

# ANNUAL REPORT

FOR THE YEAR ENDED

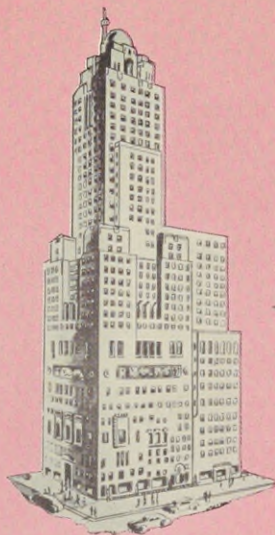
APRIL 30, 1952



**S**HERATON  
CORPORATION OF AMERICA



**THE PARK SHERATON**  
Detroit



**THE SHERATON HOTEL**  
Chicago



**THE SINTON HOTEL**  
Cincinnati



**THE PARK SHERATON**  
New York



**THE SHERATON-BELVEDERE**  
Baltimore



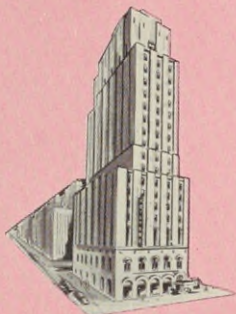
**THE GENERAL BROCK**  
Niagara Falls, Ontario



**THE RANGELEY LAKES HOTEL**  
Rangeley, Maine



**THE HOTEL RUSSELL**  
New York



**THE SHERATON HOTEL**  
Pittsburgh



**THE SHERATON HOTEL**  
Springfield, Mass.



**THE SHERATON HOTEL**  
Buffalo



**THE BEACONSFIELD HOTEL**  
Brookline, Mass.



**THE SHERATON-CADILLAC**  
Detroit



**THE KING EDWARD**  
Toronto, Ontario

# SHERATON

CORPORATION OF AMERICA



## OFFICERS

<i>President</i>	ERNEST HENDERSON
<i>Vice President and Treasurer</i>	ROBERT L. MOORE
<i>Vice President and Secretary</i>	GEORGE B. HENDERSON
<i>Vice President</i>	PAGE BROWNE
<i>Vice President</i>	ELMER E. BOSWELL
<i>Vice President</i>	JOHN C. UDD
<i>Vice President and General Counsel</i>	IRVINE J. SHUBERT
<i>Assistant Treasurer</i>	J. BROOKS FENNO
<i>Assistant Secretary</i>	MYRON F. WELSCH
<i>Assistant Secretary</i>	THOMAS B. ADAMS
<i>Comptroller</i>	ROBERT B. KELSEY

## DIRECTORS

ERNEST HENDERSON	ROBERT L. MOORE	GEORGE B. HENDERSON
PAGE BROWNE	IRVINE J. SHUBERT	JOHN C. UDD
THOMAS B. ADAMS	ELMER E. BOSWELL	SAMUEL D. LUNT
EUGENE C. EPPLEY	S. ABBOT SMITH	

# What's new?

## A new host in Detroit!

The "Book-Cadillac," famous to millions who visit the world's automotive headquarters, has now joined the Sheraton family and is known as the Sheraton-Cadillac. Here's what this change of name means to you:

You have the assurance of the extra services that are yours wherever you see the Sheraton crest. Further, a million-dollar program of improvement will make this fine hotel still finer. Here—as in Boston's Sheraton Plaza, Baltimore's Sheraton Belvedere, and New York's Park Sheraton—you will find a warm welcome and a new concept of hotel living. Come soon.

"Telefirm" service, compliments of your nearest Sheraton, will make and confirm reservations.



BOSTON  
PROVIDENCE  
NEW YORK  
PHILADELPHIA  
BALTIMORE  
PITTSBURGH  
ROCHESTER

BUFFALO  
DETROIT  
CINCINNATI  
CHICAGO  
ST. LOUIS  
DAYTONA BEACH  
WORCESTER

#### IN CANADA

MONTREAL, QUEBEC  
TORONTO, ONTARIO  
WINDSOR, ONTARIO  
HAMILTON, ONTARIO  
NIAGARA FALLS, ONTARIO

# Sheraton Hotels



The former "BOOK-CADILLAC," always recognized as one of Detroit's finest hotels, became a member of the Sheraton family this year. This full-page advertisement in full color — one in a new series inaugurated during the past year in national magazines — announced the event.

