

District of Ontario  
Division No. 11 – Kingston  
Court File No. 33-3353399  
Estate File No. 33-3353399

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
MIKE HOGAN PLUMBING AND HEATING INC.  
OF THE CITY OF KINGSTON, IN THE PROVINCE OF ONTARIO**

**SECOND REPORT OF LINK & ASSOCIATES INC.  
IN ITS CAPACITY AS PROPOSAL TRUSTEE**

June 8, 2026

## I. INTRODUCTION

1. On March 30, 2026 (the “**NOI Date**”), Mike Hogan Plumbing and Heating Inc. (“**Hogan Plumbing**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) under Division I, Part III, of the Bankruptcy and Insolvency Act (the “**BIA**”). Link & Associates Inc., Licensed Insolvency Trustee, provided its consent to act as Proposal Trustee (the “**Proposal Trustee**”).
2. Information regarding the NOI proceedings has been posted to the Proposal Trustee’s case website at [www.linkassociates.ca](http://www.linkassociates.ca) under Files in Progress/Mike Hogan Plumbing and Heating Inc.
3. The Company was incorporated on April 11, 2008 as 1744941 Ontario Limited. It changed its name to Mike Hogan Plumbing and Heating Inc. on July 25, 2017.
4. The Company has evolved into a full-service plumbing and HVAC contractor on larger multi-unit residential projects (hi-rise and lo-rise), in addition to residential and light-commercial customers. Annual revenues have increased from approximately \$3 million in fiscal 2021 to over \$11 million in fiscal 2025.
5. The Company is owned by Michael (Mike) and Carrie Hogan (each owns 50% of the preferred shares) and the Hogan Family Trust (owns 100% of the common shares). It operates from leased premises in Kingston, Ontario, in a building owned by a related company MC Hogan Holdings Inc. (“**MC Holdings**”).
6. The Company became unionized in 2019 by joining the United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada, Local 401 (“**UA Local 401**” or the “**Union**”). It currently employs 24 unionized plumbers

(including Mike Hogan) and 18 unionized HVAC technicians, along with 3 non-union office and administrative staff.

7. In 2021 the Company started to fall behind with Canada Revenue Agency (“CRA”) on account of both payroll tax remittances (“**Source Deductions**”) and HST.
8. In mid-March, 2026, the Company received in the mail copies of requirement to pay (“**RTP**”) letters issued by CRA to several of the Company’s customers requiring them to pay 50% of any amounts due to the Company to the Receiver General.
9. On March 30, 2026, the Company received in the mail a copy of an Enhanced Requirement to Pay (“**ERTP**”) letter from CRA addressed to the Company’s financial institution dated March 19, 2026. An ERTTP would effectively freeze the Company’s bank account.
10. As set out in the First Report, as at the NOI Date, the Company owed CRA approximately \$5.1 million, inclusive of penalties and interest.
11. The Company had also been experiencing delays in receiving payment on several projects over the past year (or longer, in some cases) which led to delinquency with its suppliers and Union, and the threat of liens being placed on various projects.
12. In view of the foregoing, the Company filed an NOI on March 30, 2026.
13. By doing so, the Company was able to obtain a stay of proceedings against the garnishment actions of CRA, and allowed it a period of time to create a stabilized environment to continue operating as a going concern while working with its legal advisors and the Proposal Trustee to deal with the various issues facing the Company and to formulate a plan to deal with the claims of its creditors.

## II. NOTICE TO READER

14. In preparing this Second Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information, has held discussions and meetings with ownership, Company counsel, employees, creditors and/or their legal counsel, the taxing authorities, customers, and has received information from other third-party sources (collectively, the **“Information”**).
15. Except as specifically noted in this Second Report, the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards of the Chartered Professional Accountants of Canada. Certain of the information referred to in this Second Report consists of financial forecasts and/or projections. An examination or review of financial forecasts and projections and procedures, in accordance with standards set by the Chartered Professional Accountants of Canada, has not been performed. Future-oriented financial information referred to in this Second Report was prepared based on estimates and assumptions provided by management. Readers are cautioned that since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, and such variations could be material.
16. Unless otherwise stated, all monetary amounts contained in this Second Report are expressed in Canadian dollars.

