



**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

VANCOUVER CITY SAVINGS CREDIT UNION

Petitioner

AND:

371392 B.C. LTD.  
371392 B.C. LTD. doing business as DIAMOND HEAD MOTOR  
INN and DIAMOND HEAD MOTEL  
1134365 B.C. LTD.  
H.D.P. HOLDINGS INC.  
FARHEEN RAWJI  
DIPTI PANCHAL  
HITESH PANCHAL  
ALL TENANTS AND OCCUPIERS OF THE SUBJECT  
LANDS

Respondents

**REQUISITION - GENERAL**

**REQUIRED:**

Please file the attached First Report of the Court-Appointed Receiver and Manager, D. Manning & Associates Inc., made as of August 19, 2020.

Dated: August 24, 2020

A handwritten signature in blue ink, appearing to read "Alan Frydenlund".

Solicitor for Receiver and Manager

Name and address of Solicitor for the Receiver and Manager:

Alan A. Frydenlund, Q.C. OWEN BIRD LAW CORPORATION, P.O. Box 49130, 2900 – 595  
Burrard Street, Vancouver, BC V7X 1J5 Tel.: (604) 688-0401

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

VANCOUVER CITY SAVINGS CREDIT UNION

Petitioner

AND:

371392 B.C. LTD.  
371392 B.C. LTD. doing business as DIAMOND HEAD MOTOR  
INN and DIAMOND HEAD MOTEL  
1134365 B.C. LTD.  
H.D.P. HOLDINGS INC.  
FARHEEN RAWJI  
DIPTI PANCHAL  
HITESH PANCHAL  
ALL TENANTS AND OCCUPIERS OF THE SUBJECT LANDS

Respondents

**IN THE MATTER OF THE RECEIVERSHIP OF**

**371392 B.C. LTD. dba DIAMOND HEAD MOTOR INN and DIAMOND HEAD MOTEL**

**FIRST REPORT OF THE COURT-APPOINTED  
RECEIVER AND MANAGER,  
D. MANNING & ASSOCIATES INC.**

AUGUST 19, 2020

D. MANNING & ASSOCIATES INC.  
COURT-APPOINTED RECEIVER AND MANAGER OF THE  
ASSETS, UNDERTAKINGS AND PROPERTY OF  
371392 B.C. LTD. dba DIAMOND HEAD MOTOR INN and DIAMOND HEAD MOTEL  
Suite 520 – 625 Howe Street  
Vancouver, B.C. V6C 2T6  
(604) 683-8030, Fax (604) 683-8327  
[www.manning-trustee.com](http://www.manning-trustee.com)

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

VANCOUVER CITY SAVINGS CREDIT UNION

Petitioner

AND:

371392 B.C. LTD.  
371392 B.C. LTD. doing business as DIAMOND HEAD MOTOR  
INN and DIAMOND HEAD MOTEL  
1134365 B.C. LTD.  
H.D.P. HOLDINGS INC.  
FARHEEN RAWJI  
DIPTI PANCHAL  
HITESH PANCHAL  
ALL TENANTS AND OCCUPIERS OF THE SUBJECT LANDS

Respondents

**IN THE MATTER OF THE RECEIVERSHIP OF**

**371392 B.C. LTD. dba DIAMOND HEAD MOTOR INN and DIAMOND HEAD MOTEL**

**FIRST REPORT OF THE COURT-APPOINTED  
RECEIVER AND MANAGER,  
D. MANNING & ASSOCIATES INC.**

AUGUST 19, 2020

D. MANNING & ASSOCIATES INC.  
COURT-APPOINTED RECEIVER AND MANAGER OF THE  
ASSETS, UNDERTAKINGS AND PROPERTY OF  
371392 B.C. LTD. dba DIAMOND HEAD MOTOR INN and DIAMOND HEAD MOTEL  
Suite 520 – 625 Howe Street  
Vancouver, B.C. V6C 2T6  
(604) 683-8030, Fax (604) 683-8327  
[www.manning-trustee.com](http://www.manning-trustee.com)



## 1) INTRODUCTION

This is the First Report of D. Manning & Associates Inc. as Receiver and Manager (“**the Receiver**”) of the Assets, Undertakings and Property of 371392 B.C. Ltd. dba Diamond Head Motor Inn and Diamond Head Motel (“**the Company**”).

The Company is the owner and operator of the Diamond Head Motor Inn, a Motel located at 32550 Logan Avenue, Mission, B.C. (“**the Motel**”) with 40 guest rooms and one manager’s residence room.

The Company was incorporated on August 23, 1989 under Incorporation Number BC0371392. The Directors are Mr. Hitesh Panchal and Ms. Farheen Rawji.

## 2) INITIAL APPOINTMENT

Vancouver City Savings Credit Union (“**Vancity**”) made an application to the Supreme Court of British Columbia (“**the Court**”) for the appointment of a Receiver. The application was heard on June 24, 2020 before the Honourable Mr. Justice Walker under Action No. VLC-S-H-200252. The Receivership Order was pronounced that day. A copy of the Receivership Order is attached as **Schedule “A”**.

