Action No. 1001-04270

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED. (the "CCAA")

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF COVER-ALL HOLDING CORP., COVER-ALL BUILDING SYSTEMS INC., COVER-ALL U.S. HOLDING CORP., SUMMIT STRUCTURES, LLC , QUICK STRUCTURES, LLC, COVER-ALL HOLDINGS U.S., LLC, SUMMIT STRUCTURES U.S., LLC, SUMMIT PROJECT MANAGEMENT, LLC, EASTERN COVER-ALL, INC.,
NORTHSTAR COVER ALL, LLC, AND NORTHSTAR COVER-ALL, INC.
(collectively, "Cover-All" or the "Company")

FIRST REPORT OF THE MONITOR

ERNST & YOUNG INC.

APRIL 21, 2010

TABLE OF CONTENTS OF THE FIRST REPORT

INTRODUCTION 3

TERMS OF REFERENCE 4

BACKGROUND 5

LENDERS' NOTICE 6

BUDGET TO ACTUAL RESULTS – MARCH 24, 2010 TO APRIL 9, 2010..............................9

APPROVAL OF THE FEES AND EXPENDITURES OF THE MONITOR AND ITS COUNSEL 16

REVISED CASH FLOW FORECAST THROUGH APRIL 30, 2010..17

MONITOR'S ACTIVITIES AND COMPLIANCE WITH STATUTORY OBLIGATIONS..21

APPLICATIONS TO LIFT THE STAY OF PROCEEDINGS 22

COVER-ALL REQUEST FOR THE TERMINATION OF CCAA PROCEEDINGS.................23

RECOMMENDATIONS...24

LISTING OF APPENDICIES TO THE FIRST REPORT

APPENDIX A Revised Cash Flow Forecast

INTRODUCTION

1. On March 24, 2010, Cover-All filed for and obtained protection from its creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended, (the "CCAA") pursuant to an order of this Honourable Court (the "Initial Order") made on such date (the "CCAA Proceedings").

2. Pursuant to the Initial Order, Ernst & Young Inc. was appointed monitor of Cover-All during these CCAA proceedings (the "Monitor").

3. The Initial Order established a stay of proceedings until April 23, 2010 (the "Stay Period").

4. The purpose of this first report of the Monitor (the "First Report") is to provide this Honourable Court with:

   (a) an overview of Cover-All and its related entities;

   (b) the background and status of US proceedings commenced pursuant to Chapter 15 of Title 11 of the United States Codes (the "U.S. Bankruptcy Code");

   (c) information relating to a notice (the "Lenders' Notice") provided by Cover-All's senior secured lenders (the "Lenders") to the Monitor and Cover-All advising that the Lenders intend to exercise their rights under their security and seek the appointment of a receiver over Cover-All's assets;

   (d) an operational update;

   (e) an update with regard to Cover-All's operating cash flow since the Initial Order, including:

      i. the budget to actual variance analysis of the cash flows of Cover-All for the period of March 24, 2010 to April 9, 2010 (the

"Reporting Period"); and

ii. the fees and disbursements of the Monitor and its counsel;

(f) the revised cash flow projections from April 10, 2010 to April 30, 2010 (the "Forecast Period");

(g) the activities of Cover-All since the Initial Order pertaining to restructuring its financial affairs;

(h) the activities of the Monitor in accordance with the provisions of the Initial Order and CCAA;

(i) the applications brought forward against Cover-All requesting the lifting of the stay of proceedings imposed by the Initial Order;

(j) information relating to Cover-All's requested relief to terminate these CCAA Proceedings; and

(k) the Monitor's recommendations.

5. Capitalized terms not defined in this First Report are as defined in the Initial Order. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

6. In preparing this First Report, the Monitor has relied upon unaudited financial information, company records and discussions with management of Cover-All. The Monitor has not performed an audit, review or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants ("CICA") Handbook has not been performed. Future orientated financial information relied upon in this report is based on management's assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

BACKGROUND

7. Cover-All and its related non-CCAA entities (the "Cover Group"), is the leading manufacturer of pre-engineered membrane building systems for the North American and European non-residential construction market.

