

IN THE MATTER OF THE RECEIVERSHIP OF  
1140402 ONTARIO INC. O/A EMERALD LODGE  
OF THE CITY OF HAMILTON, IN THE PROVINCE OF ONTARIO

**Notice and Statement of the Receiver**  
**(Section 245(1) and 246(1) of the Bankruptcy and Insolvency Act)**

The Receiver gives notice and declares that:

1. On September 25, 2020, Grant Thornton Limited was appointed as receiver (in such capacity, the **“Receiver”**) of the assets, undertakings, and property of 1140402 Ontario Inc. (**“Emerald Lodge”**) pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the **“Court”**).
2. The Receiver understands that Ms. Stefanie Martino was the sole owner and director of Emerald Lodge. The appointment of a Receiver was requested by the first secured creditor, Alterna Savings and Credit Union Limited (**“Alterna”**), due to a default of mortgage payments.
3. The Receiver intends to continue operating Emerald Lodge which offers personal care and assisted living for adults, people with disabilities, and those with limited incomes.
4. The Receiver intends to conduct a sales process to find a buyer for Emerald Lodge.
5. Copies of all materials filed with respect to these proceedings are included on this case website [www.grantthornton.ca/emeraldlodge](http://www.grantthornton.ca/emeraldlodge).
6. Based on our review of the books and records of Emerald Lodge, the estimated values of the assets and liabilities are as described below:

| <b>Assets</b>                                 | <b>Approximate Value</b> |
|-----------------------------------------------|--------------------------|
| Cash in bank                                  | \$ 22,594                |
| Real estate                                   | \$ 2,006,588*            |
| <b>Total</b>                                  | <b>\$ 2,029,182</b>      |
|                                               |                          |
| <b>Liabilities</b>                            | <b>Approximate Value</b> |
| Payroll Liabilities                           | \$ 80,000**              |
| Alterna (1 <sup>st</sup> Mortgagee)           | \$ 2,167,968***          |
| KLN Holdings Inc. (2 <sup>nd</sup> Mortgagee) | \$ 450,000               |
| Accounts payable                              | \$ 74,433                |
| <b>Total</b>                                  | <b>\$ 2,772,401</b>      |

\*Based on the capital assets per the December 31, 2019 financial statements. The actual value will be dependent upon the purchase price obtained from the sales process.

\*\* Based on the estimated payroll to be paid to retained employees plus potential priority payroll liabilities.

\*\*\*As at August 14, 2020. Interest continues to accrue.

7. The Receiver is not aware of any accounts receivable as of the date of the receivership. A list of other creditors of Emerald Lodge is attached hereto as **Appendix "A"**.

8. The following information relates to this receivership:

|                 | <b>Head Office Address</b>                                           | <b>Principal Line of Business</b> | <b>Locations of Business</b> |
|-----------------|----------------------------------------------------------------------|-----------------------------------|------------------------------|
| <b>Facility</b> | Emerald Lodge<br>83-85 Emerald Street South,<br>Hamilton, ON L8N 2V4 | Residential care facility         | Hamilton, Ontario            |

9. The Receiver has received an independent legal opinion that, subject to the usual qualifications and assumptions, Alterna has a valid and enforceable secured interest in Emerald Lodge. The Receiver notes that KLN Holdings Inc. appears to have a security interest ranking behind Alterna.

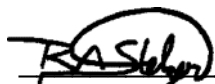
10. The proceeds available to creditors will depend on the sale price of Emerald. It is the Receiver's preliminary view that the assets minus receivership costs may not yield sufficient proceeds to pay Alterna out in full. At this stage, it appears unlikely that there will be sufficient funds to pay anything to unsecured creditors.

11. Contact for the Receiver: Paul Kouadio  
Grant Thornton Limited  
200 King Street West, 11<sup>th</sup> Floor, Box 11  
Toronto, ON M5H 3T4  
D: 416.369.7004  
F: 416.360.4949  
E: [Paul.Kouadio@ca.gt.com](mailto:Paul.Kouadio@ca.gt.com)

Dated at Toronto, Ontario this 2<sup>nd</sup> day of October 2020.

