters intended to be used at the Meeting of Creditors or any adjournment thereof must be lodged with the Trustee prior to the Meeting of Creditors or any adjournment thereof.
- (c) Creditors must vote their Claims by either returning a properly completed voting letter to the Trustee prior to the Meeting of Creditors or any adjournment thereof, or by attending at the Meeting of Creditors or any adjournment thereof and voting in person or by proxy.

18. AMENDMENT

This Proposal may be amended by the Debtor with the consent of the Trustee (i) at the Meeting of Creditors called to consider the same or any adjournment thereof, or (ii) at any time prior to and/or thereafter, including after voting and approval by the Creditors but prior to the granting of an Order of the Court approving the Proposal, provided that any such amendment shall not reduce the rights and benefits given to the Creditors under the Proposal before any such amendment. Any and all amendments made in accordance with the terms hereof shall be deemed to be effective as of the date of the Proposal.

19. SUPERINTENDENT'S LEVY

All monies payable under the Proposal in respect of Secured Claims, Preferred Claims, Employee Claims, and Unsecured Claims shall be paid by the Debtor to the Trustee and, notwithstanding any other provision hereof, all payments made by the Trustee in respect of such Claims pursuant to the terms hereof shall be made net of the Superintendent's Levy required to be paid pursuant to Sections 147 and 60(4) of the Act.

Dated at Toronto, Ontario, this *2* day of July, 2014.

BOGDON & GROSS FURNITURE COMPANY LIMITED

Per:



ADAM HOFMANN – PRESIDENT

I have the authority to bind the Corporation

District of: Ontario
 Division No. 04 - Owen Sound
 Court No. 35-1844150
 Estate No. 35-1844150

Original Amended

- Form 78 -
 Statement of Affairs (Business Proposal) made by an entity
 (Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)

In the matter of the proposal of
 Bogdon & Gross Furniture Company Ltd.
 of the Town of Walkerton, in the Municipality of Brockton
 in the Province of Ontario

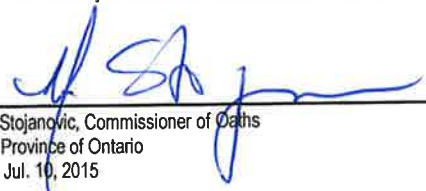
To the debtor:

You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 3rd day of July 2014. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (as stated and estimated by the officer)	ASSETS (as stated and estimated by the officer)
1. Unsecured creditors as per list "A" 2,297,096.94	1. Inventory 441,000.00
Balance of secured claims as per list "B" 562,000.00	2. Trade fixtures, etc. 0.00
Total unsecured creditors 2,859,096.94	3. Accounts receivable and other receivables, as per list "E"
2. Secured creditors as per list "B" 1,544,161.71	Good 0.00
3. Preferred creditors as per list "C" 0.00	Doubtful 0.00
4. Contingent, trust claims or other liabilities as per list "D"	Bad 0.00
estimated to be reclaimable for 0.00	Estimated to produce. 0.00
Total liabilities. 4,403,258.65	4. Bills of exchange, promissory note, etc., as per list "F" 0.00
Surplus NIL	5. Deposits in financial institutions 0.00
	6. Cash 0.00
	7. Livestock. 0.00
	8. Machinery, equipment and plant 630,000.00
	9. Real property or immovable as per list "G" 380,000.00
	10. Furniture 0.00
	11. RRSPs, RRIFs, life insurance, etc. 0.00
	12. Securities (shares, bonds, debentures, etc.) 0.00
	13. Interests under wills 0.00
	14. Vehicles 0.00
	15. Other property, as per list "H" 93,161.71
	If debtor is a corporation, add:
	Amount of subscribed capital 0.00
	Amount paid on capital 0.00
	Balance subscribed and unpaid. 0.00
	Estimated to produce 0.00
	Total assets 1,544,161.71
	Deficiency 2,859,096.94

I, Adam Hofmann, of the Town of Walkerton in the Province of Ontario, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of my affairs on the 3rd day of July 2014 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)
 before me at the City of Toronto in the Province of Ontario, on this 3rd day of July 2014.


 Marina Stojanovic, Commissioner of Oaths
 For the Province of Ontario
 Expires Jul. 10, 2015


 Adam Hofmann

MARINA STOJANOVIC,
 a Commissioner, etc., Province of Ontario, for
 Zellman Partners Inc., Trustee in Bankruptcy.
 Expires July 10, 2015.