8. The Cover-All Group's non-residential structures are sold as retail stores, factories, warehouses, distribution centres, religious and athletic event centres, office buildings, banks and schools. Cover-All's products are manufactured at their head office plant in Saskatoon, Saskatchewan and distributed through a worldwide network of independent and corporate owned dealers (the "Dealers").

9. Further background on the Cover-All Group, corporate structure and operations is contained in the materials filed relating to the Initial Order including the March 24, 2010 affidavit of Mr. Nathan Stobbe (the "March 24th Stobbe Affidavit"). These documents, together with other information regarding this CCAA proceeding has been posted by the Monitor on its website at: www.ey.com/ca/cover-all.

CHAPTER 15 PROCEEDINGS

10. In accordance with the Initial Order, Cover-All Holding Corp. ("Holdco") and the Monitor (together, and individually, the "Foreign Representative") filed petitions (the "Chapter 15 Petitions ") on March 25, 2010 in the United States Bankruptcy Court for the Eastern District of Pennsylvania (the "U.S. Court") seeking recognition of the CCAA Proceedings and the enforcement of the Initial Order under Chapter 15, Title 11 of the U.S. Bankruptcy Code (the "Chapter 15 Proceedings"). The deadline for filing objections to the relief contained within the Chapter 15 Petitions was set for April 15, 2010, with a full hearing of the Chapter 15 Petitions set for April 21, 2010.

11. The Monitor understands that the Foreign Representative's counsel, Kirkland & Ellis LLP, served notices of the commencement of the Chapter 15 Proceedings and the particulars of the scheduled hearing to all creditors in the US and parties-

in-interest and no objections were filed to the relief contained within the Chapter 15 Petitions.

12. On April 21, 2010, the U.S. Court granted an order recognizing these CCAA Proceedings including the enforcement of the Initial Order.

LENDERS' NOTICE

13. On April 16, 2010, the Lenders provided notice to the Applicants and the Monitor in accordance with paragraph 33(b) of the Initial Order of the Lenders intention to exercise their rights and remedies under the Senior Credit Agreement and the Subordinate Credit Agreement and to seek to appoint a receiver over the assets, property and undertaking of Cover-All. A copy of the Lenders' Notice is attached to the April 19, 2010 affidavit of Mr. Nathan Stobbe (the "April 19th Stobbe Affidavit").

14. The Monitor understands that the appointment of a receiver is the Lenders' preferred method of proceeding, that the Lenders are proposing that PricewaterhouseCoopers Inc. ("PWC" or the "Proposed Receiver") serve in such capacity and that Cover-All does not oppose the granting of the proposed Receivership Order or PWC's appointment provided that this Honourable Court grants the CCAA Termination Order (as discussed below) immediately following the granting of the Receivership Order.

15. In the event that the Lenders' application for the appointment of the Proposed Receiver is not granted, the Monitor understands that the Applicants, in the alternative, are seeking an Order extending to the Stay Period until and including April 30, 2010 (the "Stay Extension Order") in order to allow the Applicants time to facilitate a transition to bankruptcy proceedings or some other form of insolvency proceedings.

OPERATIONAL UPDATE

Overview

16. Since the date of the Initial Order, Cover-All Group suspended the manufacturing and sale of virtually all of its building series models while it undertakes the engineering review (as further described below), with limited manufacturing and sale of certain building structures to its United Kingdom subsidiary (which is not an applicant in these proceedings), as these structures, for sale in the United Kingdom, are not engineered using the same design parameters as in North America.

17. The result of the suspension in operations, along with the notices that have been provided to Dealers and customers (described below) has had a greater negative impact on the collection of Cover-All's accounts receivables from its customers than previously forecast. Cover-All had intended to rely on its collection of accounts receivables to fund operations during at least the first eight weeks of these CCAA Proceedings, while it explored restructuring options with its Lenders, including the possibility of provision by the Lenders of debtor-in-possession financing ("DIP Financing").