# I to the Stockholders of the **SHERATON** CORPORATION OF AMERICA

**Y**OUR COMPANY has enjoyed a successful year, although earnings are somewhat lower than in the preceding year. Total earnings from all sources were \$4,182,107 as compared with \$4,910,256 for the prior year. The reduction in earnings was due in part to the heavy modernization program in progress in many of the Canadian hotels. Earnings were also affected by an increase of \$554,033 in income taxes as well as by a reduction in the so-called "non-recurring items" as indicated in the schedule below.

## EARNINGS PER COMMON SHARE

Earnings applicable to each of the Company's outstanding shares of common stock for the years ended April 30 were as follows:

	1952	1951
Net Operating Earnings (after Preferred Dividends)	\$1.66	\$1.90
Net Profits from Sale of Properties and Securities	.78	.79
Other Non-Recurring Items	.27	.54
	<u>\$2.71</u>	<u>\$3.23</u>
Number of Common Shares Outstanding	\$1,531,405	\$1,503,874

## DIVIDENDS

On April 30, 1952, all the remaining outstanding preferred stock of the Company was called for redemption, and the transfer books were permanently closed as of that date. For the year ended April 30, 1952, cash dividends of 60¢ per common share were paid. Since the close of the fiscal year the Directors voted on June 19, 1952, the usual 15¢ quarterly dividend, together with a special common stock dividend of one share of the Company's common stock for each twenty shares held as of July 8, 1952, payable August 1, 1952. Although no binding policy with respect to future stock distributions can be established at this time, it is expected that future stock dividends in approximately the same amount will be considered annually by the Directors.

Upon payment of the 5% stock dividend on August 1, 1952, your company charged Earned Surplus \$773,505 with resulting increases to Capital Stock of \$73,759 and Paid-In Surplus of \$663,831. Those changes resulted from the issue of 73,759 shares together with the payment of \$35,915 in cash in lieu of 2,636 fractional shares. For the fiscal year ended April 30, 1952 the approximate average of the monthly high and low sale price of the Common Stock on the New York Stock Exchange was \$10, resulting in the \$9 transfer to Paid-In Surplus after increasing Capital Stock by \$1 per share, the par value thereof. It is estimated that sale of the stock dividend by the average stockholder would decrease his pro rata ownership in the company by less than 1/2%.

## GROSS INCOME

Gross Operating and Other Income (excluding profits from sale of properties and securities) amounted to \$62,772,723 for the year ended April 30, 1952, or 12% more than the \$56,070,595 for the year before. The 1952 total includes \$58,500,329 from hotel operations, \$3,317,767 commercial building income and \$954,627 from other sources.

## OPERATIONS AND IMPORTANT TRANSACTIONS

The Company has again followed the policy of reinvesting a substantial portion of its earnings as well as funds derived from other sources in improvement of its properties and to the acquisition of new properties in areas where Sheraton is not adequately represented.

The program of converting two-room suites into single transient rooms has been continued. Modernization and redecoration of many of the Company's facilities have made it possible for many Sheraton properties to enjoy better rates and higher occupancy than would otherwise have been possible. The Company's technical staff including decorators, designers, engineers, food and beverage control specialists, as well as specialists in job study, analysis and scheduling, has distinguished itself to a high degree as is attested



**NEWEST ADDITION** to the Sheraton family is the Sheraton Building in Washington, D. C. Completed in 1949 it is fully air-conditioned.



**FOOD PREPARATION PROBLEMS** worked out in the experimental kitchen in the Sheraton Plaza of Boston will benefit the restaurant operation of all Sheraton hotels.

by the high percentage of the Company's revenues currently being translated into net income despite higher wages, higher real estate and income taxes, and generally higher operating costs.

During the year approximately 89% of the shares of Book-Cadillac Corporation, owning the Book-Cadillac Hotel in Detroit, were acquired by your Company at a cost of \$3,182,733. Following the acquisition of these shares, the name of the Book-Cadillac Hotel was changed to Sheraton-Cadillac Hotel and a \$1,000,000 program of modernization, improvement and rehabilitation was set in motion. This program is scheduled for completion in October, 1952, at which time the Sheraton-Cadillac will be one of the most important units in the Sheraton chain and undoubtedly one of the finest hotels in the middle west.

During the year the Foxhead Inn at Niagara Falls, Ontario, was purchased as an adjunct to the very successful General Brock owned by your Company in that Canadian city. The acquisition of this small inn, together with substantial land overlooking the Canadian Falls, assures Sheraton a dominant position overlooking one of nature's greatest wonders.