## 3) CONSERVATORY AND PROTECTIVE MEASURES

Upon our appointment as Receiver on June 24, 2020, we took the following conservatory and protective measures:

- 1) Advising the principal of the Company, Mr. Hitesh Panchal, of our appointment;
- 2) Advising the General Manager of the Motel, Mr. Dipti Panchal, of our appointment;
- 3) Preparing statutory notices including the Form 7 and Notice and Statement of Receiver and Manager;
- 4) Publishing the statutory notice in the *Vancouver Province* on July 2, 2020;
- 5) Informing all utilities of the appointment of the Receiver and setting up new accounts in the name of the Receiver for B.C. Hydro, Fortis B.C., Telus, and Shaw Cable;
- 6) Advising the District of Mission of the appointment of the Receiver and requesting statements of property taxes and municipal water/sewer charges owing;
- 7) Contacting Intact Insurance and advising them of the appointment of the Receiver and arranging for payment of insurance arrears to Snap Premium Finance and post-dated monthly cheques to October 22, 2020, and adding the Receiver as a named insured and adding Vancity as a loss payee;
- 8) Setting up a WorkSafeBC account in the name of the Receiver;
- 9) Setting up Canada Revenue Agency (“**CRA**”) accounts for source deductions and Goods and Services Tax (“**GST**”);
- 10) Setting up an account with the British Columbia Ministry of Finance for Provincial Sales Tax (“**PST**”);
- 11) Attending the Motel on June 24, 2020 and meeting with Mr. Hitesh Panchal, and viewing the Motel property;
- 12) Informing all employees of the appointment of the Receiver, terminating their employment, informing them of their rights under the *Wage Earner Protection Plan* (WEPP), and rehiring them through the Receiver;



#### 4) DESCRIPTION OF THE PROPERTY

The Motel Property is legally described as follows:

PID: 003-439-411  
LOT 114 EXCEPT: PART ROAD ON PLAN 87258, DISTRICT LOT 165 GROUP 3  
NEW WESTMINSTER DISTRICT PLAN 64278

The Motel, which was build around 1982, is located on a rectangular lot of 43,917 square feet. The Motel is a standard, wood frame, two level motel, 19,242 square feet, comprising about 15% of the lot area. There are 52 parking spaces.

The Motel Property is zoned CH2 (Commercial Highway Two Zone).

#### 5) FINANCIAL POSITION

The Receiver has prepared a Monthly Cash Flow Projection for the period August 1, 2020 to January 31, 2021, with notes, attached as **Schedule "B"** and projecting a closing balance as of January 31, 2021 of \$141,562, after estimated capital repairs and before interest, receivership costs, legal costs, and repayment of Receiver and Manager's borrowings, plus interest.

The Receiver has also prepared a Monthly Operating Budget for the period August 1, 2020 to January 1, 2021 (six months), with notes, attached as **Schedule "C"**, which indicates a projected Operating Net Profit of \$95,159 before interest, amortization and taxes.

#### 6) CAPITAL REPAIRS

Mr. Hitesh Panchal has advised us of the following known capital repairs required for the Motel for the period August 1, 2020 to January 31, 2021 other than the insurance claim repairs (see Section 10, below):

<u>Item</u>	<u>Estimated cost including PST and GST (\$)</u>	
Hot water tanks (2)	21,000	
Roof repairs (patching leaks)	28,000	(replacement cost: \$90,000)
3 Motel rooms out of order	<u>21,000</u>	
<b>Estimated total</b>	<b><u>70,000</u></b>	

One of the hot water tanks is out of order and the other was repaired some time ago but now needs replacement.

The three out of order Motel rooms require flooring, bathroom and paint work in order to make them useable for operations, with work to commence after FirstOnSite Restoration Limited ("**FirstOnSite**") completes its insurance claim repairs. The three rooms are currently storing furniture from other rooms that are affected with water damage.

When capital repairs are required, the Receiver will obtain a quotation and arrange to complete the capital repairs, where necessary.

## 7) ROOM REVENUES

The Company has entered into an arrangement with B.C. Housing to rent out 17 rooms for a three month period. 16 of these rooms will house two people each, with one room occupied by a B.C. Housing employee who will supervise the other occupants. B.C. Housing will pay the Company \$60 per day per room, which equated to \$31,620 plus GST and PST for the month of August 2020. Whether or not the arrangement is extended beyond September 30, 2020 will depend on the status of renovations to B.C. Housing's main facility in Mission.

## 8) TRADE ACCOUNTS RECEIVABLE

The Receiver collected \$322.05 relating to pre-Receivership Trade Accounts Receivable. There are no other known Trade Accounts Receivable.

## 9) OTHER ACCOUNTS RECEIVABLE

Mr. Hitesh Panchal has filed a claim for the Canada Emergency Wage Subsidy ("CEWS") for the following periods:

<u>Period</u>	<u>\$</u>
March 15, 2020 to April 11, 2020	4,538.29
April 12, 2020 to May 9, 2020	4,776.88
May 10, 2020 to June 6, 2020	4,877.52
June 7, 2020 to July 4, 2020	<u>1,909.22</u>

**TOTAL** **16,101.91**

The Receiver will be filing a further CEWS claim for the period July 5, 2020 to August 1, 2020, with the amount of the claim still to be determined. Mr. Hitesh Panchal contacted CRA and has been advised by them that the Company is in arrears on its source deductions, and CRA will not process the CEWS claims until the source deduction arrears have been paid to date. The Receiver has paid the pre-Receivership source deductions.

The Company has a potential derivative action against Ms. Farheen Rawji and 1134365 B.C. Ltd. for \$18,000 withdrawn from the Company's account by her prior to the Receiver's appointment. This action is viewed as sub-economic by the Receiver, and therefore this action has been commenced by Mr. Hitesh Panchal on behalf of the Company. All costs of the litigation will be borne personally by Mr. Panchal.

## 10) INSURANCE COVERAGE AND INSURANCE CLAIM

The Receiver contacted the Company's insurance broker, Intact Insurance Company ("Intact"), in order to advise them of the appointment of the Receiver and arranging for payment of insurance arrears and adding the Receiver as a named insured and Vancity as a loss payee.

The Company has an outstanding insurance claim #9032783163 for flood damages that occurred on January 16, 2020, prior to our appointment. Twelve (12) rooms had water damage from a burst

pipeline. The pipe was frozen and broke between the second and first floors. Areas affected were the flooring on the second floor, ceiling on the first floor, and walls were damaged.