18. As a result of the significant decrease in the collections of accounts receivable, Cover-All, with the assistance of the Monitor, revised its cash flow forecast (as discussed below) and determined that DIP Financing would be necessary in order for these CCAA Proceedings to continue beyond April 30, 2010.

19. The Monitor provided the Lenders' financial advisor with a copy of the revised cash flow forecast on April 15, 2010, which indicated a need for DIP Financing. The Monitor understands that the Lenders' preferred course of action is to seek the appointment of a receiver to, among other things, implement an expedited sale process.

Employee termination & communication letters

20. On or about March 26th, 2010, Cover-All significantly reduced its staff count from approximately 420 employees to approximately 66 employees worldwide. Cover-All management retained those employees whom they believed were essential to maximize the value of the Cover-All business and to allow Cover-All to restructure in an efficient manner.

21. Cover-All, with the assistance of the Monitor, communicated with key stakeholders (the "Communication Letters") commencing on the date of the Initial Order in order to stabilize the business and manage key relationships. The Communication Letters included letters to independent dealers, suppliers and customers informing them of the commencement of the CCAA Proceedings, the suspension of its manufacturing, installation and sales of its products and of the status of the ongoing internal and external engineering reviews being conducted on Cover-All's product lines.

22. In addition, Cover-All set up a call center and, with the assistance of the Monitor, also set up a website to respond to stakeholder questions.

Engineering Review

23. As discussed above, Cover-All continued its internal and external engineering reviews of certain of its building series models. It is anticipated that the engineering reviews will be completed within a few weeks. It is not known at this time whether the Proposed Receiver will continue the engineering reviews to completion. If the Receivership Order is not granted and the Stay Extension Order is granted, the Monitor understands that Cover-All intends, if possible, to continue the engineering reviews to expiry of the Stay Period.

Cover-All Europe expressions of interest

24. Cover-All recently received an unsolicited expression of interest to purchase (the "German Offer"), its wholly owned indirect German subsidiary, Cover-All Europe GmbH ("CAE").

25. Cover-All, with the assistance of the Monitor, analyzed the German Offer to purchase CAE and has provided its analysis to the Lenders and their financial advisor. The Monitor believes that given the impending receivership application, the input of the Lenders is required before any response can be provided to the German Offer. No response has been provided by the Lenders to date.

Cover-All restructuring options

26. Since the date of the Initial Order, Cover-All, with the assistance of the Monitor, has been exploring restructuring options, including, without limitation, a sale of some or all of the Company's assets and/or operations.

27. In this regard, the Monitor received unsolicited calls from interested parties regarding the potential purchase of Cover-All's assets and forwarded these parties to management for further dialogue and to allow for these parties to obtain information regarding the Company. In addition, the Monitor advised the Lenders' financial advisor of the various third parties who had expressed an interest in Cover-All. The Monitor understands that Cover-All arranged for these parties to sign non-disclosure agreements ("NDA") and that these interested parties continue with their due diligence.

BUDGET TO ACTUAL RESULTS – MARCH 24, 2010 TO APRIL 9, 2010

28. The cash flow budget to actual as presented below for the Reporting Period (March 24, 2010 to April 9, 2010) contains the actual cash receipts and disbursements relating to Cover-All, as compared to the cash flow forecasts previously provided to this Honourable Court in the March 24th Stobbe Affidavit (the "Initial Forecast").

Cover-All accounting

29. As discussed further above, upon the Initial Order being granted and as part of necessary cost reduction measures, Cover-All terminated a significant number of staff which included many of its accounting staff at the Company's premises in Saskatoon. This termination included its corporate controller, thereby leaving approximately 2 head office accounting staff (excluding the Company CFO) to organize, review, compile and assimilate the information required to complete, on a weekly basis, the cash flow budget to actual required per the Initial Order in addition to their day to day accounting functions.

30. The head office accounting staff was reduced to one staff member for one week during the Reporting Period due to the other person being on holiday, which made it more difficult for the Monitor and the Lenders' financial advisors to obtain the cash flow and relevant financial information necessary to complete the weekly assessment of the Company's actual to budget cash flows.