During the year the Park Square Building in Boston, New England's largest office building, was sold at a satisfactory price and a smaller office building in Washington, D. C., was purchased. The latter building, completed in 1949 and fully air-conditioned, will give the Company an opportunity to retain a substantial

interest in the office building field. Although only a relatively small proportion of the funds realized from the sale of the Park Square Building were reinvested in Washington, D. C., yet earnings nearly comparable to those achieved by the Park Square Building are anticipated.

Since April 30, 1952, the Company has entered into contracts for the sale of the former Sheraton Hotel of Detroit, now known as the Park Sheraton in that city, and the Alms Hotel of Cincinnati, both being in areas in which the Company is represented by larger hotels. Accordingly, the properties now being disposed of are no longer necessary from the point of view of adequate representation in principal cities.

The Park Sheraton of Detroit was acquired in October, 1941, following a long period of nearly continuous losses. Ownership was secured with a cash investment of \$50,000, all of which was applied to the reduction of the then existing mortgage. Under the direction of Sheraton's supervisory personnel, this Detroit hotel started showing profits for the first time. During the following ten years over a half million in earnings have been made available to your Company, and the equity originally costing \$50,000 has now been sold for more than \$3,000,000.00.

Further modernization and redecorating of the Canadian hotels is in progress. This program should be completed during the present fiscal year. The bulk of expenditures, however, is now out of the way, and as a

result most of the hotels in Canada are enjoying a substantial upturn in earnings, which is expected to carry through the balance of the fiscal year in spite of the redecorating program still in progress. The recent premium on Canadian dollars, as contrasted with a discount in prior years, has been of considerable advantage to your Company.

#### PERSONNEL

The Company again is able to report larger earnings for its personnel. The total paid in wages to employees during the year ended April 30, 1952, amounted to approximately \$21,800,000 as compared with approximately \$19,000,000 for the preceding fiscal year. Sheraton considers it a privilege to be able to report no serious differences between its management and employees, and that relations with the unions have continued harmonious.

#### BALANCE SHEET POSITION

The Balance Sheet position of the Company has again improved during the year. Whereas, due to the

absence of large inventory requirements, hotel companies usually consider a 1 to 1 ratio of current assets to current liabilities as acceptable, Sheraton's 1952 Balance Sheet indicates a ratio of 1.09 to 1 as compared with 1.07 to 1 a year ago. This ratio has further improved as a result of the Company's first quarter operations in the current fiscal year, which appear to have been satisfactory.

#### PUBLIC RELATIONS

In order to maintain the best possible public relations, our hotels, many of which are looked upon as leading civic enterprises in their communities, are frequently required to support charitable drives in their respective areas. To meet such appeals as economically as possible, a tax-free charitable corporation known as Sheraton Foundation, Inc., has been organized by your Company.

#### CHANGE OF NAMES

The increased prestige attached to the Sheraton name, and its application to national advertising, has

**TELETYPE SERVICE**, at no cost, to make or confirm reservations between any Sheraton hotels is an added advantage to our guests. This is the teletype office of the Park Sheraton in New York City.

## sheraton teletype reservations



resulted in changes in the names of certain properties. The name of the Copley Plaza was changed during the year to Sheraton Plaza. In order to avoid confusion, the former Sheraton Plaza Hotel at Daytona Beach, Florida, is now known as the Sheraton Beach Hotel. The Company's new office building at Washington, D. C., has been renamed the Sheraton Building, and the Mount Royal Hotel in Montreal is now known as the Sheraton-Mt. Royal.

#### **ASSET VALUE PER COMMON SHARE**

Each year the Officers of your Company compute the indicated asset value of all outstanding Sheraton shares based on their best judgment of the current fair market value of the Company's properties after deducting all known liabilities. No allowance is made for capital gains taxes which might be payable if the properties were actually sold at their estimated fair

market value. Based on these calculations, which of course are only estimates, though they are believed to be conservative, the indicated asset value per share on April 30, 1952, was \$39.68 per share, compared with \$35.59 and \$25.09 computed in the same way April 30 of 1951 and 1950 respectively.