District of: Ontario
 Division No. 04 - Owen Sound
 Court No. 35-1844150
 Estate No. 35-1844150

FORM 78 – Continued

List "A"
 Unsecured Creditors

Bogdon & Gross Furniture Company Ltd.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	2110785 Ontario Inc.	75 Ridout Street Walkerton ON N0G 2V0	0.00	500,000.00	500,000.00
2	Artage International	58 Adesso Dr Concord ON L4K 3C6	5,147.15	0.00	5,147.15
3	B.E. Grein Lumber Ltd	Box 23 Ayton Ayton ON N0G 1C0	129,712.46	0.00	129,712.46
4	BC Saw	222 Evans Avenue Toronto ON M8Z 1J8	364.00	0.00	364.00
5	Bell City Forest Products	12 Coachwood Rd Brantford ON N3R 3R4	67,043.33	0.00	67,043.33
6	Berhns Metal Fabricating Inc.	6650 Perth Line 88 Gowanstown ON N0G 1Y0	4,840.46	0.00	4,840.46
7	Biesse Group Canada	18005 Rue Lapointe I Mirabe QC J7J 0G2	3,465.65	0.00	3,465.65
8	Bluewater Wood Alliance	PO Box 1240 Walkerton ON N0G 2V0	6,305.56	0.00	6,305.56
9	Bruce Community Futures Development	P.O. Box 208 281 Durham St. Kincardine ON N2Z 2Y7	110,000.00	0.00	110,000.00
10	Cad MicroSolutions Inc.	103-65 International Blvd Toronto ON M9W 6L9	1,755.74	0.00	1,755.74
11	Canmade Furniture Products	280 Applewood Cres Unit #1 Concord ON L4K 4B4	8,883.05	0.00	8,883.05
12	Cherry Forest Products Attn: Chris McKeown	24 Kerr Cres. Puslinch ON N0B 2J0	80,803.99	0.00	80,803.99
13	CLAMP NAIL COMPANY INC.	21 WEST LONE CACTUS DRIVE Phoenix AZ 85027	256.42	0.00	256.42
14	Consolidated Fastrate Inc. Attn: Lola Pompei	9701 Highway 50 Woodbridge ON L4H 2G4	306.45	0.00	306.45
15	Craftsmen Hardwoods	P O Box 280 34 Drayton Industrial Dr Drayton ON N0G 1P0	62,752.80	0.00	62,752.80
16	Crate Designs	P O Box 460 87 7TH ST SW Chesley ON N0G 1L0	316.40	0.00	316.40
17	Dafco Filtration Group	1300 Aerowood Drive Mississauga ON L4W 1B7	382.12	0.00	382.12
18	Danja Inc.	10 Overdale Lane Dartmouth NS B3A 3V3	12,754.51	0.00	12,754.51
19	Davidson-Hill Elevator Inc.	476 Mill St. Box 2126 Port Elgin ON N0H 2C0	1,066.36	0.00	1,066.36
20	De Jong Enterprises Inc.	PO Box 39, RR 3 Norwich ON N0J 1P0	39,765.14	0.00	39,765.14
21	Domtar	Lock Box 90 Case Postal 11411 Succursale Centre-ville Montreal QC H3C 5H1	824.06	0.00	824.06
22	Edward Fuels Ltd.	Hwy #4 Teeswater ON N0G 2S0	307.54	0.00	307.54
23	Eldorado Plywood Specialties	10 Hollinger Cres. Kitchener ON N2K 2Z3	1.00	0.00	1.00

03-Jul-2014

Date


 Adam Hofmann

District of: Ontario
 Division No. 04 - Owen Sound
 Court No. 35-1844150
 Estate No. 35-1844150

