

North York daycare files for bankruptcy after unexpected closure ^[1]

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EXCERPTS

A North York daycare has filed for bankruptcy weeks after closing unexpectedly, potentially leaving parents without thousands of dollars paid in deposits and tuition.

Willowbrae Academy North York CEO Alexey Alekseev told parents in an email last week that despite prior plans to issue full refunds, the sudden closure left the facility with a deficit from which it could not recover.

"Tomorrow you will be receiving information about the process to recover any outstanding tuition deposits or fees that are owed to you from our Trustee," the email stated.

The Willowbrae location, housed in the commercial building at 240 Duncan Mill Rd., closed on Aug. 9. The closure came a day after parents were informed the daycare would have to shut down indefinitely due to construction by the landlord.

For Salma Ahmad, whose three-year-old daughter Soraya attended Willowbrae, the development added to her growing frustration.

"It looks like I paid for August twice," she said, referring to her deposit — equivalent to a month's tuition — plus the tuition paid for this month.

She said her tuition was about \$1,500 each month.

The firm handling the bankruptcy, Harris & Partners Inc., told Global News parents are unlikely to see much if any of the money paid for tuition again because they are considered unsecured creditors, meaning banks, the landlord and staff get priority.

"In a situation like, this this is very personal thing," said Jay Harris, a licensed insolvency trustee and president of the firm.

"This is affecting all the families that have children here. We fully understand. We have compassion for the situation and wish we could do more."

Harris said there were about 90 students at the daycare. He said about 200 other families had paid deposits for future enrolment.

Both the landlord, Forest Ridge Inc., and the CEO of the former daycare, Alexey Alekseev, declined comment when contacted by Global News.

In a statement, Willowbrae Academy's corporate office said, in part, "While we are extremely sympathetic to this situation and to the families who find themselves in this very difficult position ... As independent business owners, franchisees are solely responsible for all the financial and business affairs of their respective locations."

Meanwhile, Ahmad said she has found alternative childcare for her daughter. But she said the situation should have been handled differently.

"It made me feel a little bit cheated," she said.

"I'm sure they knew that there were issues with the landlord or issues with their financial situation well in advance."

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Region: Ontario ^[3]

Source URL (modified on 27 Jan 2022): <https://childcarecanada.org/documents/child-care-news/19/08/north-york-daycare-files-bankruptcy-after-unexpected-closure>

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