#### **CONCLUSION**

The Officers of Sheraton are grateful to all Sheraton managers, department heads and other employees for their continued cooperation and interest in the Company and are glad to learn that an increasing number are Sheraton stockholders, sharing as such in the progress of the Company, to the success of which they are so ably contributing. The Officers are also grateful for the business which many of its stockholders are directing to various Sheraton hotels.

*Orund Henderson*

President



# SHERATON'S GROWTH - CONSOLIDATED

in thousands of dollars

<i>Years Ended April 30</i>	<i>Total Assets at Estimated Values (a)</i>	<i>Total Assets at Book Values</i>	<i>Gross Income</i>	<i>Net Operating Income (b)</i>	<i>Net Profits on Capital Transactions</i>	<i>Total Net Income and Net Profits (b)</i>
1952	113,524	82,459	62,772	2,986	1,196	4,182
1951	101,861	74,982	56,070	3,719	1,191	4,910
1950	87,874	73,029	39,739	2,107	1,457	3,564
1949	60,279	54,541	31,605	1,903	1,470	3,373
1948	55,710	47,643	28,663	1,608	68	1,676
1947	49,860	42,332	21,511	1,013	1,161	2,174

per common share

<i>Years Ended April 30</i>	<i>Estimated Asset Value (a) (c)</i>	<i>Book Asset Value (c)</i>	<i>Gross Income</i>	<i>Net Operating Income (d)</i>	<i>Net Profits on Capital Transactions</i>	<i>Total Net Income and Net Profits (d)</i>
1952	\$39.68	\$20.52	\$40.99	\$1.93	\$.78	\$2.71
1951	35.59	18.66	37.28	2.44	.79	3.23
1950	25.09	15.54	26.24	1.33	.96	2.29
1949	16.61	12.65	20.64	1.18	.96	2.14
1948	15.24	10.41	13.56	.97	.04	1.01
1947	14.10	9.53	13.93	.59	.75	1.34

(a) Estimated by Company Officers

(b) After Minority Interests. Includes non-recurring income of \$413 and \$816 thousands in 1952 and 1951, respectively.

(c) After Liabilities, Minority Interests and Preferred Stock

(d) After Preferred Dividends. Includes non-recurring income of \$.27 and \$.54 per share in 1952 and 1951, respectively.

# Comparative Consolidated Balance Sheet

## ASSETS

	April 30, 1952	April 30, 1951
Current Assets		
Cash		
Demand Deposits . . . . .	\$ 4,108,955	\$ 2,033,576
Restricted Deposits . . . . .	136,995	131,844
On Hand . . . . .	584,520	467,055
	<u>4,830,470</u>	<u>2,632,475</u>
Marketable Securities — at book value (Notes 1 and 2)		
U. S. Treasury Bonds . . . . .	1,407,186	522,445
Other . . . . .	1,143,402	1,705,938
(Market Values \$2,574,940 and \$2,151,330)	<u>2,550,588</u>	<u>2,228,383</u>
Accounts and Notes Receivable . . . . .	2,589,981	1,976,848
Less — Estimated Uncollectible Accounts . . . . .	159,843	121,975
	<u>2,430,138</u>	<u>1,854,873</u>
Accrued Interest Receivable . . . . .	15,923	18,642
Mortgages Receivable — Payments Due Within One Year (below) . . . . .	65,127	154,217
Inventories — at cost . . . . .	1,605,524	2,213,166
Prepaid Expenses . . . . .	908,287	825,541
TOTAL CURRENT ASSETS . . . . .	<u>12,406,057</u>	<u>9,927,297</u>
Investments (Notes 1 and 2)		
Securities — Other than Marketable — at book value		
(Officers' Estimated Values \$425,000 and \$405,000) . . . . .	75,000	55,000
Securities of Subsidiaries Not Consolidated — at book value		
(Officers' Estimated Values \$256,500 and \$964,250) . . . . .	183,375	159,976
Mortgages Receivable		
(Officers' Estimated Values \$881,382 and \$1,897,083) . . . . .	1,046,522	2,324,045
Less — Amounts Due Within One Year (above) . . . . .	65,127	154,217
	<u>981,395</u>	<u>2,169,828</u>
Investment in Unimproved Land . . . . .	—	234,447
Fixed Assets, Less Depreciation to Date (Notes 3 and 7) . . . . .	67,827,833	61,704,882
Other Assets		
Unamortized Debt and Discount Expense . . . . .	269,933	242,287
Other Deferred Charges . . . . .	113,711	134,740
Security and Other Deposits . . . . .	365,141	84,041
Life Insurance — Cash Surrender Value . . . . .	178,129	159,104
Other . . . . .	58,461	110,903
	<u>985,375</u>	<u>731,075</u>
TOTAL ASSETS . . . . .	<u>\$82,459,035</u>	<u>\$74,982,505</u>

See Notes to Financial Statements on page 13.