FORM 78 – Continued

List "A"
 Unsecured Creditors

Bogdon & Gross Furniture Company Ltd.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
24	Employee Wages	.	50,000.00	0.00	50,000.00
25	Excel Business Systems	625 Garafraxa Street South Durham ON N0G 1R0	265.24	0.00	265.24
26	Excel Dowel & Wood Product	800 Baker Drive Itasca IL 60143	549.92	0.00	549.92
27	Foamite Industries Inc	1000 Edgeley Blvd. Vaughan ON L4K 4V4	4,372.90	0.00	4,372.90
28	Franklin International	PO Box 1504 Station A Toronto ON M5W 3N9	907.98	0.00	907.98
29	Gaviller & Company LLP	7 Victoria St S. PO Box 129 Walkerton ON N0G 2V0	9,337.38	0.00	9,337.38
30	Hardwoods Speciality Products	5870-48th Street SE Calgary AB T2C 4L4	2,039.65	0.00	2,039.65
31	Hartech Grinding Services	401 G Weber St. N. Waterloo ON N2J 3J2	1,379.55	0.00	1,379.55
32	Hermes Abrasives Canada	160 Brunel Road Mississauga ON L4Z 1T5	555.96	0.00	555.96
33	Hettich International	90 Snow Blvd. Concord ON L4K 4A2	7,980.96	0.00	7,980.96
34	Holst Office Supplies	PO Box 218 Walkerton ON N0G 2V0	6,822.56	0.00	6,822.56
35	Homag Canada	5090 Edwards Blvd. Mississauga ON L5T 2W3	7,303.19	0.00	7,303.19
36	Huron Fuel Injection	P.O. Box 1471 Highway # 4 South Clinton ON NOM 1L0	672.45	0.00	672.45
37	Hurononia Welding Supplies	282 Suncoast Drive Goderich ON N7A 4K4	288.15	0.00	288.15
38	Ideal Glass	PO Box 219 80 Davidson Street Cannington ON L0E 1E0	9,615.06	0.00	9,615.06
39	Indel Control Services Inc.	174 Thames St. South Ingersoll ON N5C 2T5	813.60	0.00	813.60
40	Ingersoll Rand	330-D Exeter Rd. London ON N6L 1A3	739.97	0.00	739.97
41	Intergon Company	P O Box 665, 27 Hickory St Ingleside ON K0C 1M0	467.80	0.00	467.80
42	J. Ennis Fabric Ltd	12122-68 Street Edmonton AB T5B 1R1	3,511.95	0.00	3,511.95
43	James Taylor	108 Parker Avenue Poughkeepsie NY 12601	718.05	0.00	718.05
44	Janzen, Douglas	2164 Chilcotin Cr Kelowna BC V1V 2N9	4,539.95	0.00	4,539.95
45	Kenneth Wheeler	PO Box 88 Durham ON N0G 1R0	640.00	0.00	640.00
46	Kitsupply	130 Kincardine Road Walkerton ON N0G 2V0	704.77	0.00	704.77
47	Les Agencies John MacDonald Inc.	302-225 Rue De Ruisseau Clair Mont Tremblant QC J8E 0A3	10,217.11	0.00	10,217.11

03-Jul-2014

Date



Adam Hofmann

District of: Ontario
 Division No. 04 - Owen Sound
 Court No. 35-1844150
 Estate No. 35-1844150

FORM 78 – Continued


List "A"
 Unsecured Creditors

Bogdon & Gross Furniture Company Ltd.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
48	Lift Depot Ltd.	557 Lorne Ave., E. Stratford ON N5A 6S4	745.80	0.00	745.80
49	McFadden's	2164 Buchingham Road Oakville ON L6H 6Y7	1,703.65	0.00	1,703.65
50	Middlebro & Stevens	PO Box 100, 1030 2nd Avenue East Owen Sound ON N4K 5P1	29,592.18	0.00	29,592.18
51	Ministry of Finance Attn: Kevin J. O'Hara Re: EHT	Legal Services Branch 33 King St. W., 6th Floor, Box 620 Oshawa ON L1H 8H5	46,841.87	0.00	46,841.87
52	Municipality of Brockton Re: Utilities	100 Scott Street PO Box 68 Walkerton ON N0G 2V0	999.62	0.00	999.62
53	Murray's Sharpening	1190 2nd Avenue East Owen Sound ON N4K 2H9	273.91	0.00	273.91
54	National Casein	450 - 4 Tapscott Road Scarborough ON M1B 1Y4	618.02	0.00	618.02
55	National Compressed Air	376 Sovereign Road London ON N6M 1A5	437.54	0.00	437.54
56	Packaging Logistics Inc.	175 Deerfield Rd Newmarket ON L3Y 2L8	30,342.90	0.00	30,342.90
57	Peladeau Lumber	137, Ouest Boul. Bellerose Laval QC H7K 3B5	36,221.11	0.00	36,221.11
58	Peninsula Saw Company	PO Box 334 136 Broadway Welland ON L3B 5P7	836.37	0.00	836.37
59	Porter Lumber	RR 1 Port Dover ON N0A 1N1	157,327.15	0.00	157,327.15
60	R & M Nelson Holdings Attn: Kim Nelson	c/o Royal Containers Ltd. 80 Midair Court Brampton ON L6T 5V1	241,000.00	0.00	241,000.00
61	R. E. Morrison Equipment Inc	21-3615 Laird Road Mississauga ON L5L 5X8	1,700.32	0.00	1,700.32
62	RBC Visa	c/o BankruptcyHighway.com, PO Box 57100 Etobicoke ON M8Y 3Y2	29,241.76	0.00	29,241.76
63	Red/Cam Manufacturing Inc., o/a Preston Rebuilt Machinery	385 Dundas Street North, Unit 9 Cambridge ON N1R 5R1	693.00	0.00	693.00
64	RMZ Consulting	247-4th Street Cr Hanover ON N4N 3S2	11,769.00	0.00	11,769.00
65	Robert Betty Furniture Sales	608 Cheriton Crescent N. W. Edmonton AB T6R 2M6	246,110.37	0.00	246,110.37
66	Royce/Ayr Cutting	405 Sheldon Dr. Cambridge ON N1T 2B7	378.93	0.00	378.93
67	Saugeen Economic Development Corp.	515 Mill St. Neustadt ON N0G 2M0	110,000.00	0.00	110,000.00
68	Selby Furniture Hardware	7083 Jarry E Local 210 Anjou QC H1J 1G3	731.94	0.00	731.94
69	Seradex Manufacturing Software	3525 Mainway Drive Burlington ON L7M 1A9	21,411.52	0.00	21,411.52
70	Sherwin-Williams Chemical Coatings	130 Van Kirk Drive Brampton ON L7A 1B1	24,872.79	0.00	24,872.79

