

COURT FILE
NUMBERS

B201 731795
B201 731797
B201 731799

COURT

COURT OF QUEEN'S BENCH OF
ALBERTA

JUDICIAL CENTRE

CALGARY

MATTERS

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL UNDER THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED, OF

INTERNATIONAL FITNESS HOLDINGS INC.

INTERNATIONAL FITNESS HOLDINGS LP

WORLD HEALTH NORTH LP

APPLICANTS

INTERNATIONAL FITNESS HOLDINGS INC., INTERNATIONAL
FITNESS HOLDINGS LP and WORLD HEALTH NORTH LP

DOCUMENT

AFFIDAVIT OF PETER MELNYCHUK

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

STIKEMAN ELLIOTT LLP
4300 Bankers Hall West
888 – 3rd Street S.W.
T2P 5C5

Solicitor: Karen Fellowes, Q.C. / Elizabeth Pillon
Phone Number: (403) 724-9469 / (416) 869-5623
Email: kfellowes@stikeman.com / lpillon@stikeman.com
Fax Number: (403) 266-9034
File No.: 137923-1006

**Counsel for the Applicants, International Fitness Holdings Inc.,
International Fitness Holdings LP and World Health North LP**

AFFIDAVIT OF PETER MELNYCHUK
Sworn on May 4, 2021

I, Peter Melnychuk, of the City of Calgary, in the Province of Alberta, **MAKE OATH AND SAY THAT:**

1. I am the Chief Executive Officer of International Fitness Holdings Inc. ("IFH") and I am authorized to swear this affidavit on its behalf. I have personal knowledge of the matters



55357

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and facts herein deposed, except where based on information and belief, in which case I believe the same to be true.

2. All capitalized terms herein shall adopt the meaning as set forth in my Affidavit sworn on April 26, 2021 (the "**April 26 Affidavit**"), unless otherwise stated.
3. On April 23, 2021, the Applicants IFH, International Fitness Holdings LP and World Health North LP each filed NOIs pursuant to subsection 50.4(1) of the BIA.
4. On April 26, 2021, an unfiled copy of an Application was served on the Applicants' creditors, landlords and other stakeholders (collectively, the "**Service List**") seeking, *inter alia*, an extension of the Stay Period from May 23, 2021 to May 31, 2021, authorizing the Applicants to obtain and borrow under a DIP Facility, and granting priority Administration, DIP and D&O Charges over the Applicants' assets (the "**Stay Extension and DIP Application**"). The Stay Extension and DIP Application was scheduled to be heard on April 30, 2021 at 3:00 pm before the Hon. Justice D.R. Mah.
5. My April 26 Affidavit, sworn in support of the Stay Extension and DIP Application, was also served on the Service List on April 26, 2021.
6. On the afternoon of April 29, 2021, the Government of Alberta announced new measures to attempt to curb the spread of the COVID-19 virus, including the mandatory closure of all indoor fitness facilities in Calgary and Edmonton as of April 30, 2021.
7. As a result of these new restrictions, updated cash flow projections needed to be prepared and agreed to by the DIP Lender, all of which could not be completed in advance of the hearing of the Stay Extension and DIP Application on the afternoon of April 30, 2021.
8. Counsel for the Applicants, Karen Fellowes of Stikeman Elliott LLP, made a brief appearance at 3:00 pm on April 30, 2021 before the Hon. Justice D.R. Mah, who approved the adjournment of the Stay Extension and DIP Application to May 5, 2021 before the Hon. Madam Justice L.B. Ho.
9. Notice of the adjournment was provided to the Service List on April 30, 2021, along with instructions for virtual attendance via WebEx for the May 5, 2021 hearing, and confirmation of filing of the Stay Extension and DIP Application and April 26 Affidavit (collectively, the "**Notice of Adjournment**"). A copy of the Notice of Adjournment sent to the Service List is attached hereto and marked as Exhibit "A".
10. Following the adjournment of the Stay Extension and DIP Application, the Applicants, with the assistance of the Proposal Trustee, prepared updated cash flow projections for the Applicants on a consolidated basis for the period from April 23, 2021 to May 28, 2021 (the "**Updated Cash Flow Projections**"). The Proposal Trustee's review and report on the Updated Cash Flow Projections is contained in the first supplemental report of the Proposal Trustee, to be filed. Attached hereto and marked as Exhibit "**B**" are the Updated Cash Flow Projections.