Opening cash and pre-CCAA outstanding cheques

31. During the week leading up to the granting of the Initial Order, Cover-All advised the Monitor that its opening general ledger ("G/L") cash position was approximately $1.6 million, which included a reduction for outstanding cheques (i.e. cheques that were issued by the Company, but had not yet cleared the bank account) of approximately $670,000 (the "Outstanding Cheques"). The treatment by Cover-All of reducing the G/L cash by the amount of outstanding cheques is normal accounting practice. The bank accounts, therefore, indicated a balance of approximately $2.2 million in cash as at March 23, 2010, as the Outstanding Cheques had not yet been presented to the banks.

32. After the Initial Order was granted, the Monitor advised the Company to place a "stop payment" on all Outstanding Cheques as at March 23, 2010, as these payments related to invoices outstanding prior to the commencement of the CCAA Proceedings. However, certain of the Outstanding Cheques relating to

pre-CCAA invoices of approximately $416,000 as at March 23, 2010, cleared the Company's bank account and the remaining $257,000 were cancelled prior to the Company being in a position to given the stop payment instructions.

33. Prior to the Company finalizing its arrangements with the bank (i.e. CIBC) to cancel the Outstanding Cheques in Week 1, approximately $262,000 of the Outstanding Cheques cleared on the day the Initial Order was granted (i.e. March 24, 2010), while approximately $125,000 cleared on the following two days. The remaining $29,000 of the Outstanding Cheques cleared the bank over the course of Week 2.

34. The Company had advised the Monitor that they issued the Outstanding Cheques prior to commencing the CCAA as they related to payments made either to certain suppliers that were promised payment by the Company for some time or to reimburse employees for expenses they incurred on behalf of the Company. The Outstanding Cheques that cleared the bank are identified in separately in the budget to actual cash flow report below the Reporting Period.

Insurance payment

35. The Company had entered into an automatic monthly payment withdrawal of $83,381.20, relating to a pre-filing financing arrangement entered into by Cover-All for its general insurance policy. The April 2010 payment was withdrawn by the finance company subsequent to the granting of the Initial Order. This withdrawal should have not been paid as this amount is considered a stayed payable. The Company, its counsel and the Monitor have advised the Proposed Receiver that this amount can potentially be recovered and brought back into Cover-All.

Reporting Period cash flow budget to actual

36. The Initial Forecast was prepared by management on a GL cash basis ("G/L Cash Basis"), in that, cash received and cash disbursed were to be recorded on the day

such cash was received or disbursed for the purposes of the cash flow financial model. However, as discussed above, due to the downsizing of Cover-All's accounting staff and other employee', the Company had difficulty updating its cash flow budget to actual analysis on a G/L Cash Basis. In addition, given that several of Cover-All's subsidiaries do not use one combined accounting system, the ability of Cover-All's accounting team to efficiently update the cash flow basis on a "real-time" basis was also hindered. The Monitor worked with the Cover-All management team in updating its cash flow budget to actual results to reflect actual timing and adjusted in Week 3 all outstanding cheques remaining to derive to an appropriate ending G/L cash balance as at April 9, 2010.

37. The table below provides a summary of the budget to actual cash flow that reflect certain adjustments discussed above and below:

Cover-All Cash Flow Budget to Actual For the period of March 24, 2010 to April 9, 2010 (the "Reporting Period") (in CDN Dollars)			
	Forecast	**Actual**	**Variance**
Week Ending	**Cummulative To Week 3**	**Cummulative To Week 3**	**Cummulative To Week 3**
RECEIPTS			
Cash Receipts from Sales	667,217	690,145	22,928
Other Receipts	-	108,850	108,850
Total Cash Inflows	**667,217**	**798,995**	**131,778**
DISBURSEMENTS			
Labour and Materials	-	-	-
Manufactured Costs	111,000	104,603	6,397
Project Management Cost	240,000	115,001	124,999
Overhead Costs	24,000	238	23,762
SG&A	584,000	1,225,976	(641,976)
Customer Deposits Recalled	-	229,439	(229,439)
Legal Fees	195,000	127,587	67,413
Public Relations Costs	-	-	-
Engineering	100,000	-	100,000
Monitor	125,000	146,539	(21,539)
Critical Payments	-	-	-
Lender Advisor Fees	200,000	-	200,000
Payment to fund UK	100,000	107,378	(7,378)
Outstanding Cheques	30,000	412,755	(382,755)
	-		
Total disbursements	**1,709,000**	**2,469,515**	**(760,515)**
OPENING CASH	1,596,662	2,269,536	672,874
Net Change in Cash	(1,041,783)	(1,670,520)	(628,737)
ENDING CASH	**554,878**	**599,016**	**44,137**

38. Receipts for the Reporting Period totalled approximately $798,000, representing a favourable variance of approximately $131,000 from the Initial Forecast for the Reporting Period. This positive variance was primarily due to:

(a) other cash receipts of approximately $109,000 that were not previously included in the Initial Forecast, such as cash received from the Government of Canada and the Ministry of finance for tax filings; and

(b) approximately $22,000 more in intended accounts receivable collection in the Reporting Period. The majority of the cash receipts collected from Cover-All's customers were received on March 24, 2010 in the amount of approximately $307,000. After the Initial Order was granted, the collection of receivables became significantly lower than expected throughout the Reporting Period. As a result, this lower than expected collection rate of Cover-All's receivables has not been reflected in the Forecast below;

39. Of the $690,000 that was collected above from Cover-All's customers, approximately $229,000 was subsequently recalled from Cover-All's bank account by its bank, as "stop payments" had been placed on the cheques received from these Cover-All customers. This cash outflow is demonstrated in the "customer deposits recalled" line item, therefore true cash receipts were approximately $229,000 lower then reflected in the summary above.

40. Disbursements for the Reporting Period totalled approximately $2.5 million representing an unfavourable variance of $760,000 compared to the Initial Forecast. This variance was primarily due to:

(a) a negative variance of approximately $642,000 relating to selling, general and administrative expenses ("SG&A"). The Initial Forecast was based on the Cover-All's historical income statement cost categories wherein manufacturing overhead and project management costs include salaries and wages of certain employees that work in the manufacturing plants and in the project management division. However, as discussed above, due to its reduced work force Cover-All did not have the accounting resources to be able to keep its general ledger up to date. Therefore, the salaries and wages of employees that should have been included in the manufacturing overhead and project management cost categories have not been accounted for separately and are instead allocated into the SG&A cost category. Approximately $130,000 of this variance (equivalent to the favorable cost variance in the manufacturing overhead and project management cost categories) is attributable to these costs not being adjusted out into their appropriate cost categories. The remaining $510,000 variance is due to: (i) a slight delay in the laying off of approximately 330 employees; (ii) the retention of approximately 10 additional manufacturing employees then originally forecasted to provide Summit Structures Limited ("SSL"), a wholly-owned indirect United Kingdom subsidiary with product; and (iii) a low original post-CCAA estimate of salaries and wages;

(b) legal fees were approximately $67,000 lower than expected due to timing of invoices submitted by the professional law firms;

(c) engineering fees were approximately $100,000 lower than expected due to timing. Management expects an additional $40,000 to be incurred in order to complete the comprehensive engineering reviews. These costs have been forecast in the forecast period as discussed below;

(d) Monitor's fees are approximately $21,000 higher than expected due to unexpected additional work being required to assist in the preparation of budget to actual cash flows;

(e) Lenders' advisor fees are $200,000 less then forecasted due to timing of invoices being submitted, which have been included in the forecast period; and

(f) contingency is approximately $382,000 higher than forecast. This increase in costs is mainly due to the accounting issues discussed above and the Monitor having to report on actual bank cash transactions rather than G/L cash basis. This unfavorable variance is more than offset by the favorable difference in opening cash.