03-Jul-2014

Date


 Adam Hofmann

District of: Ontario
 Division No. 04 - Owen Sound
 Court No. 35-1844150
 Estate No. 35-1844150

FORM 78 – Continued

List "A"
 Unsecured Creditors

Bogdon & Gross Furniture Company Ltd.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
71	Spec Furniture	165 City View Dr Toronto ON M9W 5B1	305.10	0.00	305.10
72	Springwater Mills Ltd	47493 Southdale Line St. Thomas ON N5P 3S6	34,969.26	0.00	34,969.26
73	Stell Chem Inc.	499 Brentcliffe Dr. Waterloo ON N2T 2R8	673.37	0.00	673.37
74	Sun Media	PO Box 7400 London ON N5Y 4X3	269.85	0.00	269.85
75	Sylka Inc	1175 Route 243, CP120 Saint-Felix-de-Kingsey QC J0B 2T0	371.18	0.00	371.18
76	Taurus Craco	282 Orenda Road West Brampton ON L6T 4X6	281.05	0.00	281.05
77	Taurus Industrial Sales	3327D Mainway Dr Burlington ON L7M 1A6	450.72	0.00	450.72
78	TCE Capital Corporation Attn: Rick Coles	505 Consumers Road, Suite 707 Toronto ON M2J 4V8	0.00	62,000.00	62,000.00
79	Technical Standards & Safety Author	PO Box 4577 Stn A Toronto ON M5W 4V8	474.60	0.00	474.60
80	The Water Centre	102 Kincardine Road Walkerton ON N0G 2V0	654.50	0.00	654.50
81	Union Gas	P O Box 2001 Chatham ON N7M 5M1	2,281.42	0.00	2,281.42
82	Universal Logistics Inc.	125 Commerce Valley Drive West, Suite 750 Thornhill ON L3T 7W4	534.09	0.00	534.09
83	Upper Canada Forest Products Ltd	7088 Financial Dr Mississauga ON L5N 7H5	25,717.35	0.00	25,717.35
84	UPS	P O Box 4900 Stn A Toronto ON M5W 0A7	690.28	0.00	690.28
85	Valve-Inchem Inc.	5100 South Service Road Unit 31 Burlington ON L7L 6A5	1,143.56	0.00	1,143.56
86	Vexco Inc	289 Route 165 sud CP 95 Plessisville QC G6L 2Y6	1,036.97	0.00	1,036.97
87	Vincent Marone	11000 Avenue Mackay, Ste 1 Montreal-Nord QC H1H 5G2	71,444.17	0.00	71,444.17
88	Waste Management	PO Box 4205 Toronto ON M5W 5L4	798.23	0.00	798.23
89	Waterville Woodcraft	525, Principale Nord Waterville ON J0B 3H0	585.91	0.00	585.91
90	Web Mechanical	7154 Castleberg Sideroad Caledon ON L7C 0P4	2,470.00	0.00	2,470.00
91	Weber Supply Company Inc.	1830 Strasburg Rd Kitchener ON N2R 1E9	692.80	0.00	692.80
92	Weinig Group	124 Crosslake Park Drive, PO Box 3158 Mooresville NC 28117	3,158.55	0.00	3,158.55
93	Westario Power Inc.	24 Eastridge Rd, RR #2 Walkerton ON N0G 2V0	46,556.12	0.00	46,556.12
94	Western Logistics	1555 Brigantine Dr. Coquitlam BC V3K 7S2	5,206.40	0.00	5,206.40