The breakdown of the insurance claim is as follows:

<u>Item</u>	<u>Claim before GST (\$)</u>	<u>GST paid (\$)</u>	<u>Total claim including GST (\$)</u>
Repair estimate	53,926.02	2,696.34	56,622.36
Contents	2,669.37	133.47	2,802.84
Emergency repairs	47,636.88	2,381.84	50,018.72
<b>TOTALS</b>	<b><u>104,232.27</u></b>	<b><u>5,211.65</u></b>	<b><u>109,443.92</u></b>
Less: Storage costs billed by the Company to Intact Insurance Company		(3,100.00)	
Paid by the Receiver and Manager		<b><u>2,111.65</u></b>	

The Company is responsible for GST paid or payable on the repairs totalling \$5,211.65, of which we requested that Intact pay \$3,100.00 on our behalf to FirstOnSite and the Receiver paid the balance due of \$2,111.65.

FirstOnSite initially estimated that their work would take 40 days, but has now advised that due to the COVID-19 situation it may be longer than that. On August 17, 2020, the Receiver signed a copy of a Commercial Work Authorization and 2020 Recovery Contract with FirstOnSite. FirstOnSite will advise the Receiver on the timeline for repairs, when known.

The Receiver will be claiming \$5,211.65 of GST Input Tax Credits in their GST return for the quarter ending October 31, 2020.

## 11) APPRAISAL

CBRE Limited has provided the Receiver with a quotation of \$7,000 plus taxes to perform an updated appraisal on the Motel, and the Receiver recommends commissioning such an appraisal if the Receiver determines that a refinancing of the Company is not imminent (see Section 14, below).

## 12) SECURED CREDITORS

Source deductions of \$6,404.02, for payroll for the period February 16, 2020 to June 23, 2020, have been paid by the Receiver in order to allow CRA to process CEWS claims.

The Receiver received a Notice of Assessment from WorkSafeBC for the period ended June 23, 2020, and has paid the debt of \$774.01 in order to avoid interest.

Provincial Sales Tax of \$5,946.01 is owing for the period March 1, 2020 to June 23, 2020. This amount is payable by September 30, 2020.

Goods and Services Tax of \$2,921.84 is owing for the period February 1, 2020 to June 23, 2020. This amount is payable by September 30, 2020.



The Receiver has paid the 2020 property taxes to the District of Mission in the amount of \$22,424.86, and the District of Mission municipal water/sewer charges in the amount of \$3,601.90 for the period ended June 30, 2020.

Vancity was owed \$1,660,522.03 on its mortgage as of June 24, 2020, plus accrued interest and costs, and Vancity is owed a further \$85,000 on its mortgage for Receiver's borrowings, plus accrued interest.

The Receiver recommends paying outstanding pre-Receivership PST and pre-Receivership GST, in order to avoid penalties and interest.

The Receiver has requested that Mr. Hitesh Panchal work on bringing the Company's books up to date from September 1, 2019 to June 23, 2020, and he has advised that he is doing so.

### 13) UNSECURED CREDITORS

Corporate income taxes for the year ended August 31, 2019 are \$7,604.68, per the Notice of Assessment. There will be further corporate income taxes due for the year ending August 31, 2020, amount to be determined. These will be an unsecured claim.

Other unsecured creditors identified by the Receiver are as follows:

	\$
Ribeyre Chang Haylock CPA	5,844.94
0888806 B.C. Ltd. (Yasin Amlani)	156,166.16
B.C. Hydro	365.87
Fortis B.C.	TBD
Shaw Cable	792.21
Hitesh Panchal	2,000.00
Dipti Panchal	2,000.00
0777117 B.C. Ltd.	4,000.00
Salma Mitha	2,000.00
Canada Emergency Business Account c/o Vancouver City Savings Credit Union	40,000.00
Termination pay (3 employees)	TBD

### 14) OTHER CORPORATE INCOME TAX CONSIDERATIONS

The tax value of the Company's assets (land, building and chattels) as per the Company's corporate income tax return (T2) for the year ended August 31, 2019 is as follows:

	\$
Land, at cost	169,191.00
Undepreciated capital cost as per T2S(8):	
Class 1 - Buildings	198,743.00
Class 2 - Chattels	19,314.00
Class 3 - Chattels	<u>4,747.00</u>
	<u>222,804.00</u>

**Total tax value of Company's assets**    **391,995.00**

If and when the Motel is eventually sold, it will trigger a substantial taxable Capital Gain (“CG”) and recapture of Capital Cost Allowance (“CCA”) due to the low Adjusted Cost Base (“ACB”).

## **15) POTENTIAL REFINANCING**

Mr. Hitesh Panchal has advised the Receiver that he is working on a potential refinancing of the Company with a private lender. However, he has advised that the private lender may require some more equity to be put into the Motel, and that he is not likely to obtain a Letter of Intent until at least the end of August 2020.

## **16) STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**

The Receiver and Manager's Interim Statement of Cash Receipts and Disbursements for the period June 24, 2020 to July 31, 2020, with notes, is attached as **Schedule “D”**, showing an adjusted working capital balance as at July 31, 2020 of \$90,165.63.

## **17) RECEIVER AND MANAGER'S BORROWINGS**

The Court Order appointing the Receiver set the Receiver's borrowing limit at \$150,000. To date, the Receiver has borrowed \$85,000. At this time it is not anticipated that further borrowings will be required, and that the present borrowing limit is sufficient.

## **18) RECEIVER AND MANAGER'S RECOMMENDATIONS**

The Receiver makes the following recommendations:

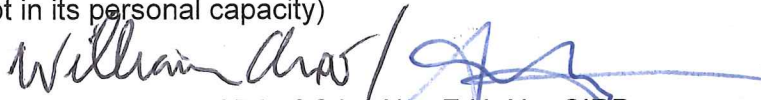
- 1) Continue to manage and monitor the business operations of the Motel, and paying all operating and Receivership costs, and capital repairs, when required;
- 2) Pay outstanding pre-Receivership PST and GST;
- 3) Monitor the status of the insurance claim and repairs to the Motel with the affected damage;
- 4) Monitor the status of refinancing of the Company by Mr. Hitesh Panchal;
- 5) If the Receiver determines that refinancing is not imminent, obtain a new appraisal of the Motel from CBRE Limited;
- 6) If necessary, apply to Court to upgrade the Receiver's powers to include Conduct of Sale over the Motel;
- 7) If necessary, obtain listing proposals on the Motel from realtors;
- 8) If necessary, select a realtor and negotiate a listing agreement with them;
- 9) If necessary, monitor the realtor's marketing activities;
- 10) If necessary, review offers presented by the realtor and accept an offer, subject to Court approval;
- 11) If necessary, apply for Court approval and a Vesting Order on the accepted offer;
- 12) If necessary, complete the sale;
- 13) Prepare and file the Company's income tax returns and determine the amount of corporate income taxes due relating to the year ending August 31, 2020 and, if necessary, a further T2 Corporate Income Tax Return on the sale of the Motel;
- 14) Prepare and file the Receiver's quarterly and final GST returns and pay any amounts due;

- 15) Make a distribution to Vancity of surplus funds, to be applied against repayment of Receiver's borrowings plus accrued interest, and then their mortgage;
- 16) After Vancity is paid out on its mortgage to the Company, pay out surplus funds (if any) as directed by the Court;
- 17) Apply for the Receiver's discharge and passing of accounts;

Should you have any questions or comments, please contact either of the writers.

Yours truly,

**D. MANNING & ASSOCIATES INC.**  
**COURT-APPOINTED RECEIVER AND MANAGER OF THE**  
**ASSETS, UNDERTAKINGS AND PROPERTY OF**  
**371392 B.C. LTD. dba DIAMOND HEAD MOTOR INN and DIAMOND HEAD MOTEL**  
(not in its personal capacity)



Per: William Choo, CPA, CGA / Alex E.H. Ng, CIRP

Attachments

cc. Mr. Alan Frydenlund, Owen Bird Law Corporation



SCHEDULE "A"

COURT ORDER APPOINTING RECEIVER  
DATED JUNE 24, 2020

---



No. VLC-S-H-200252  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

VANCOUVER CITY SAVINGS CREDIT UNION

Petitioner

AND:

371392 B.C. LTD.  
371392 B.C. LTD. doing business as DIAMOND HEAD MOTOR  
INN and DIAMOND HEAD MOTEL  
1134365 B.C. LTD.  
H.D.P. HOLDINGS INC.  
FARHEEN RAWJI  
DIPTI PANCHAL  
HITESH PANCHAL  
ALL TENANTS AND OCCUPIERS OF THE SUBJECT  
LANDS

Respondents

**IN THE MATTER OF THE RECEIVERSHIP OF  
371392 B.C. LTD. doing business as DIAMOND HEAD MOTOR INN  
and DIAMOND HEAD MOTEL**

**ORDER MADE AFTER APPLICATION**

BEFORE THE HONOURABLE )

MR. JUSTICE WALKER )

) WEDNESDAY THE 24<sup>TH</sup> DAY OF JUNE  
) 2020  
)

ON THE APPLICATION of the Petitioner and Applicant for an Order pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and Section 39 of the *Law and Equity Act*, R.S.B.C. 1996 c. 253, as amended (the "LEA") appointing **D. Manning & Associates Inc.** as Receiver and Manager (in such capacity, the "Receiver") without security, of all of the assets, undertakings and property of 371392 B.C. LTD. doing business as DIAMOND HEAD MOTOR INN and DIAMOND HEAD MOTEL (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, coming on for hearing this day, by teleconference, at Vancouver, British Columbia.

AND ON READING the Affidavits #1 and #2 of Frank Seminara sworn June 22, 2020, and Affidavit #1 of Gemma Potts sworn June 19, 2020 and the consent of **D. Manning & Associates Inc.** to act as the Receiver; AND ON HEARING Alan A. Frydenlund QC, Counsel for the Petitioner and other counsel and persons as listed on Schedule "C" hereto, and no one else appearing, although duly served.

THIS COURT ORDERS AND DECLARES that:

#### APPOINTMENT

1. Pursuant to Section 243(1) of the BIA and Section 39 of the LEA **D. Manning & Associates Inc.** is appointed Receiver, without security, of all of the assets, undertakings and property of the Debtor, including all proceeds (the "**Property**").

#### RECEIVER'S POWERS

2. The Receiver is empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
  - (a) to take possession of and exercise control over the Property and any and all receipts and disbursements arising out of or from the Property;
  - (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, changing locks and security codes, relocation of Property, engaging independent security personnel, taking physical inventories and placing insurance coverage;
  - (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
  - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including, without limitation, those conferred by this Order;
  - (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
  - (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting these amounts, including, without limitation, enforcement of any security held by the Debtor;
  - (g) to settle, extend or compromise any indebtedness owing to the Debtor;



- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, manage and direct all legal proceedings now pending or hereafter pending (including appeals or applications for judicial review) in respect of the Debtor, the Property or the Receiver, including initiating, prosecuting, continuing, defending, settling or compromising the proceedings, all with the exception of the continued litigation cited in paragraph 8 herein, or any future litigation filed with the written consent of the Receiver or filed with leave of this Court;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business:
  - (i) without the approval of this Court in respect of a single transaction for consideration up to \$10,000, provided that the aggregate consideration for all such transactions does not exceed \$75,000; and
  - (ii) with the approval of this Court in respect of any transaction in which the individual or aggregate purchase price exceeds the limits set out in subparagraph (i) above,and in each such case notice under Section 59(10) of the *Personal Property Security Act*, R.S.B.C. 1996, c. 359 shall not be required;
- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers, free and clear of any liens or encumbrances;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver considers appropriate on all matters relating to the Property and the receivership, and to share information, subject to confidentiality terms as the Receiver considers appropriate;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if considered necessary or appropriate by the Receiver, in the name of the Debtor;
- (p) to enter into agreements with any licensed insolvency trustee appointed in respect of the Debtor, including, without limitation, the ability to enter into occupation agreements for any property owned or leased by the Debtor;

- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

3. Each of (i) the Debtor; (ii) all of the Debtor's current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf; and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (collectively, "Persons" and each a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request.
4. All Persons, other than governmental authorities, shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (collectively, the "Records") in that Person's possession or control. Upon request, governmental authorities shall advise the Receiver of the existence of any Records in that Person's possession or control.
5. Upon request, all Persons shall provide to the Receiver or permit the Receiver to make, retain and take away copies of the Records and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities, provided however that nothing in paragraphs 4, 5 or 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to solicitor client privilege or statutory provisions prohibiting such disclosure.
6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by an independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may require including,



without limitation, providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

7. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

#### **NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY**

8. No Proceeding, against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are stayed and suspended pending further Order of this Court; provided, however, action number NEW-S-S-227458 of the New Westminster Registry of this Court may be continued and nothing in this Order shall prevent any Person from commencing a Proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such Proceeding is not commenced before the expiration of the stay provided by this paragraph and provided that no further step shall be taken in respect of the Proceeding except for service of the initiating documentation on the Debtor and the Receiver.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

9. All rights and remedies (including, without limitation, set-off rights) against the Debtor, the Receiver, or affecting the Property, are stayed and suspended (except the litigation or future litigation cited in paragraph 8 herein) and with the written consent of the Receiver or leave of this Court, provided however that nothing in this Order shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) affect the rights of any regulatory body as set forth in section 69.6(2) of the BIA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien. This stay and suspension shall not apply in respect of any "eligible financial contract" as defined in the BIA.

#### **NO INTERFERENCE WITH THE RECEIVER**

10. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an eligible financial contract from closing out and terminating such contract in accordance with its terms.

#### **CONTINUATION OF SERVICES**

11. All Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all



computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

#### RECEIVER TO HOLD FUNDS

12. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever including, without limitation, the sale of all or any of the Property and the collection of any accounts receivable, in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post-Receivership Accounts") and the monies standing to the credit of such Post-Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

#### EMPLOYEES

13. Subject to the employees' right to terminate their employment, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities of the Debtor, including any successor employer liabilities as referred to in Section 14.06(1.2) of the BIA, other than amounts the Receiver may specifically agree in writing to pay or in respect of obligations imposed specifically on receivers by applicable legislation, including sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, S.C. 2005, c.47. The Receiver shall be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts relating to any employees that the Receiver may hire in accordance with the terms and conditions of such employment by the Receiver.

#### PERSONAL INFORMATION

14. Pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 or Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c. 63, the Receiver may disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information

and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

#### **LIMITATION ON ENVIRONMENTAL LIABILITIES**

15. Nothing in this Order shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release, or deposit of a substance contrary to any federal, provincial or other law relating to the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination (collectively "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation.
16. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless the Receiver is actually in possession.
17. Notwithstanding anything in federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arises or environmental damage that occurred:
  - (a) before the Receiver's appointment; or,
  - (b) after the Receiver's appointment, unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
18. Notwithstanding anything in federal or provincial law, but subject to paragraph 17 of this Order, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, if the Receiver complies with the BIA section 14.06(4), the Receiver is not personally liable for the failure to comply with the order and is not personally liable for any costs that are or would be incurred by any Person in carrying out the terms of the order.

#### **LIMITATION ON THE RECEIVER'S LIABILITY**

19. The Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except:



- (a) any gross negligence or wilful misconduct on its part; or
- (b) amounts in respect of obligations imposed specifically on receivers by applicable legislation.

Nothing in this Order shall derogate from the protections afforded the Receiver by Section 14.06 of the BIA or by any other applicable legislation.

#### RECEIVER'S ACCOUNTS

- 20. The Receiver and its legal counsel, if any, are granted a charge (the "Receiver's Charge") on the Property as security for the payment of their fees and disbursements, in each case at their standard rates, in respect of these proceedings, whether incurred before or after the making of this Order. The Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
- 21. The Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are referred to a judge of the Supreme Court of British Columbia and may be heard on a summary basis.
- 22. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands;
  - (a) against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court;
  - (b) In payment of any charges for taxes and utilities, or insurance premiums which relate to any of the Property;
  - (c) In repayment of the Receiver's interim advances on its borrowings;
  - (d) In reduction of the amount owing on the Petitioner's mortgage.

#### FUNDING OF THE RECEIVERSHIP

- 23. The Receiver is authorized and empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$150,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as the Receiver deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and



charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

24. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
25. The Receiver is authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.
26. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

#### **ALLOCATION**

27. Any interested party may apply to this Court on notice to any other party likely to be affected for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the Property.

#### **SERVICE AND NOTICE OF MATERIALS**

28. The Receiver shall establish and maintain a website in respect of these proceedings at: [www.manning-trustee.com](http://www.manning-trustee.com) (the "**Website**") and shall post there as soon as practicable:
  - (a) all materials prescribed by statute or regulation to be made publicly available, including pursuant to Rule 10-2 of the *Supreme Court Civil Rules*; and,
  - (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.
29. Any Person who is served with a copy of this Order and that wishes to be served with any future application or other materials in these proceedings must provide to counsel for each of the Receiver and the Applicant a demand for notice in the form attached as Schedule B (the "**Demand for Notice**"). The Receiver and the Applicant need only provide further notice in respect of these proceedings to Persons that have delivered a properly completed Demand for Notice. The failure of any Person to provide a properly completed Demand for Notice releases the Receiver and the Applicant from any requirement to provide further notice in respect of these proceedings until such Person delivers a properly completed Demand for Notice.