11. This Affidavit is sworn in support of the Stay Extension and DIP Application, and for no other or improper purpose.
12. I was not physically present before the Commissioner for Oaths, but was connected to her by video technology and followed the process for remote commissioning described in the Court of Queen's Bench of Alberta Notice to the Profession and Public, NPP#2020-02, regarding Remote Commissioning of Affidavits for Use in Civil and Family Proceedings During the COVID-19 Pandemic, dated March 25, 2020.

SWORN before me in the City of)
Calgary, in the Province of Alberta, this)
4th day of May, 2021.)
)
)
)
)
)



Taylor Michiko Sakon

PETER MELNYCHUK

A Commissioner of Oaths in and for the
Province of Alberta

TS

This is Exhibit "A" referred to in the Affidavit of Peter Melynuck,
SWORN before me by videoconference in the City of Calgary,
in the Province of Alberta, on May 4, 2021



Taylor Michiko Sakon
A Commissioner for Oaths in and for the Province of Alberta



Stikeman Elliott

Stikeman Elliott LLP
Barristers & Solicitors
4300 Bankers Hall West
888 - 3rd Street SW.
Calgary, AB Canada T2P 5C5

Main: 403 266 9000
Fax: 403 266 9034
www.stikeman.com

Karen Fellowes, Q.C.
Direct: (403) 724-9469
kfellows@stikeman.com

April 30, 2021
File No.: 137923-1006

As per Service List

Dear Sir / Madam:

**Re: In the Matter of the Notice of Intention to Make a Proposal of Under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended, of International Fitness Holdings Inc., International Fitness Holdings LP and World Health North LP
Court File Numbers: 25-2731795; 25-2731797; 25-2731799**

We are counsel for International Fitness Holdings LP, International Fitness Holdings Inc., and World Health North LP (collectively, the "Applicants").

Adjournment of the Application

Late yesterday, the Government of Alberta imposed a mandatory closure order for indoor fitness facilities in Calgary and Edmonton. As a result, the Applicants have had to amend their cash flow projections for the upcoming weeks, and is working with the Proposal Trustee to file updated cash flow statements which will form the basis for its request for interim financing.

Please be advised that in the circumstances, the hearing of the Application scheduled for 3:00 pm on April 30, 2021 before the Hon. Justice Mah is being adjourned to May 5, 2021 at 11:00 am before the Honourable Madam Justice Ho in Calgary. Attached at Schedule "A" are the WebEx dial-in instructions for attendance at the hearing scheduled for May 5, 2021.

Confirmation of Filing

Attached please find the confirmation of filing of the Application and supporting Affidavit of Peter Melnychuk, sworn April 26th, 2021.

Yours truly,

STIKEMAN ELLIOTT LLP



Karen Fellowes, Q.C.

KF/II
Attach.

SCHEDULE "A"

Virtual Courtroom 60 has been assigned for the above noted matter:

Virtual Courtroom Link:

<https://albertacourts.webex.com/meet/virtual.courtroom60>

Instructions for Connecting to the Meeting

1. Click on the link above or open up Chrome or Firefox and cut and paste it into your browser address bar.
2. If you do not have the Cisco Webex application already installed on your device, the site will have a button to install it. Follow installation instructions. Enter your full name and email address when prompted
3. Click on the **Open Cisco Webex Meeting**.
4. You will see a preview screen. Click on **Join Meeting**.