03-Jul-2014

Date



Adam Hofmann

District of: Ontario
 Division No. 04 - Owen Sound
 Court No. 35-1844150
 Estate No. 35-1844150

FORM 78 -- Continued

List "A"
 Unsecured Creditors

Bogdon & Gross Furniture Company Ltd.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
95	Weston Premium Woods Inc.	25 Automatic Rd Brampton ON L6S 5N8	78,898.13	0.00	78,898.13
96	Wilson, John	1014-900 Chieftain St Woodstock ON N4T 0B7	233,716.30	0.00	233,716.30
97	Workplace Safety & Insurance Board	PO Box 4115 Toronto ON M5W 2V5	109,490.00	0.00	109,490.00
98	Xerox Canada	33 Bloor Street East, 3rd Floor Toronto ON M4W 3H1	4,000.70	0.00	4,000.70
99	Young's Woodcoatings	396 Garafraxa Street N Box 539 Durham ON N0G 1R0	14,878.24	0.00	14,878.24
Total:			2,297,096.94	562,000.00	2,859,096.94

03-Jul-2014

Date



Adam Hofmann

District of: Ontario
 Division No. 04 - Owen Sound
 Court No. 35-1844150
 Estate No. 35-1844150

FORM 78 -- Continued

List "B"
 Secured Creditors

Bogdon & Gross Furniture Company Ltd.

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
1	2110785 Ontario Inc.	75 Ridout Street Walkerton ON N0G 2V0	500,000.00	Business Assets - Stock In Trade - Inventory Business Assets - Machinery - Equipment		0.00 0.00		500,000.00
2	Bruce Community Futures Development	P.O. Box 208 281 Durham St. Kincardine ON N2Z 2Y7	76,000.00	Business Assets - Machinery - Equipment		76,000.00		
3	Bruce Community Futures Development Corporation Attn: Barb Fisher	P.O. Box 208 281 Durham Street Kincardine ON N2Z 2Y7	126,000.00	Real Property or Immovable - Building and Land - Walkerton - 75 Ridout Street		126,000.00		
4	Canada Revenue Agency-London TSO Re: HST	Revenue Collections Div-Insolvency 451 Talbot Street, 3rd Floor London ON N6A 4R3	53,000.00	Business Assets - Machinery - Equipment		53,000.00		
5	Canada Revenue Agency-London TSO Re: HST	Revenue Collections Div-Insolvency 451 Talbot St., 3rd Floor London ON N6A 4R3	37,000.00	Business Assets - Stock In Trade - Inventory		37,000.00		
6	Canada Revenue Agency-London TSO Re: Source Deductions	Revenue Collections Div-Insolvency 451 Talbot St., 3rd Floor London ON N6A 4R3	68,000.00	Business Assets - Stock In Trade - Inventory		68,000.00		
7	Canada Revenue Agency-London TSO Re: Source Deductions	Revenue Collections Div-Insolvency 451 Talbot St., 3rd Floor London ON N6A 4R3	97,000.00	Business Assets - Machinery - Equipment		97,000.00		
8	CIT Financial Ltd.	5035 South Service Road Burlington ON L7R 4C8	20,648.70	Other - Leased Equipment		20,648.70		
9	CNH Capital Leasing	PO Box 5334 Burlington ON L7R 4Z8	56,905.81	Other - Leased Equipment		56,905.81		
10	Employee Wages - WEPPA	.	80,000.00	Business Assets - Machinery - Equipment		80,000.00		
11	Employee Wages - WEPPA	.	56,000.00	Business Assets - Stock In Trade - Inventory		56,000.00		
12	MCAP	5575 North Service Road, Suite 300 Burlington ON L7L 6M1	821.28	Other - Leased Equipment		821.28		
13	Municipality of Brockton Re: Property Tax	100 Scott Street PO Box 68 Walkerton ON N0G 2V0	128,000.00	Real Property or Immovable - Building and Land - Walkerton - 75 Ridout Street		128,000.00		

03-Jul-2014

Date



Adam Hofmann

District of: Ontario
 Division No. 04 - Owen Sound
 Court No. 35-1844150
 Estate No. 35-1844150

FORM 78 – Continued

List "B"
 Secured Creditors

Bogdon & Gross Furniture Company Ltd.