41. The ending total available cash balance as at April 9, 2010 (G/L cash) was approximately $599,000 compared to the forecasted cash balance amount of approximately $554,000, which is due to the variances discussed above in paragraphs 38 to 40.

42. The Company, with the consent of the Monitor, committed to approximately $415,000 of payments to be made for post-CCAA invoices that are not reflected in cash ending balance of $599,000 during the Reporting Period, but are expected to be paid in Week 4 of the Forecast Period.

APPROVAL OF THE FEES AND EXPENDITURES OF THE MONITOR AND ITS COUNSEL

43. The following table shows the calculation of the fees of the Monitor and its counsel incurred to April 9, 2010 and the estimated fees that are forecasted to be incurred by the Monitor and its counsel, with respect to completing proceedings:

	Fees incurred during the Reporting Period (as at April 9, 2010)	Estimated fees to complete CCAA duties	Total actual and estimated fees incurred
Monitor fees	213,582.33	80,000.00	293,582.33
Monitors counsel fee:	55,933.64	78,000.00	133,933.64

44. As per paragraph 31 of the Initial Order, the Monitor and its counsel respectfully request that this Honourable Court approve their incurred fees as at April 9, 2010 of $213,582.33 and $55,933.64, respectively.

45. In addition, the Monitor and its counsel anticipate incurring professional fees in relation to the filing of the First Report and other operational issues from April 10, 2010 to on or about April 30, 2010 of approximately $80,000 and $78,000, respectively. As such, the Monitor is requesting approval from this Honourable

Court that these estimated costs and/or any other reasonable costs incurred be paid to the Monitor and its counsel to conclude these proceedings.

REVISED CASH FLOW FORECAST THROUGH APRIL 30, 2010

46. Attached as Appendix "A" to this First Report is a copy of the revised cash flow forecast for the period from April 10, 2010 through April 30, 2010 (the "Forecast Period") as prepared by Cover-All, with the assistance of the Monitor. Management has prepared the forecast based on the most current information available.

47. As discussed above, absent any DIP Financing, Cover-All will not have any cash to continue in CCAA proceedings beyond April 23, 2010.

48. The table below summarizes the Forecast Period cash flow:

Cover-All - CCAA Revised Cash-Flow Statement For the period of April 10, 2010 to April 30, 2010 (the "Forecast Period") (in CDN Dollars)	
	Forecast (000's)
RECEIPTS	
Cash receipts from sales	45
Other	208
Total receipts	253
DISBURSEMENTS	
Salaries and wages	329
Utilities	54
Lease costs	37
Legal fees	378
Engineering fees and public relation costs	130
Monitor fees	147
Monitor's counsel	133
Lender advisors' fees	279
Contingency costs	14
Total disbursements	1,501
NET CHANGE IN CASH	(1,248)
OPENING CASH	599
Net change in cash	(1,248)
ENDING CASH	**(649)**

49. As summarized above, Cover-All is projecting total cash receipts of approximately $253,000, cash disbursements from operations of approximately $1.5 million and a net decrease in cash from operations of approximately $1.2 million in the Forecast Period.

50. The Monitor has reviewed the assumptions supporting the forecast with the Cover-All Management and believes the assumptions to be reasonable.

51. Significant assumptions made by Cover-All Management with respect to the Forecast are:

(a) Cover-All Management has forecasted a significant reduction in the collection of receivables of approximately $10,000 per week, based on their best estimate of customer reaction to the engineering issues that have been publicly communicated and the results during the Reporting Period;

(b) salaries and wages are based on a detailed break-down of the salaries and wages of the 66 remaining employees that management strongly believes are essentially to keep on during the CCAA proceedings;

(c) utilities have been based on historical payments and remain unchanged from the Reporting Period;

(d) lease costs are based on a detailed break-down of current office equipment, manufacturing equipment, vehicle and building leases that the company feels necessary to maintain in the amount of approximately $65,000 per month;