### III. PURPOSE OF THIS REPORT

17. The purpose of this Second Report is to:

- a) Provide information to the Court with respect to the administration of the Company's NOI/Proposal proceedings, including:
  - i) update regarding the Company's financial position;
  - ii) report on the payments to suppliers and Union as authorized by the Court;
  - iii) provide an updated Cash Flow Projection (defined below) in accordance with the Company's application for a further 45-day extension of time; and
- b) Provide the Court with the Proposal Trustee's support for, and observations in respect of the Company's request that the Court grant an Order, *inter alia*:
  - i) approving a second extension of the time for the Company to file a proposal under the BIA to July 30, 2026;
  - ii) Such further and other relief as this Honourable Court may deem just and appropriate.

### IV. FIRST REPORT TO COURT

18. The Proposal Trustee filed its first report to Court dated April 23, 2026 (the "**First Report**"). A copy of the First Report (without appendices) is attached hereto as **Appendix "A"**.

19. The Proposal Trustee filed a supplemental report to its First Report to Court dated April 30, 2026 (the "**Supplemental Report**"). A copy of Supplemental Report (without appendices) is attached hereto as **Appendix "B"**.

20. The First Report and the Supplemental Report were filed in conjunction with, and in support of, an application made by the Company for a motion returnable on May 4, 2026 to seek the following:

- i) A 45-day extension of time to file a proposal under the BIA up to and including June 15, 2026;
- ii) Approval of a \$100,000 Administration Charge in favour of the Proposal Trustee and its legal counsel, and counsel to the Company;
- iii) Approval of the First Report and the Supplemental Report and the actions and activities of the Proposal Trustee set out therein;
- iv) Approving a Lien Regularization Order; and
- v) Authorizing the Debtor to make payments on account of certain liabilities owing as at the NOI Date (“**Pre-Filing Liabilities**”) to its suppliers and the Union that could otherwise form liens on projects, for amounts to be determined.

21. Certain of the relief being sought by the Company was opposed by CRA, specifically the ability of the Company to pay its Union and its suppliers amounts owed to them under the provisions of the *Construction Act*. This opposition was not successful.

22. Business Development Bank of Canada opposed the inclusion of the Debtor Company’s counsel in the Administration Charge. This opposition was not successful.

23. The foregoing requested relief was all granted by way of two separate Orders of the Honourable Justice Kershman as follows:

- i) The approval of the extension of the stay, the Administration Charge, the payment of Pre-Filing Liabilities pursuant to the provisions of the *Construction Act*, and the Proposal Trustee's First Report and Supplemental Report were encompassed in an Order dated May 4, 2026 (the "**First Stay Extension Order**"). A copy of the First Stay Extension Order is attached hereto as **Appendix "C"**.
- ii) The Lien Regularization Order dated May 4, 2026 (the "**LRO**") granted by the Court authorized the Company to make payments to its suppliers from incoming cash collections on projects for which those unpaid suppliers would otherwise have enforceable lien rights and trust claims to holdback monies. A copy of the LRO is attached hereto as **Appendix "D"**.

## **V. CASH FLOW PROJECTION**

24. In accordance with the provisions of the BIA, on April 9, 2026, the Proposal Trustee filed with the Official Receiver the Company's cash flow statement dated April 9, 2026, which was reviewed for reasonableness and signed by the Proposal Trustee and the Company (the "**Cash Flow Projection**").

25. The Cash Flow Projection covered the 10-week period starting on March 31, 2026 and ending on June 5, 2026 (the "**Cash Flow Period**") and was appended to the First Report.

26. The Cash Flow Projection forecasted the ability for the Company to meet its obligations during the Cash Flow Period.

### **5.1 Actual Cash Flow since NOI Date**

27. The Proposal Trustee has assisted the Company in maintaining a rolling cash flow forecast for ongoing updating on a weekly basis, as part of its monitoring duties.