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
14	RCAP Leasing inc.	5575 North Service Road, Suite 300 Burlington ON L7L 6M1	14,785.92	Other - Leased Equipment		14,785.92		
15	RPG Receivables Purchase Group Inc Attn: Rick Sabourin	221 Lakeshore Road East, Suite 300 Oakville ON L6H 1H7	176,000.00	Business Assets - Machinery - Equipment		176,000.00		
16	RPG Receivables Purchase Group Inc.	221 Lakeshore Rd. East, Suite 300 Oakville ON L6H 1H7	124,000.00	Business Assets - Stock In Trade - Inventory		124,000.00		
17	RPG Receivables Purchase Group Inc. Attn: Rick Sabourin	221 Lakeshore Road East, Suite 300 Oakville ON L6H 1H7	27,000.00	Business Assets - Machinery - Equipment		27,000.00		
18	RPG Receivables Purchase Group Inc. Attn: Rick Sabourin	221 Lakeshore Rpad East, Suite 300 Oakville ON L6H 1H7	18,000.00	Business Assets - Stock In Trade - Inventory		18,000.00		
19	Saugeen Economic Development Corp.	515 Mill St. Neustadt ON N0G 2M0	76,000.00	Business Assets - Machinery - Equipment		76,000.00		
20	Saugeen Economic Development Corp. Attn: Rose Austin	515 Mill St Neustadt ON N0G 2M0	126,000.00	Real Property or Immovable - Building and Land - Walkerton - 75 Ridout Street		126,000.00		
21	TCE Capital Corporation Attn: Rick Coles	505 Consumers Road, Suite 707 Toronto ON M2J 4V8	170,000.00	Business Assets - Stock In Trade - Inventory Business Assets - Machinery - Equipment		108,000.00 0.00		62,000.00
22	Thornton Grout Finnigan LLP	Suite 3200, TD West Tower, TD Centre 100 Wellington St.W., PO Box 329 Toronto ON M5K 1K7	14,000.00	Business Assets - Stock In Trade - Inventory		14,000.00		
23	Thornton Grout Finnigan LLP Attn: Kyla Mahar	Suite 3200, TD West Tower, TD Centre 100 Wellington St.W., PO Box 329 Toronto ON M5K 1K7	21,000.00	Business Assets - Machinery - Equipment		21,000.00		
24	Zeifman Partners Inc. NOI Trustee	201 Bridgeland Avenue Toronto ON M6A 1Y7	24,000.00	Business Assets - Machinery - Equipment		24,000.00		
25	Zeifman Partners Inc. NOI Trustee	201 Bridgeland Avenue Toronto ON M6A 1Y7	16,000.00	Business Assets - Stock In Trade - Inventory		16,000.00		
Total:			2,106,161.71			1,544,161.71	0.00	562,000.00

03-Jul-2014

Date



Adam Hofmann

District of: Ontario
Division No. 04 - Owen Sound
Court No. 35-1844150
Estate No. 35-1844150

FORM 78 -- Continued

List "C"
Preferred Creditors for Wages, Rent, etc.

Bogdon & Gross Furniture Company Ltd.

No.	Name of creditor	Address and occupation	Nature of claim	Period during which claim accrued	Amount of claim	Amount payable in full	Difference ranking for dividend
Total:					0.00	0.00	0.00

03-Jul-2014

Date



Adam Hofmann

District of: Ontario
Division No. 04 - Owen Sound
Court No. 35-1844150
Estate No. 35-1844150

FORM 78 – Continued

List "D"
Contingent or Other Liabilities

Bogdon & Gross Furniture Company Ltd.

No.	Name of creditor or claimant	Address and occupation	Amount of liability or claim	Amount expected to rank for dividend	Date when liability incurred	Nature of liability
Total:			0.00	0.00		

03-Jul-2014

Date



Adam Hofmann

District of: Ontario
Division No. 04 - Owen Sound
Court No. 35-1844150
Estate No. 35-1844150

FORM 78 – Continued

List "E"
Debts Due to the Debtor

Bogdon & Gross Furniture Company Ltd.

No.	Name of debtor	Address and occupation	Nature of debt	Amount of debt (good, doubtful, bad)	Folio of ledgers or other book where particulars to be found	When contracted	Estimated to produce	Particulars of any securities held for debt
				0.00				
			Total:	0.00			0.00	
				0.00				

03-Jul-2014

Date



Adam Hofmann

District of: Ontario
Division No. 04 - Owen Sound
Court No. 35-1844150
Estate No. 35-1844150

FORM 78 – Continued

List "F"

Bills of Exchange, Promissory Notes, Lien Notes, Chattel
Mortgages, etc., Available as Assets

Bogdon & Gross Furniture Company Ltd.