30. The Receiver shall maintain a service list identifying all parties that have delivered a properly completed Demand for Notice (the "Service List"). The Receiver shall post and maintain an up-to-date form of the Service List on the Website.
31. Any interested party, including the Receiver, may serve any court materials in these proceedings by facsimile or by emailing a PDF or other electronic copy of such materials to the numbers or addresses, as applicable, as may be obtained. Any interested party, including the Receiver, may serve any court materials in these proceedings by mail to any party on the Service List that has not provided a facsimile number or email address, and materials delivered by mail shall be deemed received five (5) days after mailing.
32. Notwithstanding paragraph 31 of this Order, service of the Notice of Application and any affidavits filed in support shall be made on the Federal and British Columbia Crowns in accordance with the *Crown Liability and Proceedings Act*, R.S.C. 1985, c.C-50 and its regulations for the Federal Crown and the *Crown Proceedings Act*, R.S.B.C. 1996 c.89 in respect of the British Columbia Crown.
33. The Receiver and its counsel are authorised to serve or distribute this Order, any other orders and any other materials as may be reasonably required in these proceedings, including any notices or other correspondence, by forwarding copies by facsimile or by email to the Debtor's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of any legal or juridical obligation and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*.

#### GENERAL

34. Any interested party may apply to this Court to vary or amend this Order on not less than seven (7) clear business days' notice to the Service List and to any other party who may be affected by the variation or amendment, or upon such other notice, if any, as this Court may order.
35. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
36. Nothing in this Order shall prevent the Receiver from acting as a Licensed Insolvency Trustee of the Debtor.
37. This Court requests the aid, recognition and assistance of any court, tribunal, regulatory or administrative body having jurisdiction, wherever located, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All such courts, tribunals and regulatory and administrative bodies are respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
38. The Receiver is authorized and empowered to apply to any court, tribunal or regulatory or administrative body, wherever located, for recognition of this Order and for assistance in

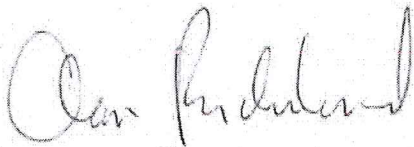


carrying out the terms of this Order and the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

39. The Applicant shall have its costs of this motion, up to and including entry and service of this Order, as provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.
40. Endorsement of this Order by counsel appearing on this application other than the Applicant is dispensed with, provided however that in addition to circulating the form of Order to counsel appearing at the Hearing of this application the Applicant shall deliver a copy of the proposed form of Order to the Respondent Dipti Panchel by e-mail (at an e-mail address to be provided to Mr. Frydenlund by Mr. Donohoe appearing today) and if not objected to by 3:00pm today, June 24, 2020 by Dipti Panchel the form of Order may be submitted for expedited entry: however if the form of Order is objected to before 3:00pm as aforesaid, the settlement of the Form of Order shall be heard by Mr. Justice Walker today or so soon thereafter as may be practical.

THE FOLLOWING PARTIES APPROVE OF THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

APPROVED BY:



Signature of Alan A. Frydenlund QC,  
lawyer for Applicant

BY THE COURT

Digitally signed by  
Lau, Tania

REGISTRAR



**SCHEDULE "A"**

**RECEIVER AND MANAGER'S CERTIFICATE**

CERTIFICATE NO. \_\_\_\_\_

AMOUNT

\$ \_\_\_\_\_

1. THIS IS TO CERTIFY that D. Manning & Associates Inc., the Receiver and Manager (the "Receiver") of all of the assets, undertakings and property of 371392 B.C. LTD. doing business as Diamond Head Motor Inn and Diamond Head Motel acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Supreme Court of British Columbia dated the \_\_\_\_\_ day of \_\_\_\_\_, 2020 (the "Order") made in SCBC Action No. \_\_\_\_\_ has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ \_\_\_\_\_, being part of the total principal sum of \$ \_\_\_\_\_ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly] not in advance on the \_\_\_\_\_ day of each month after the date hereof at a notional rate per annum equal to the rate of \_\_\_\_\_ per cent above the prime commercial lending rate of \_\_\_\_\_ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at \_\_\_\_\_.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum under this Certificate in respect of which it may issue certificates under the terms of the Order.

DATED the \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

D. Manning & Associates Inc. solely in its capacity as Receiver and Manager of the assets, undertaking and property of 371392 B.C. Ltd. doing business as Diamond Head Motor Inn and Diamond Head Motel, and not in its personal capacity

Per: \_\_\_\_\_  
Name:  
Title:

Schedule "B"

Demand for Notice

TO: [Name of Applicant]  
c/o [Name of Counsel to the Applicant]  
Attention:  
Email:

AND TO: D. Manning & Associates Inc.  
c/o Owen Bird Law Corporation  
Attention: Alan A. Frydenlund QC  
Email: afrydenlund@owenbird.com

Re: In the matter of the Receivership of 371392 B.C. LTD. doing business as Diamond Head Motor Inn and Diamond Head Motel

I hereby request that notice of all further proceedings in the above Receivership be sent to me in the following manner:

1. By email, at the following address (or addresses):

\_\_\_\_\_

OR

2. By facsimile, at the following facsimile number (or numbers):

\_\_\_\_\_

OR

3. By mail, at the following address:

\_\_\_\_\_

Name of Creditor: \_\_\_\_\_

Name of Counsel (if any): \_\_\_\_\_

Creditor's Contact Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Creditor's Contact Phone Number: \_\_\_\_\_



**Schedule "C"**

**Counsel Appearing**

David Donohoe for the Respondents: Hitesh Panchal, and H.D.P. Holdings Inc.