(e) legal fees during the Forecast Period have been estimated at approximately $378,000 (includes US counsel fees) mainly relate to catch up payments of costs incurred during the Reporting Period and costs expected to be incurred during the Forecast Period. The Monitor understands that a portion of a retainer provided by the Company to one of its US counsel will be returned to Cover-All; however, this amount is not known at this time and will become evident in Week 6 of the Forecast Period;

(f) engineering fees and public relation fees of approximately $100,000 and $30,000, respectively, include payments on outstanding and forecast invoices relating to services rendered by the Company to complete the comprehensive engineering review and to pay for all communication costs relating to these proceedings;

(g) Monitor fees during the Forecast Period are estimated at approximately $147,000, which includes catch up payments of costs incurred prior to the Forecast Period and costs expected to be incurred during the Forecast Period;

(h) Monitor legal fees during the Forecast Period are estimated at approximately $133,000, which includes catch up payments of costs incurred prior to the Forecast Period and costs expected to be incurred during the Forecast Period; and

(i) Lender Advisor fees during the Forecast Period are estimated at approximately $279,000, which includes catch up payments of costs incurred prior to the Forecast Period and costs expected to be incurred during the Forecast Period.

52. Based on Cover-All's assumptions above, and absent Cover-All receiving DIP Financing to fund its operations of approximately $649,000, the Revised Forecast indicates that Cover-All will not have sufficient funds to meet its current obligations through the Forecast Period. Following discussions with the Monitor, Cover-All, the Lenders and their advisors, it was determined that the Lenders preferred route was to seek the appointment of a receiver over Cover-All's assets, property and undertaking. Accordingly, the Monitor is of the view that the CCAA Proceedings should be allowed to be terminated.

Validity and priority of charges

53. As indicated in paragraph 35 of the Initial Order, there are 3 priority charges totaling to a maximum amount of $1.2 million that rank ahead of the Lenders' secured debt, namely:

(a) Applicant's Advisors' Administrative Charge (to a maximum amount of $500,000) and Lenders' Advisors Administrative Charge (to the maximum of $200,000), on a *pari passu* basis as between them; and

(b) Directors' Charge to a maximum of $500,000.

54. As part of the CCAA Termination Order:

(a) the above charges granted under the Initial Order (the “Charges”) will continue to bind Cover-All’s assets, property and undertaking (including in any receivership);

(b) the Monitor will provide a schedule to the proposed receiver, on or before April 30, 2010, indicating all outstanding obligations covered by the Charges that have not been paid, including reasonable estimates where actual amounts are not known by April 30, 2010 (the “Outstanding Charged Obligations Schedule”); and

(c) the Charges will be released upon the Monitor filing a certificate with this Honourable Court that there are no claims outstanding under the Charges, which the certificate will be filed within one (1) business day following the Monitor’s receipt of a notice from the Receiver that the amounts set out on the Outstanding Charged Obligations Schedule have been paid to the applicable parties.

MONITOR’S ACTIVITIES AND COMPLIANCE WITH STATUTORY OBLIGATIONS

55. In addition to the foregoing activities, pursuant to the terms of the Initial Order and Section 23 of the CCAA, the Monitor published in the Globe and Mail newspaper, on April 3 and 7, 2010, a notice containing the prescribed information under the CCAA;

56. Within five days after the date of the Initial Order:

(a) Made the Initial Order publicly available by posting a copy on the Monitor’s (www.ey.com/ca/cover-all);

(b) Sent, by mail, notice to every known creditor advising them that the Initial Order is publicly available on the Monitor’s website; and

(c) Prepared a list of creditors including the names, addresses, and estimated amounts owed and made the list publicly available on the Monitor’s website.

APPLICATIONS TO LIFT THE STAY OF PROCEEDINGS

57. The Monitor understands that Clublink Corporation (“Clublink”) with respect to an action commenced in the Ontario Superior Court of Justice (the “Ontario Action”) and counsel representing two plaintiffs (“the plaintiffs”) regarding certain actions arising out of a collapse of a structure in Dallas (the “Dallas Action”) have requested that the stay of proceedings be lifted for limited purposes described below.