No.	Name of all promissory, acceptors, endorsers, mortgagors, and guarantors	Address	Occupation	Amount of bill or note, etc.	Date when due	Estimated to produce	Particulars of any property held as security for payment of bill or note, etc.
				Total:	0.00	0.00	

03-Jul-2014

Date



Adam Hofmann

District of: Ontario
 Division No. 04 - Owen Sound
 Court No. 35-1844150
 Estate No. 35-1844150

FORM 78 -- Continued

List "G"
 Real Property or Immovables Owned by Debtor
 Bogdon & Gross Furniture Company Ltd.

Description of property	Nature of debtor interest	In whose name does title stand	Total value	Particulars of mortgages, hypothecs, or other encumbrances (name, address, amount)	Equity or surplus
Building and Land - Walkerton - 75 Ridout Street - Building and Land	Sole Ownership	Bogdon & Gross Furniture Company Ltd.	380,000.00	Municipality of Brockton 100 Scott Street PO Box 68 Walkerton ON N0G 2V0 128,000.00 Bruce Community Futures Development Corporation P.O. Box 208 281 Durham Street Kincardine ON N2Z 2Y7 126,000.00 Saugeen Economic Development Corp. 515 Mill St Neustadt ON N0G 2M0 126,000.00	0.00
Total:			380,000.00		0.00

03-Jul-2014

Date



Adam Heimann

District of: Ontario
 Division No. 04 - Owen Sound
 Court No. 35-1844150
 Estate No. 35-1844150

FORM 78 – Concluded

List "H"
 Property

Bogdon & Gross Furniture Company Ltd.
 FULL STATEMENT OF PROPERTY

Nature of property	Location	Details of property	Original cost	Estimated to produce
(a) Stock-in-trade		Inventory	0.00	441,000.00
(b) Trade fixtures, etc.			0.00	0.00
(c) Cash in financial institutions			0.00	0.00
(d) Cash on hand			0.00	0.00
(e) Livestock			0.00	0.00
(f) Machinery, equipment and plant		Equipment	0.00	630,000.00
(g) Furniture			0.00	0.00
(h) Life insurance policies, RRSPs, etc.			0.00	0.00
(i) Securities			0.00	0.00
(j) Interests under wills, etc.			0.00	0.00
(k) Vehicles			0.00	0.00
(l) Taxes			0.00	0.00
(m) Other		Leased Equipment	0.00	93,161.71
			Total:	1,164,161.71

03-Jul-2014

Date



Adam Hofmann

AFFIDAVIT OF TRUSTEE
IN THE MATTER OF THE PROPOSAL OF
BOGDON & GROSS FURNITURE COMPANY LTD.
OF THE TOWN OF WALKERTON
IN THE MUNICIPALITY OF BROCKTON, IN THE COUNTY OF BRUCE
IN THE PROVINCE OF ONTARIO

SUPPLEMENTARY MAILING LIST

1. Office of the Superintendent of Bankruptcy
451 Talbot Street, Room 303
London, Ontario
N6A 5C9

Attention: Official Receiver
(e-filed)

2. Superior Court of Justice
80 Dundas Street
Ground Floor, Unit A
London, Ontario
N6A 6A3

Attention: Ms. Terry Sheridan, Bankruptcy Court

3. Superior Court of Justice
393 University Avenue
10th Floor
Toronto, Ontario
M5G 1E6

Attention: Toronto Bankruptcy Court

4. Human Resources Development Canada
4900 Yonge Street, 2nd Floor
Toronto, Ontario
M2N 6A8

5. Dirk Nielsen
75 Ridout Street
Walkerton, Ontario
N0G 2V0

6. Greg Azeff
Fogler, Rubinoff LLP
77 King Street West
Suite 3000, P.O. Box 95
TD Centre, North Tower
Toronto, Ontario
M5K 1G8

7. Bobby Sachdeva
Pallett Valo LLP
77 City Centre Drive
West Tower, Suite 300
Mississauga, Ontario
L5B 1M5

8. Asim Iqbal
Pallett Valo LLP
77 City Centre Drive
West Tower, Suite 300
Mississauga, Ontario
L5B 1M5

9. Diane Winters
Department of Justice Canada
Ontario Regional Office
130 King Street West, Suite 3400
Suite 3400, Box 36
Toronto, Ontario
M5X 1K6

10. Capital Underwriters Inc.
2020 Winston Park Drive
Suite 301
Oakville, Ontario
L6M 3Z8

11. Wells Fargo Equipment Finance Company
2550 Victoria Park Avenue
Suite 700
Toronto, Ontario
M2J 5A9

A handwritten signature in blue ink is positioned above a horizontal line. The signature is stylized and appears to be 'W. Fargo'.