Paul Kent-Snowsell for the Respondents: 1134365 B.C. Ltd. and Farheen Rawji

Dipti Panchal on her own behalf

Action No.                       
Vancouver Registry

---

IN THE SUPREME COURT OF BRITISH  
COLUMBIA

BETWEEN:

VANCOUVER CITY  
SAVINGS CREDIT  
UNION

Petitioner

AND:

371392 B.C. LTD.  
371392 B.C. LTD. doing business as DIAMOND  
HEAD MOTOR INN and DIAMOND HEAD MOTEL  
1134365 B.C. LTD.  
H.D.P. HOLDINGS INC.  
FARHEEN RAWJI  
DIPTI PANCHAL  
HITESH PANCHAL  
ALL TENANTS AND OCCUPIERS OF THE  
SUBJECT LANDS

Respondents

IN THE MATTER OF THE RECEIVERSHIP OF  
371392 B.C. LTD. doing business as DIAMOND  
HEAD MOTOR INN and DIAMOND HEAD MOTEL

---

**B.C. MODEL RECEIVERSHIP ORDER VERSION**

**NO. 3,                      , 2015**

---



## Diamond Head Motor Inn

### Monthly Cash Flow for the period August 1, 2020 to January 31, 2021

Month	\$ August	\$ September	\$ October	\$ November	\$ December	\$ January	\$ Totals
<b>RECEIPTS</b>							
Rooms Credit Cards	22,871	19,530	27,276	27,278	22,796	22,371	142,122
BC Housing	31,620	31,620	-	-	-	-	63,240
Wage Subsidy	-	16,102	2,813	2,813	3,150	3,150	28,028
Insurance Claim Proceeds	3,100						3,100
<b>Total Receipts</b>	<b>57,591</b>	<b>67,252</b>	<b>30,089</b>	<b>30,091</b>	<b>25,946</b>	<b>25,521</b>	<b>236,489</b>

<b>DISBURSEMENTS</b>							
Wages & Benefits / Management	9,813	6,250	6,250	6,250	6,250	6,250	41,063
Source Deductions	563	563	630	630	630	630	3,645
Worksafe BC	-	-	-	-	-	689	689
Overhead Expenses	271	271	271	271	271	271	1,623
Maintenance Expenses	2,700	2,100	3,922	2,100	2,500	4,322	17,644
Admin Expenses	689	3,500	2,436	2,436	2,436	4,686	16,183
Rooms Division Expenses	1,780	1,780	2,423	1,880	1,880	1,880	11,623
<b>Other Expenses</b>							
Appraisal costs	-	7,350		-	-	-	7,350
Capital Repairs	-		70,000				70,000
Pre-receivership Source Deductions	6,404	-					6,404
Pre-receivership Source PST Paid		5,946					5,946
Pre-receivership Source GST Paid	-	2,922	-				2,922
<b>Total Disbursements</b>	<b>\$ 22,219</b>	<b>\$ 30,681</b>	<b>\$ 85,932</b>	<b>\$ 13,567</b>	<b>\$ 13,967</b>	<b>\$ 18,728</b>	<b>185,093</b>

Contingency	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	12,000
-------------	----------	----------	----------	----------	----------	----------	--------

<b>Net Cash Flow</b>	<b>33,372</b>	<b>34,571</b>	<b>(57,843)</b>	<b>14,524</b>	<b>9,980</b>	<b>4,793</b>	<b>39,396</b>
<b>Available Cash</b>	<b>35,372</b>	<b>36,571</b>	<b>(55,843)</b>	<b>16,524</b>	<b>11,980</b>	<b>6,793</b>	<b>51,396</b>

<b>Opening Balance</b>	<b>90,166</b>	<b>125,538</b>	<b>162,108</b>	<b>106,266</b>	<b>122,790</b>	<b>134,769</b>	
<b>Closing Balance</b>	<b>125,538</b>	<b>162,108</b>	<b>106,266</b>	<b>122,790</b>	<b>134,769</b>	<b>141,562</b>	Notes 1 to 8

#### Notes & Assumptions

1. This budget is based upon an improvement over the summer with the lockdown and social distancing continuing into the fall and winter, and business not returning to normal, with limited revenue.
2. Monthly cash flow forecast is before interest, receivership costs, legal costs and repayment of Receiver and Manager's borrowings, plus interest.
3. Assumes 100% credit card, debit card and direct deposit payment for rooms.
4. Assumes Government wage subsidy until the end of December with payment within 30 days of submission of claim.
5. GST & PST is a flow thru and the net is collected on behalf of the government
6. This monthly operating budget was developed based on the best estimates of the Receiver and Manager in consultation with the owner/operator of the Motel. We have not audited, reviewed or verified the accuracy of this information.
7. This monthly cash flow forecast is subject to change.
8. B.C. Housing has indicated it may require an extension of the rooms rented beyond September. This cash flow does not reflect this potential opportunity.

SCHEDULE "C"

MONTHLY OPERATING BUDGET FOR THE PERIOD  
AUGUST 1, 2020 TO JANUARY 1, 2021

---



## Diamond Head Motor Inn

### Monthly Operating Budget for the period August 1, 2020 to January 31, 2021

	AUG	SEPT	OCT	NOV	DEC	JAN	TOTAL
Occupancy	55.4%	47.5%	47.2%	47.5%	44.0%	43.5%	48.5%
Average Daily Rate	\$ 79.32	\$ 79.30	\$ 42.29	\$ 47.86	\$ 41.83	\$ 41.43	\$ 57.49
RevPar	\$ 43.94	\$ 42.62	\$ 22.00	\$ 22.73	\$ 18.38	\$ 18.04	\$ 27.90

#### REVENUE

Room Revenue	54,491	51,150	27,276	27,278	22,796	22,371	205,361
Insurance Claim Proceeds	3,100	-	-	-	-	-	3,100
Government Wage Subsidy	2,813	2,813	2,813	3,150			11,588
<b>Total Revenue</b>	<b>60,404</b>	<b>53,962</b>	<b>30,089</b>	<b>30,428</b>	<b>22,796</b>	<b>22,371</b>	<b>220,049</b>

#### EXPENSES

##### Overhead Expenses

Bank Service Charges & Credit Cards	271	271	271	271	271	271	1,623
<b>Total Overhead Expenses</b>	<b>271</b>	<b>271</b>	<b>271</b>	<b>271</b>	<b>271</b>	<b>271</b>	<b>1,623</b>

##### Maintenance Expenses

Waste Removal	150	150	150	150	150	150	900
Repairs and Maintenance	750	750	750	750	750	750	4,500
Water & Sewer	-	-	1,822	-	-	1,822	3,644
Utilities Expense	1,200	1,200	1,200	1,200	1,600	1,600	8,000
<b>Total Maintenance Expenses</b>	<b>2,100</b>	<b>2,100</b>	<b>3,922</b>	<b>2,100</b>	<b>2,500</b>	<b>4,322</b>	<b>17,044</b>