58. Clublink’s request to lift the stay of proceedings against Cover-All Building Systems Inc. (“CBSI”) was to establish its claim against CBSI in the Ontario Action and, if any judgement is obtained against CBSI, to enforce any such judgement only against insurance proceeds, if any, available to CBSI and not against the current or future assets of CBSI.

59. The request to lift the stay of proceedings regarding the Dallas Action is solely for the purpose of allowing the plaintiffs to establish their claims against CBSI and/or Summit Structures, LLC (“SSL”) in the Dallas Action so as to permit recovery against the insurers.

60. Cover-All and the Monitor have consented to the lifting of the stay of proceedings to allow the Ontario Action and Dallas Action to proceed for the limited purpose set out above.

COVER-ALL REQUEST FOR THE TERMINATION OF CCAA PROCEEDINGS

61. Pursuant to the Initial Order, as amended, the Stay Period continues to and including April 23, 2010. Cover-All is seeking an order to terminate the CCAA Proceedings (the "CCAA Termination Order").

62. The Monitor supports the Company's request for the CCAA Termination Order, and believes that the CCAA Termination Order is necessary given, among other things:

    (a) The Company's revised cash flow forecast demonstrates required DIP Financing of approximately $649,000 and no DIP Financing is in place or available to fund the CCAA Proceedings; and

    (b) The Lenders delivery of the Lenders' Notice provided in accordance with paragraph 33(b) of the Initial Order advising the Company of the Lenders intention to appoint the Proposed Receiver, over the assets, property and undertaking of the Applicants.

63. In the event that the Receivership Order is not granted, the Monitor recommends that a brief stay extension to April 30, 2010 be granted by this Honourable Court as discussed above.

RECOMMENDATIONS

64. The Monitor recommends that this Honourable Court;

(a) approve the CCAA Termination Order;

(b) in the alternative, if the Receivership Order is not granted by this Honourable Court, and the CCAA Termination Order is not made, to approve a brief stay extension until April 30, 2010 to facilitate the transition of the Applicants into bankruptcy proceedings or some other form of insolvency proceedings;

(c) approve the actions and activities of the Monitor; and

(d) approve the professional fees of the Monitor and its legal counsel incurred to April 9, 2010 and their estimated fees to conclude the CCAA proceedings.

All of which is respectfully submitted this 21st April 2010.

ERNST & YOUNG INC.
in its capacity as Court Appointed
Monitor of Cover-All

Neil Narfason, CA•CIRP, CBV
Senior Vice-President

Orest Konowalchuk, CA
Manager

APPENDIX A

Cash Flow Forecast
April 10, 2010 – April 30, 2010

APPENDIX A

Cover-All
Revised Cash-Flow Statement
For the period of April 16, 2010 to April 30, 2010 (the "Forecast Period")
(in CDN Dollars)

Week ending	Week 4 April 16, 2010	Week 5 April 23, 2010	Week 6 April 30, 2010	Total
RECEIPTS				
Cash receipts from sales	25,000	10,000	10,000	45,000
Other	208,440	-	-	208,440
Total receipts	233,440	10,000	10,000	253,440
DISBURSEMENTS				
Salaries and wages	139,250	95,053	95,053	329,356
Utilities	-	-	53,666	53,666
Lease costs	18,200	2,500	16,373	37,073
Legal fees	143,249	235,372	-	378,621
Engineering and public relation fees	60,000	30,000	40,000	130,000
Monitor fees	-	147,000	-	147,000
Monitor's counsel	46,869	86,200	-	133,069
Lender advisors' fees	-	79,000	200,000	279,000
Contingency	4,500	4,500	4,500	13,500
Total disbursements	412,068	679,625	409,592	1,501,285
NET CHANGE IN CASH	(178,628)	(669,625)	(399,592)	(1,247,845)
OPENING CASH	599,034	420,406	(249,219)	599,034
Net change in cash	(178,628)	(669,625)	(399,592)	(1,247,845)
ENDING CASH	420,406	(249,219)	(648,811)	(648,811)