

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**SUPPLEMENT TO THE SECOND REPORT OF  
IRA SMITH TRUSTEE & RECEIVER INC.**

**IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF  
STINSON HOSPITALITY INC.,  
DOMINION CLUB OF CANADA CORPORATION,  
THE SUITES AT 1 KING WEST INC. AND  
2076564 ONTARIO INC.**

**DATED OCTOBER 23, 2007**

**1.0 INTRODUCTION**

This report (the “**Supplemental Second Report**”) is filed by Ira Smith Trustee & Receiver Inc., in its capacity as court- appointed receiver and manager (the “**Receiver**”), pursuant to section 101 of the *Courts of Justice Act*, R.S.O 1990, c. C.43, as amended, of all of the assets, undertakings and properties of Stinson Hospitality Inc., Dominion Club of Canada Corporation, The Suites at 1 King West Inc. (“**Suites**”) and 2076564 Ontario Inc. (collectively referred to as the “**Debtors**”).

**2.0 REVISED EXHIBIT “I” TO THE SECOND REPORT**

The Second Report of the Receiver dated October 22, 2007 (the “**Second Report**”), filed with this Honourable Court, disclosed that Suites maintains two types of funds under the rental management agreements with unit owners (the “**RMA’s**”): (i) general operating funds derived from income from the hotel operations at 1 King Street West, less expenditures required to operate the rental management program, with the owners’ distributions being funded through the

CONSOLIDATED STATEMENT OF RECEIPTS & DISBURSEMENTS OF							
IRA SMITH TRUSTEE & RECEIVER INC. AS RECEIVER AND MANAGER OF THE DEBTORS FOR THE PERIOD FROM AUGUST 25, 2007 TO OCTOBER 17, 2007							
	SUITES AT 1 KING WEST <i>Operating A/C</i>	SUITES AT 1 KING WEST <i>Owners A/C Note 1</i>	SUITES AT 1 KING WEST <i>FF&amp;E Note 2</i>	2076564 HOUSEKEEPING	DOMINION CLUB	STINSON HOSPITALITY  <i>Note 3</i>	TOTAL
<b>Opening Bank Balance August 25, 2007</b>	<b>\$ 1,323,926</b>	<b>\$ 340,321</b>	<b>\$ 67,720</b>	<b>\$ 44,253</b>	<b>\$ 39,114</b>	<b>\$ -</b>	<b>\$1,815,334</b>
REVENUE & A/R COLLECTIONS- including GST Transfer	3,249,138	481,603	697,052	469,533	625,479	170,050	4,514,200
<b>TOTAL RECEIPTS</b>	<b>3,249,138</b>	<b>481,603</b>	<b>697,052</b>	<b>469,533</b>	<b>632,694</b>	<b>170,050</b>	<b>5,700,070</b>
EXPENSES UNDER \$5000	38,469			4,953	14,326		57,748
CK ATLANTIS - fees and disbursements						48,057	48,057
GOODMANS LLP						60,296	60,296
IRA SMITH TRUSTEE & RECEIVER INC. MANAGEMENT FEES -SHI	138,250					61,648	138,250
RENT	31,800						31,800
DOMINION CLUB	175,378						175,378
FOOD & BEVERAGE	-				135,391		135,391
LEASE PAYMENTS	-						
LINEN, LAUNDRY & SUPPLIES	18,765				3,625		22,390
GENERAL EXPENSE	22,549				4,071		26,620
HOUSEKEEPING	453,507						453,507
PAYROLL & SOURCE DEDUCTIONS	521,312			415,085	290,938		1,227,335
PARKING	-				1,698		1,698
RECEIVER GENERAL - GST	54,087			31,374	12,345		97,806
RECEIVER GENERAL - Non Resident Tax	18,765						18,765
INSURANCE	65,749						65,749
TRANSFER TO FF&E	697,052				17,501		714,553
MINISTRY OF FINANCE - PST	68,799						68,799
OWNER DISTRIBUTION ACCOUNT	481,603	694,347					1,175,950
CREDIT CARD COMMISSION	26,292				5,002		31,294
MAINTENANCE	29,320						29,320
GREATER T.O. HOTEL ASSOCIATION	33,554						33,554
	-						
<b>TOTAL DISBURSEMENTS</b>	<b>2,875,251</b>	<b>694,347</b>	<b>-</b>	<b>451,412</b>	<b>484,897</b>	<b>170,000</b>	<b>4,675,907</b>
<b>Ending Bank Balance Oct 17, 2007</b>	<b>\$ 1,697,813</b>	<b>\$ 127,577</b>	<b>\$ 764,772</b>	<b>\$ 62,374</b>	<b>\$ 186,911</b>	<b>\$ 50</b>	<b>\$2,839,497</b>