##### Administration Expenses

Insurance General Liability & Property	2,436	2,436	2,436	2,436	2,436	2,436	14,616
Property Taxes	2,250	2,250	2,250	2,250	2,250	2,250	13,500
Accounting Expenses	-	3,500	-	-	-	-	3,500
<b>Total Administration Expenses</b>	<b>4,686</b>	<b>8,186</b>	<b>4,686</b>	<b>4,686</b>	<b>4,686</b>	<b>4,686</b>	<b>31,616</b>

##### Payroll Expenses

Payroll Benefits ~ Front Desk	450	450	450	450	450	450	2,700
Payroll Expense ~ Front Desk	3,000	3,000	3,000	3,000	3,000	3,000	18,000
Payroll Benefits ~ Housekeeping	113	113	180	180	180	180	945
Payroll Expense ~ Housekeeping	750	750	1,200	1,200	1,200	1,200	6,300
Management	2,500	2,500	2,500	2,500	2,500	2,500	15,000
Worksafe BC	-	-	-	-	-	689	689
<b>Total Payroll Expenses</b>	<b>6,813</b>	<b>6,813</b>	<b>7,330</b>	<b>7,330</b>	<b>7,330</b>	<b>8,019</b>	<b>43,634</b>

##### Rooms Division Expenses

Office Supplies	40	40	40	40	40	40	240
Guest Amenities	40	40	40	40	40	40	240
Linen	-	-	543	-	-	-	543
Janitorial	500	500	500	500	500	500	3,000
Reservation Costs	-	-	100	100	100	100	400
Cable, Telephone, & Internet	1,200	1,200	1,200	1,200	1,200	1,200	7,200
<b>Total Rooms Division Expenses</b>	<b>1,780</b>	<b>1,780</b>	<b>2,423</b>	<b>1,880</b>	<b>1,880</b>	<b>1,880</b>	<b>11,623</b>

<b>Total Expenses</b>	<b>15,649</b>	<b>19,149</b>	<b>18,631</b>	<b>16,267</b>	<b>16,667</b>	<b>19,178</b>	<b>105,540</b>
<b>Contingency</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>12,000</b>

##### Other Operating Costs

Appraisal		7,350	0	0	0	0	7,350
-----------	--	-------	---	---	---	---	-------

<b>Operational Profit (Loss)</b>	<b>42,755</b>	<b>25,463</b>	<b>9,457</b>	<b>12,161</b>	<b>4,130</b>	<b>1,193</b>	<b>95,159</b>
----------------------------------	---------------	---------------	--------------	---------------	--------------	--------------	---------------

Notes 1 to 6

#### Notes & Assumptions

1. This budget is based upon continued improvement in the Covid 19 Crisis and social distancing continuing into the fall and winter, and business not return to normal, with limited revenue.
2. Operating profit/loss is before interest, amortization, receivership costs, legal costs and capital improvements.
3. GST and PST is treated as a flow through for this budget.
4. This monthly operating budget was developed based on the best estimates of the Receiver and Manager in consultation with the Operator of the Hotel. We have not audited, reviewed or verified the accuracy of this information.
5. Based on FirstOnSite Restoration Limited completing repairs and certain rooms reopening by October 2020.
6. This monthly operating budget is subject to change.

**SCHEDULE "D"**

**RECEIVER AND MANAGER'S INTERIM STATEMENT  
OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD JUNE 24, 2020 TO JULY 31, 2020**

---



371392 B.C. Ltd. dba DIAMOND HEAD MOTOR INN

RECEIVER and MANAGER'S  
INTERIM STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD JUNE 24, 2020 TO JULY 31, 2020

	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>RECEIPTS</b>			
Collection of Accounts Receivable		322.05	
Receiver and Manager's Borrowings		85,000.00	
GST Collected		2,302.13	
PST Collected		3,683.29	
Interest Earned		2.33	
Revenues:			
Other	948.60		
Rooms	<u>53,438.87</u>	<u>54,387.47</u>	
<b>TOTAL RECEIPTS</b>			145,697.27
<b>DISBURSEMENTS</b>			
Bank Charges:			
Bank Service Charges	242.01		
Credit Cards Fees	<u>28.49</u>	270.50	
Filing Fees		90.00	
GST Paid		94.75	
Insurance (Note 1)		9,528.40	
Payroll Expenses:			
Source Deductions re: CPP	509.74		
Source Deductions re: EI	233.18		
Source Deductions re: Income Taxes	368.39		
Wages and vacation pay (Pre-receivership)	1,743.89		
Wages and vacation pay	<u>3,684.65</u>	6,539.85	
Postage and Courier		39.83	
Pre-receivership WorkSafe BC		774.01	
Property Taxes (Note 1)		22,424.86	
Repairs and Maintenance		639.71	
Supplies: cleaning		1,024.59	
Utilities:			
Electric	422.16		
Gas	156.22		
Waste Disposal	203.49		
Water and Sewer (District of Mission) (Note 1)	<u>3,601.90</u>	<u>4,383.77</u>	
<b>TOTAL DISBURSEMENTS</b>			<u>45,810.27</u>
<b>EXCESS OF RECEIPTS OVER DISBURSEMENTS</b>			<b>99,887.00</b>
Less: PST to be remitted			(3,683.29)
Less: GST to be remitted			(2,207.38)
Less: MRDT collected from B.C. Housing in the amount of \$948.60 needs to be refunded as it is not payable and billed in error			(948.60)
Less: Net Wages for period ended July 31, 2020			(2,250.89)
Less: Source Deductions for period ended July 31, 2020			(631.21)
<b>Adjusted Working Capital Balance as at July 31, 2020</b>			<b><u>90,165.63</u></b>

Note 1: Includes post-dated cheques for insurance, property taxes, and water and sewer charges