**GRANT THORNTON LIMITED**

*solely in its capacity as Court-appointed Receiver of  
1140402 Ontario Inc., operating as Emerald Lodge,  
and not in its personal or corporate capacity*



Rob Stelzer, CPA, CA CIRP, LIT  
Vice-President

1140402 Ontario Inc.  
o/a Emerald Lodge  
Accounts Payable  
As at September 25, 2020

#### List of Secured Creditors

| Name                                   | Street                                                                    | City        | Province | Postal Code | Amount          |
|----------------------------------------|---------------------------------------------------------------------------|-------------|----------|-------------|-----------------|
| Alterna Savings & Credit Union Limited | 2 Bloor Street East, 26th Floor<br>c/o Thompson MacColl & Stacy LLP, 1020 | Toronto     | ON       | M4W 1A8     | \$ 2,167,968.00 |
| KLN Holdings Inc.                      | Matheson Blvd East                                                        | Mississauga | ON       | L4W 4J9     | \$ 450,000.00   |

#### List of Unsecured Creditors

| Name                            | Street                                     | City        | Province | Postal Code | Amount       |
|---------------------------------|--------------------------------------------|-------------|----------|-------------|--------------|
| Alectra Utilities               | PO Box 3700                                | Concord     | ON       | L4K 5N2     | \$ 7,093.26  |
| Bell Canada                     | PO Box 9000, Station Don Mills             | North York  | ON       | M3C 2X7     | \$ 682.98    |
| Canada Revenue Agency           | PO Box 3800, Station A                     | Sudbury     | ON       | P3A 0C3     | \$ -         |
| City of Hamilton                | 77 James Street North, Suite 250           | Hamilton    | ON       | L8R 2K3     | \$ 1,053.80  |
| City of Hamilton - Realty Tax   | 71 Main Street West, PO Box 2040 STN LCD 1 | Hamilton    | ON       | L8N 0A3     | \$ -         |
| DDK Plumbing and Heating        | 22 Brookhurst Crescent                     | Waterdown   | ON       | L8B 0M5     | \$ -         |
| Enbridge Gas                    | PO Box 4001, Station A                     | Toronto     | ON       | M5W 0G2     | \$ 1,733.10  |
| Forte Produce                   | 106 Winniett Street                        | Brantford   | ON       | N3T 1N2     | \$ 803.75    |
| Hamilton Fire Control           | 445 Wentworth Street North                 | Hamilton    | ON       | L8L 5W7     | \$ -         |
| Home Depot                      | P.O. Box 2052, Station B                   | Mississauga | ON       | L4Y 0B5     | \$ 4,936.13  |
| Ontario Ministry of Finance     | 33 King Street West, PO Box 627            | Oshawa      | ON       | L1H 1C1     | \$ 6,511.73  |
| Ontario Homes for Special Needs | 2729 Doane Road                            | Queensville | ON       | L0G 1R0     | \$ -         |
| Orkin Canada                    | 5840 Falbourne Street                      | Mississauga | ON       | L5R 4B5     | \$ -         |
| Pasword Protection              | 40 Wellington Street North, Unit 106       | Hamilton    | ON       | L8R 1M8     | \$ 84.75     |
| RCAP Leasing                    | PO Box 67                                  | Burlington  | ON       | L7R 3X8     | \$ 9,631.52  |
| Royal Bank of Canada            | 100 King Street West                       | Hamilton    | ON       | L8P 1A2     | \$ 40,000.00 |
| Reliance Home Comfort           | PO Box 4504, Station A, 25 The Esplanade   | Toronto     | ON       | M5W 4J8     | \$ 1,090.32  |
| Waste Connections of Canada     | 500 Rennie Street                          | Hamilton    | ON       | L8H 3P5     | \$ 811.62    |