Key considerations for those attending:

1. Please connect to the courtroom **15 minutes prior** to the start of the hearing.
2. Please ensure that your microphone is muted and remains muted for the duration of the proceeding, unless you are speaking. Ensure that you state your name each time you speak.
3. If bandwidth becomes an issue, some participants may be asked to turn off their video and participate by audio only.
- 4. Note: Recording or rebroadcasting of the video is prohibited.**
- 5. Note: It is highly recommended you use headphones with a microphone or a headset when using Webex. This prevents feedback.**

If you are a non-lawyer attending this hearing remotely, **you must** complete the undertaking located here: <https://www.albertacourts.ca/qb/resources/announcements/undertaking-and-agreement-for-non-lawyers>

For more information relating to Webex protocols and procedures, please visit:
<https://www.albertacourts.ca/qb/court-operations-schedules/webex-remote-hearings-protocol>

This is Exhibit "B" referred to in the Affidavit of Peter Melynuck,
SWORN before me by videoconference in the City of Calgary,
in the Province of Alberta, on May 4, 2021



Taylor Michiko Sakon
A Commissioner for Oaths in and for the Province of Alberta



International Fitness Holdings (Consolidated)
Cash Flow Projection - DIP FUNDING APPROVAL
23-Apr-21 to 28-May-21

For the week ending, In CAD	Notes	Week 1	Week 2	Week 3	Week 4	Week 5	Total
		30-Apr-21	07-May-21	14-May-21	21-May-21	28-May-21	
Opening Cash Balance		1,202,083	794,340	434,810	388,103	388,103	1,202,083
Less: Wages and Benefits in Arrears (Pre-filing Obligations of Vendor)	1	(490,000)					(490,000)
Less: GST Accrual (Pre-filing Obligation of Vendor)	2	(113,980)					(113,980)
Less: Key Supplier AP Payments (Pre-filing Obligations of Vendor)	3	(210,000)					(210,000)
NOI Filing Date Net Cash Position	4	388,103					388,103
DIP Facility							
DIP Facility True-up Payment	5	-	-	-	-	-	-
Ongoing DIP Facility Requirement	6	-	-	554,968	429,675	854,675	1,839,318
Total DIP Facility Funding				554,968	429,675	854,675	1,839,318
Receipts							
Assumed Billings	7	306,237	315,283	-	-	-	621,520
Other Receipts	8	100,000	-	-	-	-	100,000
Total Receipts		406,237	315,283	-	-	-	721,520
Operating Disbursements							
Refunds	9	-	100,000	-	-	-	100,000
Wages and Benefits	10	-	-	322,000	150,000	230,000	702,000
Wages and Benefits - Accrual for future period payments relating to DIP funded obligations	11	-	-	-	-	280,000	280,000
GST	12	-	-	-	-	-	-
GST - Accrual for future period payments relating to DIP funded obligations	13	-	-	-	-	85,000	85,000
Rent & General Expenses	14, 15	-	574,813	279,675	279,675	279,675	1,413,837
Total Disbursements		-	674,813	601,675	429,675	854,675	2,660,837
Net Cash Flow from Operations		406,237	(359,530)	(601,675)	(429,675)	(854,675)	(1,839,318)
Net Cash Flow After DIP Funding		406,237	(359,530)	(46,707)	-	-	-
Ending Cash Balance		794,340	434,810	388,103	388,103	388,103	388,103

Notes

1. Consists of payroll in arrears for one week pre filing
 2. Standard GST remittance accrual relating to prior period obligations
 3. Payments relating to AP outstanding with key suppliers as at filing date
 4. NOI Filing Date Net Cash Position of \$388,103
 5. DIP true-up payment to cover Interim period funded by NOI Filing Date Net Cash
 6. Implied DIP facility funding requirement
 7. Based on projected billings
 8. Consists of payments collected in-club and other miscellaneous point of sale transactions
 9. Refunds relating to the week of May 7th billings
 10. Standard wages and benefits
 11. Accrual to capture obligations of current entity relating to wages earned pre Outside Date but paid post Outside Date
 12. Standard projected GST remittances
 13. Accrual to capture GST obligations of current entity concerning amounts incurred pre Outside Date but paid post Outside Date
 14. Based on one full month (May) rent payment for disclaimed clubs, negotiated rent for clubs operated on an ongoing basis
 15. Ongoing up-front payments to suppliers critical to ongoing operations
- Note: Professional fees have not been projected and are assumed to be paid out of cash proceeds generated from the sale transaction

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CERTIFICATE OF COMMISSIONER OF OATHS

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL UNDER THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED, OF**

INTERNATIONAL FITNESS HOLDINGS INC.