28. The Proposal Trustee has implemented procedures for monitoring the Company's receipts and disbursements and has kept in close contact with management to ensure that operations are continuing in the normal course of business and in accordance with the Cash Flow Projection, and that the Company remains mindful of its trust obligations under the *Construction Act*.
29. The monitoring procedures and the mechanism used to allocate incoming payments to each supplier on individual jobs was set out in detail in the First Report.
30. The Company's actual cash flow for the Cash Flow Period (the "**Actual 10 Week Cash Flow**") is attached hereto as **Appendix "E"**.
31. As at the date of this Second Report, the Company is meeting all of its post-NOI obligations including payroll, Union contributions, Source Deductions, HST, vehicle loans, rent, professional fees, and all other necessary operating expenses.
32. The Actual 10 Week Cash Flow compares favourably to the original Cash Flow Projection, with all variances set out in the table attached at **Appendix "F"** (the "**Cash Flow Variance Report**").

#### **5.1.1 Cash Flow Variance Report**

33. The Cash Flow Variance Report shows exactly what the Company has spent its money on from Weeks 1 through 10, versus what was projected over that same period of time.
34. The most notable variance is actual ending cash for Week 10 is \$142,458 instead of \$928,074, a difference of \$792,500; however that is primarily because the projected \$1.265

million of cash receipts originally projected in Week 10 are now expected to be \$1.236 million collected in Week 11.

35. Similarly, there has been approximately \$400,000 less paid to suppliers pursuant to the First Extension Order and LRO (Actual \$1.212 million vs. Projected \$1.611 million) as a result of the projected Week 10 collections noted above which are now expected to be collected in Week 11.

36. This variance relates only to the timing difference of one week for collections and corresponding outgoing payments.

37. The only other notable variance (positive) is the Company's expenditure on materials and supplies is \$183,512 less than projected over the first 10 weeks.

## **5.2 Cash Flow Projection for Second Extended Period**

38. An updated cash flow forecast for the period of June 6 to July 30, 2026 (the "**Second Cash Flow Projection**"), which covers Week 11 to Week 18, has been prepared in support of the Company's request for a further 45-day extension of time for the Company to file a Proposal. A copy of the Second Cash Flow Projection is attached hereto as **Appendix "G"**.

39. The Second Cash Flow Projection has been prepared solely for the purposes set out in this Second Report. It is not the statutory revised cash flow to be filed with the Office of the Superintendent of Bankruptcy as set out in S. 50(6) of the BIA, as that is only required upon the Company filing its Proposal under S. 62(1) of the BIA.

40. The Second Cash Flow Projection indicates that the Company will keep current its post-NOI obligations, and it also indicates new projects coming on-line. It is projected that a further \$780,000 will be paid on account of Pre-Filing Liabilities and LRO payments during the Second Cash Flow Projection Period.

## **VI. ACCOUNTS RECEIVABLE**

41. The Company's inability to collect its accounts receivable in a timely manner was identified in the First Report. In particular, the Company had approximately \$3.1 million of over 91-day accounts, out of a total accounts receivable of \$5.25 million.

42. Since the filing of the NOI up to the date of this Second Report, the Company has collected approximately \$2.9 million of accounts receivable (while at the same time generating new current receivables). The Company has reduced its 91-day and over receivables from approximately \$3.1 million to just over \$1.8 million.

43. Additional good quality receivables are being created during the NOI period as jobs continue and new jobs are started, however, the Company is now generally required to pay COD to its suppliers. In some instances, the project owner or general contractor is now making direct payments to the suppliers going forward, until such time as the Company is able to re-establish credit terms.

44. As at the date of this Second Report, the Company has approximately \$4.1 million of accounts receivable. The Company believes approximately \$500,000 of that total is likely uncollectible, leaving an estimated \$3.6 million of collectible accounts.

45. As part of the March 31, 2026 year end, the Company's external accountant has been asked to clean up the accounts receivable to not only ensure accuracy of reporting, but to take advantage of any tax benefits from recognizing bad debts.
46. The Company has also instructed its legal counsel to commence litigation and/or lien actions against those customers which remain delinquent but are considered collectible.
47. The Company has not previously availed itself of enforcing its lien rights and/or suing non-paying customers, and that is about to change.