# Balance Sheet

## LIABILITIES, CAPITAL SHARES AND SURPLUS

April 30, 1952    April 30, 1951

Current Liabilities		
Notes and Contracts Payable	\$ 3,399,049	\$ 2,914,799
Less — Payments Due After One Year (below)	2,905,587	2,423,298
	<u>493,462</u>	<u>491,501</u>
Accounts Payable	3,382,700	2,733,852
Accrued Liabilities		
Interest on Notes, Contracts and Taxes	32,955	32,683
Interest on Mortgages and Bonds	147,080	155,668
Federal, Canadian and State Taxes	3,859,033	2,652,551
Other	1,538,312	1,456,510
	<u>5,577,380</u>	<u>4,297,412</u>
Mortgages and Bonds Payable — Payments Due Within One Year (below)	1,921,412	1,736,848
<b>TOTAL CURRENT LIABILITIES</b>	<u>11,374,954</u>	<u>9,259,613</u>
Long-Term Debt		
Mortgages and Bonds Payable	34,282,073	31,796,160
Less — Payments Due Within One Year (above)	1,921,412	1,736,848
	<u>32,360,661</u>	<u>30,059,312</u>
Notes and Contracts Payable — Due After One Year (above)	2,905,588	2,423,298
<b>Total Long-Term Debt</b>	<u>35,266,249</u>	<u>32,482,610</u>
Deferred Income	292,358	42,571
<b>TOTAL LIABILITIES</b>	<u>46,933,561</u>	<u>41,784,794</u>
Minority Interests	4,091,010	4,419,426
Capital Shares and Surplus		
Capital Shares (Notes 5 and 6)		
Preferred — \$1.25 Cumulative Convertible, Par \$20		
Authorized	110,000	110,000
Issued	49,752	73,398
Less — In Treasury	49,752	37,970
Outstanding	<u>0</u>	<u>35,428</u>
Common — Par \$1		
Authorized	3,000,000	3,000,000
Issued and Issuable	1,581,689	1,546,544
Less — In Treasury	50,284	42,670
Outstanding	<u>1,531,405</u>	<u>1,503,874</u>
<b>TOTAL CAPITAL SHARES</b>	<u>1,531,405</u>	<u>2,212,434</u>
Surplus (Notes 1 and 9)		
Paid-In Surplus	9,806,158	9,700,845
Earned Surplus (since May 16, 1946)	15,346,533	12,121,538
Surplus from Consolidation (Note 7)	4,750,368	4,743,468
<b>TOTAL CAPITAL SHARES AND SURPLUS</b>	<u>31,434,464</u>	<u>28,778,285</u>
<b>TOTAL LIABILITIES, CAPITAL SHARES AND SURPLUS</b>	<u>\$82,459,035</u>	<u>\$74,982,505</u>