INTERNATIONAL FITNESS HOLDINGS LP

WORLD HEALTH NORTH LP

**APPLICANTS - INTERNATIONAL FITNESS HOLDINGS INC., INTERNATIONAL FITNESS HOLDINGS
LP and WORLD HEALTH NORTH LP**

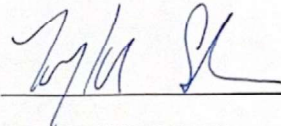
Canada
In the Province of Alberta

As described by the Alberta Chief Justice and Associate Chief Justices in the Notice to the Profession and Public dated March 25, 2020 (NPP#2020-02), the process I followed for commissioning of the attached Affidavit of Peter Melnychuk, sworn on December 1, 2020 is as follows:

1. Peter Melnychuk (the "**Deponent**") appeared in front of me by way of video technology (the "**Video Call**") on May 4, 2021.
2. While connected by way of the Video Call:
 - a. The Deponent showed me the front and back of the Deponent's driver's license. I have retained screenshots of the front and back of the driver's license.
 - b. I compared the driver's license to the video image of the Deponent, and I am satisfied that the person appearing before me via the Video Call was the same person as shown on the driver's license.
 - c. The Deponent and I each had a paper copy of the Affidavit before each of us, during the Video Call.
 - d. The Deponent and I reviewed each page of our Affidavits to ensure that both my paper copy and the Deponent's paper copy of the Affidavit were identical. Both the Deponent and I initialled each page of our respective copies when satisfied that they were identical.
 - e. Upon the conclusion of reviewing and initialling each page of the Affidavit, I administered the oath and the Deponent swore the oath. I then witnessed the Deponent sign their paper copy of the Affidavit.
3. Immediately following the Video call, the Deponent sent me the electronic copy of their sworn Affidavit, which I compared to my initialed paper copy of the Affidavit. Upon my review, I am satisfied that the two versions of the Affidavit are identical.

4. Upon being satisfied that the electronic copy from the Deponent was identical to the initialed copy I had before me during the Video Call, I affixed my name to the jurat.

5. I, TAYLOR MICHIKO SAKON, A Commissioner in and for the Province of Alberta am satisfied that the process of utilizing video technology for remote swearing of Affidavits was necessary because it was impossible or unsafe, for medical reasons, for the Deponent and any commissioner to be physical present together.



TAYLOR MICHIKO SAKON

COURT FILE NUMBERS B201 731795
B201 731797
B201 731799

Clerk's Stamp:

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

MATTERS

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL UNDER THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, OF

INTERNATIONAL FITNESS HOLDINGS INC.

INTERNATIONAL FITNESS HOLDINGS LP

WORLD HEALTH NORTH LP

APPLICANTS INTERNATIONAL FITNESS HOLDINGS INC., INTERNATIONAL FITNESS HOLDINGS LP and WORLD HEALTH NORTH LP

DOCUMENT **AFFIDAVIT OF PETER MELNYCHUK**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

STIKEMAN ELLIOTT LLP
4300 Bankers Hall West
888 – 3rd Street S.W.
T2P 5C5

Solicitor: Karen Fellowes, Q.C. / Elizabeth Pillon
Phone Number: (403) 724-9469 / (416) 869-5623
Email: kfellowes@stikeman.com / lpillon@stikeman.com
Fax Number: (403) 266-9034
File No.: 137923-1006

Counsel for the Applicants, International Fitness Holdings Inc., International Fitness Holdings LP and World Health North LP

AFFIDAVIT OF PETER MELNYCHUK
Sworn on May 4, 2021

I, Peter Melnychuk, of the City of Calgary, in the Province of Alberta, **MAKE OATH AND SAY THAT:**

1. I am the Chief Executive Officer of International Fitness Holdings Inc. ("IFH") and I am authorized to swear this affidavit on its behalf. I have personal knowledge of the matters

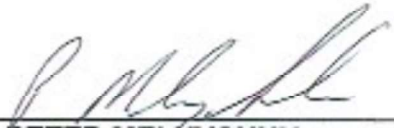
PM

and facts herein deposed, except where based on information and belief, in which case I believe the same to be true.