## **VII. PRE-FILING AND LRO PAYMENTS**

48. The Company has paid a total of \$1,212,743.29 to suppliers and the Union on account of Pre-Filing Liabilities and payments pursuant to the LRO. A further \$74,130.65 was paid directly by a project owner to a supplier on account of a lien filed prior to the LRO. A summary of all payments made, and the remaining balances owing (the "**Supplier and Union Payments Summary**") is set out in the table attached hereto as **Appendix "H"**.
49. Pursuant to the LRO the Proposal Trustee has been able to determine with certainty which suppliers have lien rights, and which do not, and payments have been made accordingly as receivables have been collected.
50. To the extent that there are no lien rights on a project and/or any such lien rights are otherwise satisfied from the LRO, then any unpaid suppliers which did not have enforceable lien rights due to passage of time may still have recourse to holdback (and any other amounts due to the Company on projects) as trust claimants.

51. The Proposal Trustee has identified three projects with holdback payments expected to be collected within the Second Cash Flow Projection that will form the basis for payments to trust claimants.

## **VIII. ACTIVITIES OF THE PROPOSAL TRUSTEE**

52. Since the issuance of the LRO and the First Extension Order, the Proposal Trustee has undertaken the following activities, *inter alia*:

- i) Overseen the payments to Union and suppliers as mandated in the First Extension Order, and the calculation and allocation of all subsequent payments;
- ii) Determined the relative lien priorities of suppliers and overseen the payments made by the Company to its suppliers pursuant to the LRO;
- iii) Written and oral communications with project owners, general contractors and suppliers on various projects; detailed discussions and explanations as to how payments are determined, validation of lien rights, calculation of holdback for trust claims once lien rights are exhausted;
- iv) prepared drafts of written and oral communications to assist the Company in its correspondence with suppliers, creditors and customers;
- v) on-site attendance and meetings with ownership, and interaction with and communication with creditors;
- vi) monitoring actual cash flows in comparison with the Cash Flow Projection and ongoing assistance to the Company in updating its Cash Flow Projection;
- vii) reviewing all incoming receivables and allocation to unpaid suppliers;

- viii) updated the Proposal Trustee's case website as necessary;
- ix) engaged in ongoing discussions with the Company and its legal counsel and key stakeholders regarding the proposed framework of a successful Proposal;  
and
- x) prepared this Second Report.

## **IX. REQUEST FOR EXTENSION TO TIME TO FILE PROPOSAL**

53. The Company is adhering to its Cash Flow Forecast and has made significant progress is collecting overdue receivables and applying collections towards its project suppliers as authorized by the First Extension Order and the LRO.

54. The Company is seeking a further 45-day extension of time within which to file a Proposal. The current extension expires on June 15, 2026. A second 45-day extension would expire on Thursday, July 30, 2026 (the "**Second Extended Period**").

55. The Company remains on track to significantly reduce the amounts owed to suppliers with lien rights and residual trust claims to statutory holdback, while continuing to operate and meet its obligations.

56. The number of unsecured creditors and amount owed to each for inclusion in the Proposal will be determined with much greater certainty during the Second Extended Period.

57. A further extension will provide additional time needed for the Company's external accountant to complete the March 31, 2026 year end financial statements, which realistically will be required to have meaningful discussions with prospective lenders.

58. The Company and its shareholders are also exploring other forms of raising capital (i.e. equity take-out on building owned by MC Holdings, personal resources) but will need additional time to advance same.

59. In view of the foregoing, the Proposal Trustee supports the Company's request for an extension and has also considered that:

- i) The Company is acting in good faith and with due diligence;
- ii) The additional time will allow the Company to address its Pre-Filing Liabilities to the maximum extent possible so that the quantum of unsecured creditors to be dealt with in the Proposal can be determined with greater certainty, along with consideration of the number and composition of the creditor classes that may be needed in the Proposal;
- iii) The additional time will allow for the Company's year-end financial statements to be completed, which will in turn provide visibility on the availability of alternative financing options; and
- iv) The requested extension shall not adversely affect or materially prejudice any party.

## **X. CONCLUSION AND RECOMMENDATIONS**

60. Based on the foregoing, the Proposal Trustee respectfully recommends that the Court make an order granting the relief detailed in paragraph 17 of this Second Report.

DATED AT the City of Woodbridge, in the Province of Ontario, this 8<sup>th</sup> day of June, 2026.

**LINK & ASSOCIATES INC.**

Trustee in re Notice of Intention to Make  
a Proposal of Mike Hogan Plumbing and  
Heating Inc.

Per: \_\_\_\_\_

Robert G. Link, CIRP, LIT