**NOTES:**

1. A transfer in the amount of \$873,951 will be made from Suites' operating account to the owners account during the week of October 22, 2007 representing the September profit distribution.
2. A transfer in the amount of \$67,396 is currently scheduled to be made from Suites' operating account to the FF&E account during the week of October 22, 2007 representing the September contribution.
3. The Receiver opened a receivership trust bank account for SHI at The Toronto-Dominion Bank on October 15, 2007.
4. The ending balance in the Suites' owners account represents outstanding cheques from prior distributions that are not stale dated. Management currently does not have any procedure for making inquiries of owners who do not cash distribution cheques as a new distribution is being issued. The Receiver intends to implement such a procedure as part of a wider implementation of certain improvements during November, 2007.

balance; and (ii) the Capital Expense Reserve Fund (as defined in the individual RMA's) required under the individual RMA's on account of future capital expenditures as defined in the individual RMA's (the "**FF&E reserve**").

In light of the amended motion material served by counsel for Toronto Standard Condominium Corporation 1703 late in the day on October 23, 2007, and in the interests of more fulsome disclosure regarding the FF&E reserve and unit owners' distribution account (the "**Owner Account**"), the Receiver has revised the Consolidated Statement of Receipts and Disbursements for the period from August 25, 2007 to October 17, 2007, in respect of the Debtors attached as Exhibit "T" to the Second Report. Attached to this Second Supplemental Report is Exhibit "T", as revised (the "**Revised Statement**").

The Revised Statement indicates that, since the date of its appointment, \$481,603 has been transferred by the Receiver from Suites' general operating account to the Owner Account and \$697,052 has been transferred from Suites' general operating account to the FF&E reserve. The Receiver notes that the FF&E reserve had a balance of only \$67,720 as of the date the Receiver was appointed compared to a balance of \$764,772 as of October 17, 2007.

The Receiver notes that the significant amount it transferred to the FF&E reserve could have been maintained in Suites' general operating account and applied to future expenditures required in operating the rental management program, but that the Receiver chose to allocate those funds to the FF&E reserve to expedite the flow of funds from the general operating account. The Receiver respectfully submits that it is entitled to look to the FF&E reserve funds to aid in the funding of the receivership costs. In doing so, the Receiver would not be drawing from funds to which unit owners are entitled. As discussed in the Second Report, under the terms of the

RMA's, while the FF&E reserve is to be held in a segregated account, the funds are not held in trust and the RMA's specifically provide that unit owners who terminate the RMA's have no ability to recover a portion of the FF&E reserve.

The Revised Statement also indicates that the Receiver intends to transfer the amount of \$873,951 from Suites' operating account to the Owner Account during the week of October 22, 2007, representing unit owners' profit distribution for the month of September. The Receiver has also scheduled the transfer of the amount of \$67,396 from the Suites' operating account to the FF&E reserve for the week of October 22, 2007, representing the September contribution to the FF&E reserve fund in accordance with the terms of the RMA's.

At the present time, the Receiver intends to continue making unit owner distributions in accordance with paragraph 5 of the Order of the Ontario Superior Court of Justice dated August 24, 2007, pursuant to which it was appointed and intends to continue to fund the FF&E reserve, to the extent funds are available in Suites' operating account to do so, and to look to such reserve to aid in funding the receivership costs.

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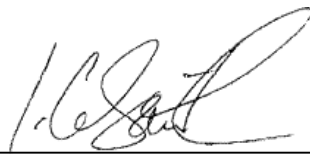
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All of which is respectfully submitted at Toronto, Ontario this 23rd day of October, 2007.

**IRA SMITH TRUSTEE & RECEIVER INC.,**

solely in its capacity as the Court-Appointed Receiver  
of Stinson Hospitality Inc., Dominion Club of Canada Corporation, The Suites at 1 King West  
Inc., and 2076564 Ontario Inc., and not in its personal Capacity

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



Ira Smith  
President

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REVENUE & A/R COLLECTIONS- including GST	3,249,138			469,533	625,479	170,050	4,514,200
Transfer		481,603	697,052		7,215		1,185,870
<b>TOTAL RECEIPTS</b>	<b>3,249,138</b>	<b>481,603</b>	<b>697,052</b>	<b>469,533</b>	<b>632,694</b>	<b>170,050</b>	<b>5,700,070</b>
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