2. All capitalized terms herein shall adopt the meaning as set forth in my Affidavit sworn on April 26, 2021 (the "**April 26 Affidavit**"), unless otherwise stated.
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5. My April 26 Affidavit, sworn in support of the Stay Extension and DIP Application, was also served on the Service List on April 26, 2021.
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10. Following the adjournment of the Stay Extension and DIP Application, the Applicants, with the assistance of the Proposal Trustee, prepared updated cash flow projections for the Applicants on a consolidated basis for the period from April 23, 2021 to May 28, 2021 (the "**Updated Cash Flow Projections**"). The Proposal Trustee's review and report on the Updated Cash Flow Projections is contained in the first supplemental report of the Proposal Trustee, to be filed. Attached hereto and marked as Exhibit "**B**" are the Updated Cash Flow Projections.

11. This Affidavit is sworn in support of the Stay Extension and DIP Application, and for no other or improper purpose.
12. I was not physically present before the Commissioner for Oaths, but was connected to her by video technology and followed the process for remote commissioning described in the Court of Queen's Bench of Alberta Notice to the Profession and Public, NPP#2020-02, regarding Remote Commissioning of Affidavits for Use in Civil and Family Proceedings During the COVID-19 Pandemic, dated March 25, 2020.

SWORN before me in the City of)
Calgary, in the Province of Alberta, this)
4th day of May, 2021.)
)
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PETER MELNYCHUK

Taylor Michiko Sakon

A Commissioner of Oaths in and for the
Province of Alberta

PM

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SWORN before me by videoconference in the City of Calgary,
in the Province of Alberta, on May 4, 2021

Taylor Michiko Sakon
A Commissioner for Oaths in and for the Province of Alberta

Karen Fellowes, Q.C.
Direct: (403) 724-9469
kfellowes@stikeman.com

April 30, 2021
File No.: 137923-1006

As per Service List

Dear Sir / Madam:

**Re: in the Matter of the Notice of Intention to Make a Proposal of Under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended, of International Fitness Holdings Inc., International Fitness Holdings LP and World Health North LP
Court File Numbers: 25-2731795; 25-2731797; 25-2731799**

We are counsel for International Fitness Holdings LP, International Fitness Holdings Inc., and World Health North LP (collectively, the "Applicants").

Adjournment of the Application

Late yesterday, the Government of Alberta imposed a mandatory closure order for indoor fitness facilities in Calgary and Edmonton. As a result, the Applicants have had to amend their cash flow projections for the upcoming weeks, and is working with the Proposal Trustee to file updated cash flow statements which will form the basis for its request for interim financing.

Please be advised that in the circumstances, the hearing of the Application scheduled for 3:00 pm on April 30, 2021 before the Hon. Justice Mah is being adjourned to May 5, 2021 at 11:00 am before the Honourable Madam Justice Ho in Calgary. Attached at Schedule "A" are the WebEx dial-in instructions for attendance at the hearing scheduled for May 5, 2021.

Confirmation of Filing

Attached please find the confirmation of filing of the Application and supporting Affidavit of Peter Melnychuk, sworn April 26th, 2021.

Yours truly,

STIKEMAN ELLIOTT LLP



Karen Fellowes, Q.C.

KF/ll
Attach.



