

IN THE MATTER OF THE BANKRUPTCY OF
Ideal Life, Inc.
of the City of Toronto
in the Province of Ontario

**TRUSTEE'S REPORT TO THE FIRST MEETING OF CREDITORS
ON PRELIMINARY ADMINISTRATION**

BACKGROUND

Ideal Life, Inc. (“**Ideal Life**” or the “**Company**”) was a privately held Ontario corporation incorporated in May 2002.

Ideal Life was a pioneer in continuous care and remote patient monitoring. Ideal Life’s remote patient monitoring technology tracked key health information from the home and transferred the data to the patient’s physician, allowing for appropriate care interventions and interactions. With cutting-edge, proprietary, interactive interfaces in the home, deep connectivity to all of the major electronic record systems, a command and control center, and AI-based learning and predictive capabilities, Ideal Life delivered a highly differentiated remote health monitoring and population management experience across the healthcare ecosystem.

In March 2020, Raziel Health, Inc. (“**Raziel**”), a US company operating in the virtual care/monitoring industry, acquired an 80% ownership interest in the Company (the “**Raziel Acquisition**”) and worked to incorporate Ideal Life’s business into Raziel’s integrated care and remote patient monitoring platform.

Following the Raziel Acquisition, due to the loss of several key Ideal Life customers and issues with the Company’s operating platform, Ideal Life remained dependent on funding from Raziel to maintain operations. Unfortunately, Raziel was experiencing its own financial issues and, in early 2023, Raziel ceased operations, effectively eliminating the source of funding for the Company’s ongoing operations. Without access to this critical source of funding, Ideal Life was unable to continue operations and, on March 2, 2023 (the “**Date of Bankruptcy**”), Ideal Life filed an assignment in bankruptcy pursuant to the *Bankruptcy and Insolvency Act* (Canada) (“**BIA**”). Richter Inc. (“**Richter**”) was appointed trustee (the “**Trustee**”) of Ideal Life’s bankrupt estate by the Office of the Superintendent of Bankruptcy, subject to affirmation by the creditors at the first meeting of creditors.

On March 7, 2023, notice of the first meeting of creditors of the Company (the “**Meeting**”), a list of known creditors, proof of claim form/proxy, and registration form to attend the Meeting (which is being held via videoconference) were sent to all known creditors of the Company. On March 9, 2023, a notice advising of the Company’s bankruptcy and the date/time of the Meeting was published in the Globe and Mail (National Edition).

The activities of the Trustee since its appointment have primarily consisted of statutory work in accordance with the provisions of the BIA. As the bankrupt estate does not appear to have realizable assets to support a distribution to the Company's creditors (addressed later in this report), the Trustee's intention is to proceed to complete the administration of the Company's bankrupt estate without delay. The Trustee will discuss the administration of the Company's bankrupt estate with the estate inspectors, if any, appointed at the Meeting.

CAUSES OF BANKRUPTCY

As noted above, following the Raziel Acquisition, Ideal Life remained dependent on funding from Raziel to maintain operations. For the years ended December 31, 2020, 2021 and 2022, the Company incurred losses of approximately \$0.5 million, \$2.5 million and \$2.1 million, respectively.

Unfortunately, due to its own financial issues, in early 2023, Raziel concluded that it could no longer continue its business activities and ceased operations. Without the continued support of Raziel, Ideal Life determined that it could no longer survive as a going concern and that, in the circumstances, it was in the best interests of all stakeholders for the Company to file an assignment in bankruptcy.

FINANCIAL POSITION/ASSETS

As detailed in the Company's Statement of Affairs, the estimated realizations from the Company's assets, as at the date of bankruptcy, is expected to be nil.

In addition to limited fixed assets (furniture, fixtures and equipment, computer equipment), the Company's assets include uncollectable receivables due from related parties (IL California/IL Communications, each as hereinafter defined) and intellectual property – primarily its trademarks, continuous care platform patents and domain name.

The Company is also the sole shareholder of three US based subsidiaries – Ideal Life US, Inc., (“**IL US**”), Ideal Life California, Inc. (“**IL California**”) and Ideal Life Communications, Inc. (“**IL Communications**”). The Trustee understands that, as at the Date of Bankruptcy, IL California and IL Communications have no assets/business activity. The Trustee further understands that the operations of IL US were halted as a result of the Raziel shutdown and that IL US, which has limited assets, is being wound-down.

SECURED CREDITORS

According to the Company's Statement of Affairs, the Company does not have any secured obligations or other potential priority claims.

SECURITY FOR UNPAID WAGES – S.81.3 CLAIMS

The Trustee is in the process of reviewing the Company's records to determine what, if any, amounts are owed to the Company's former employees for wages and vacation pay that would qualify as claims pursuant to section 81.3 of the BIA.

The Trustee, where applicable, will comply with the requirements of the *Wage Earner Protection Program Act*.

PREFERRED CREDITORS

The Company's Statement of Affairs indicates that, as at the date of bankruptcy, there were no known preferred creditors.

UNSECURED CREDITORS

The Company's Statement of Affairs indicates that there are approximately 14 unsecured creditors with claims totalling approximately \$7.8 million. Of this amount, approximately \$5.5 million is in respect of amounts owing to IL US and approximately \$2.1 million is owed to Raziel.

CLAIMS FILED

As at 5:00 p.m. on March 21, 2023, the Trustee has recorded Proof of Claims filed, as follows:

	Claims Filed (#)	Amount (CAD)	Proxies in Favour of Trustee (#)	Amount (CAD)
Secured	-	-	-	-
Preferred	-	-	-	-
Unsecured	6	\$ 247,932.52	-	-
TOTAL	6	\$ 247,932.52	-	\$ -

PREFERENCE PAYMENTS AND TRANSFERS UNDER VALUE

The Trustee has not performed a review of the Company's books and records with respect to potential fraudulent preferences, settlements or transfers at undervalue, as defined in the BIA. It is the intention of the Trustee to discuss the scope of its review with the estate inspectors, if any, appointed at the Meeting.

TRUSTEE'S FEES

In consideration for Richter consenting to act in these proceedings, AHG Sciences, LLC ("AHG") has guaranteed payment of the Trustee's fees and disbursements, including the fees and disbursements of its legal counsel should insufficient funds be available from the Company's bankrupt estate (the "Guarantee"). In support of the Guarantee, AHG has provided a deposit to the Trustee in the amount of \$50,000.

OTHER

Further information relating to the Company's bankruptcy proceedings may be obtained from Richter's website at: <https://www.richter.ca/insolvencycase/ideal-life-inc/>.

Dated at Toronto, Ontario, this 22nd day of March, 2023.

RICHTER INC.

in its capacity as Licensed Insolvency Trustee of the estate of
Ideal Life, Inc.
and not in its personal or corporate capacity



Adam Zeldin, CPA, CA, CIRP, LIT