District of: Ontario
Division No. 04 - Owen Sound
Court No. 35-1844150
Estate No. 35-1844150

FORM 31
Proof of Claim
(Sections 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1),
and Paragraphs 51(1)(e) and 66.14(b) of the Act)

In the matter of the proposal of
Bogdon & Gross Furniture Company Ltd.
of the Town of Walkerton, in the Municipality of Brockton
in the Province of Ontario

All notices or correspondence regarding this claim must be forwarded to the following address:

In the matter of the proposal of Bogdon & Gross Furniture Company Ltd. of the Town of Walkerton in the Province of Ontario and the claim of _____, creditor.

I, _____ (name of creditor or representative of the creditor), of the city of _____ in the province of _____, do hereby certify:

1. That I am a creditor of the above named debtor (or I am _____ (position/title) of _____, creditor).

2. That I have knowledge of all the circumstances connected with the claim referred to below.

3. That the debtor was, at the date of proposal, namely the 3rd day of July 2014, and still is, indebted to the creditor in the sum of \$ _____, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)

4. (Check and complete appropriate category.)

A. UNSECURED CLAIM OF \$ _____

(other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and
(Check appropriate description.)

Regarding the amount of \$ _____, I claim a right to a priority under section 136 of the Act.

Regarding the amount of \$ _____, I do not claim a right to a priority.
(Set out on an attached sheet details to support priority claim.)

B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ _____

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

C. SECURED CLAIM OF \$ _____

That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as follows:
(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ _____

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ _____
(Attach a copy of sales agreement and delivery receipts.)

- E. CLAIM BY WAGE EARNER OF \$ _____
- That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ _____,
- That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ _____,
- F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ _____
- That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ _____,
- That I hereby make a claim under subsection 81.6 of the Act in the amount of \$ _____,
- G. CLAIM AGAINST DIRECTOR \$ _____

(To be completed when a proposal provides for the compromise of claims against directors.)

That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

- H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ _____

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

5. That, to the best of my knowledge, I _____ (am/am not) (or the above-named creditor _____ (is/is not)) related to the debtor within the meaning of section 4 of the Act, and _____ (have/has/have not/has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Act: *(Provide details of payments, credits and transfers at undervalue.)*

7. *(Applicable only in the case of the bankruptcy of an individual.)*

- Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at _____, this _____ day of _____.

Witness

Creditor

Phone Number: _____
Fax Number : _____
E-mail Address : _____

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.

WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.

Subsection 20(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

District of: Ontario
Division No. 04 - Owen Sound
Court No. 35-1844150
Estate No. 35-1844150

FORM 36
Proxy
(Subsection 102(2) and paragraphs 51(1)(e) and 66.15(3)(b) of the Act)

In the matter of the proposal of
Bogdon & Gross Furniture Company Ltd.
of the Town of Walkerton, in the Municipality of Brockton
in the Province of Ontario

I, _____, of _____, a creditor in the above matter, hereby
appoint _____, of _____, to be
my proxyholder in the above matter, except as to the receipt of dividends, _____ (with or without)
power to appoint another proxyholder in his or her place.

Dated at _____, this _____ day of _____, _____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Per _____
Name and Title of Signing Officer

Return To:

Zeifman Partners Inc. - Trustee



201 Bridgeland Avenue
Toronto ON M6A 1Y7
Phone: (416) 256-4005 Fax: (416) 256-4001
E-mail: stm@zeifmans.ca

District of: Ontario
Division No. 04 - Owen Sound
Court No. 35-1844150
Estate No. 35-1844150

FORM 37

Voting Letter
(Paragraph 5(1)(f) of the Act)

In the matter of the proposal of
Bogdon & Gross Furniture Company Ltd.
of the Town of Walkerton, in the Municipality of Brockton
in the Province of Ontario

I, _____, creditor (or I, _____, representative
of _____, creditor), of _____, a creditor in the above matter
for the sum of \$ _____, hereby request the trustee acting with respect to the proposal of Bogdon
& Gross Furniture Company Ltd., to record my vote _____ (for or against) the acceptance of the
proposal as made on the 2nd day of July 2014.

Dated at _____, this _____ day of _____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Per _____
Name and Title of Signing Officer

Return To:
Zeifman Partners Inc. - Trustee



201 Bridgeland Avenue
Toronto ON M6A 1Y7
Phone: (416) 256-4005 Fax: (416) 256-4001
E-mail: stm@zeifmans.ca