SCHEDULE "A"

Virtual Courtroom 60 has been assigned for the above noted matter:

Virtual Courtroom Link:

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Instructions for Connecting to the Meeting

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For more information relating to Webex protocols and procedures, please visit:

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This is Exhibit "B" referred to in the Affidavit of Peter Melynuck,
SWORN before me by videoconference in the City of Calgary,
in the Province of Alberta, on May 4, 2021

Taylor Michiko Sakon
A Commissioner for Oaths in and for the Province of Alberta

International Fitness Holdings (Consolidated)
 Cash Flow Projection - DIP FUNDING APPROVAL
 23-Apr-21 to 28-May-21

		Week 1	Week 2	Week 3	Week 4	Week 5	Total
For the week ending in CAD	Notes	30-Apr-21	07-May-21	14-May-21	21-May-21	28-May-21	
Opening Cash Balance		1,202,083	794,240	434,010	388,163	388,163	1,202,083
Less: Wages and Benefits in Arrears (Pre-filing Obligations of Vendor)	1	(490,000)					(490,000)
Less: GST Accrual (Pre-filing Obligation of Vendor)	2	(113,860)					(113,860)
Less: Key Supplier AP Payments (Pre-filing Obligations of Vendor)	3	(210,000)					(210,000)
NDI Filing Date Net Cash Position	4	<u>388,103</u>					<u>388,103</u>
DIP Facility							
DIP Facility True-up Payment	5	-	-	-	-	-	-
Ongoing DIP Facility Requirement	6	-	-	554,968	429,675	654,675	1,839,318
Total DIP Facility Funding		-	-	<u>554,968</u>	<u>429,675</u>	<u>654,675</u>	<u>1,839,318</u>
Receipts							
Assumed Billings	7	306,237	315,283	-	-	-	621,520
Other Receipts	8	100,000	-	-	-	-	100,000
Total Receipts		<u>406,237</u>	<u>315,283</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>721,520</u>
Operating Disbursements							
Refunds	9	-	100,000	-	-	-	100,000
Wages and Benefits	10	-	-	322,000	190,000	230,000	742,000
Wages and Benefits - Accrual for future period payments relating to DIP funded obligations	11	-	-	-	-	280,000	280,000
GST	12	-	-	-	-	-	-
GST - Accrual for future period payments relating to DIP funded obligations	13	-	-	-	-	65,000	65,000
Rent & General Expenses	14, 15	-	674,813	279,675	279,675	279,675	1,413,837
Total Disbursements		-	<u>674,813</u>	<u>601,675</u>	<u>429,675</u>	<u>654,675</u>	<u>2,560,837</u>
Net Cash Flow from Operations		<u>406,237</u>	<u>(358,530)</u>	<u>(691,675)</u>	<u>(429,675)</u>	<u>(654,675)</u>	<u>(1,809,318)</u>
Net Cash Flow After DIP Funding		<u>406,237</u>	<u>(358,530)</u>	<u>(691,675)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Cash Balance		<u>794,240</u>	<u>434,010</u>	<u>388,103</u>	<u>388,163</u>	<u>388,163</u>	<u>388,163</u>

Notes

1. Consists of payroll in arrears for one week pre filing
 2. Standard GST remittance accrual relating to prior period obligations
 3. Payments relating to AP outstanding with key suppliers as at filing date
 4. NDI Filing Date Net Cash Position of \$388,103
 5. DIP true-up payment to cover interim period funded by NDI Filing Date Net Cash
 6. Implied DIP facility funding requirement
 7. Based on projected billings
 8. Consists of payments collected in-club and other miscellaneous point of sale transactions
 9. Refunds relating to the week of May 7th billings
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 11. Accrual to capture obligations of current entity relating to wages earned pre Outside Date but paid post Outside Date
 12. Standard projected GST remittances
 13. Accrual to capture GST obligations of current entity concerning amounts incurred pre Outside Date but paid post Outside Date
 14. Based on one full month (May) rent payment for dissolved clubs; negotiated rent for clubs operated on an ongoing basis
 15. Ongoing up-front payments to supplier's critical to ongoing operations
- Notes: Professionals fees have not been projected and are assumed to be paid out of cash proceeds generated from the sale transaction

PM