## Comparative Consolidated

For the Year ended  
April 30, 1952 April 30, 1951

Gross Operating Income		
Hotels		
Rooms . . . . .	\$25,615,861	\$22,292,052
Food and Beverages . . . . .	27,391,721	24,148,450
Other . . . . .	5,492,747	4,931,338
	<u>58,500,329</u>	<u>51,371,840</u>
Commercial Buildings . . . . .	3,317,767	3,890,876
Other . . . . .	775,592	591,633
	<u>62,593,688</u>	<u>55,854,349</u>
Operating Costs and Expenses		
Departmental Costs and Expenses . . . . .	34,234,264	29,940,620
Administrative and General . . . . .	4,399,496	3,536,913
Officers' Salaries and Directors' Fees . . . . .	330,456	327,695
Advertising and Promotion . . . . .	1,060,638	890,170
Heat, Electricity and Water . . . . .	2,858,007	2,630,346
Repairs and Maintenance . . . . .	3,819,173	3,531,476
Rent . . . . .	965,848	814,906
Real Estate and Personal Property Taxes . . . . .	2,689,973	2,692,228
Insurance . . . . .	110,498	85,824
Bad Debt Expense . . . . .	103,897	97,595
Other . . . . .	1,058,691	894,191
	<u>51,630,941</u>	<u>45,441,964</u>
OPERATING INCOME	10,962,747	10,412,385
Other Income		
Dividends and Interest . . . . .	172,942	159,927
Other . . . . .	6,093	56,319
TOTAL	<u>11,141,782</u>	<u>10,628,631</u>
Other Deductions from Income		
Depreciation . . . . .	3,490,436	3,253,041
Loss on Foreign Exchange Conversion . . . . .	46,101	—
Interest and Debt Expense . . . . .	1,715,799	1,600,553
	<u>5,252,336</u>	<u>4,853,594</u>
Ordinary Income	<u>5,889,446</u>	<u>5,775,037</u>
Income Taxes		
Federal Income . . . . .	1,346,803	1,049,745
Federal Excess Profits . . . . .	21,698	6,517
Canadian . . . . .	1,552,207	1,319,536
State . . . . .	46,574	37,451
	<u>2,967,282</u>	<u>2,413,249</u>
NET INCOME BEFORE PROFIT FROM TRANSACTIONS IN SECURITIES AND REAL ESTATE (Carried Forward)	<u>2,922,164</u>	<u>3,361,788</u>

# Income Statement

For the Year ended  
April 30, 1952 April 30, 1951

NET INCOME BEFORE PROFIT FROM TRANSACTIONS IN SECURITIES AND REAL ESTATE <i>(Brought Forward)</i>	\$ 2,922,164	\$ 3,361,788
Profit from Securities Transactions	91,712	249,659
Less — Income Taxes thereon	—	674
NET PROFIT FROM TRANSACTIONS IN SECURITIES	<u>91,712</u>	<u>248,985</u>
Profit from Transactions in Real Estate	1,969,081	963,857
Less — Discounts allowed on Dispositions of Mortgages Received on Sales of Real Estate	261,822	—
	<u>1,707,259</u>	<u>963,857</u>
Income Taxes thereon	602,475	21,756
Net Profit from Transactions in Real Estate	<u>1,104,784</u>	<u>942,101</u>
Income and Profits for the Year	4,118,660	4,552,874
Minority Interests in Income and Profits	350,179	459,140
Net Income and Profits for the Year	<u>3,768,481</u>	<u>4,093,734</u>
Other Credits		
Adjustments of Prior Years' Federal Taxes	413,626	700,744
Real Estate Tax Refunds (Net)	—	115,778
TOTAL ADDITIONS TO EARNED SURPLUS FOR THE YEAR	<u>\$ 4,182,107</u>	<u>\$ 4,910,256</u>

In order to conform to the accounting procedures followed for the year ended April 30, 1952, the statement for the year ended April 30, 1951 has been adjusted by the transfer of payroll taxes and other payroll expenses from Administrative and General Expense to Departmental Costs and Expenses, and by the transfer of Public Rooms Income from Rooms Income to Food Income.

See Notes to Financial Statements on page 13.

## Consolidated Statements of Surplus

For the Year ended April 30, 1952

### PAID-IN SURPLUS

Consolidated Paid-In Surplus April 30, 1951		\$ 9,700,845
Additions		
Parent's Portion of Discount on Preferred Stock Repurchased Belvedere Hotel Corporation	\$ 106	
Excess of par value of 15,626 shares of \$1.25 Cumulative Convertible Preferred Stock Surrendered for Conversion over par value of 35,149 shares of Common Stock issued therefor	\$277,371	
Less: Payments in lieu of Fractional shares of Common Stock at time of Conversion	106	
	<u>277,265</u>	
Par value of Fractional shares of Common Stock Cancelled upon Expiration of Scrip, May 17, 1951	4	
	<u>277,375</u>	
		<u>9,978,220</u>
Deductions		
Excess of Amount Paid over par value of shares Repurchased		
19,752 shares \$1.25 Cumulative Convertible Preferred Stock (Total Cost \$494,125)	99,085	
7,614 shares Common Stock (Total Cost \$80,341)	72,727	
	<u>171,812</u>	
Excess of Liability over par value of 50 shares of \$1.25 Cumulative Convertible Preferred Stock called for Redemption but not surrendered on April 30, 1952	250	
	<u>172,062</u>	
Paid-In Surplus April 30, 1952		<u>\$ 9,806,158</u>

### EARNED SURPLUS (since May 16, 1946)

Consolidated Earned Surplus April 30, 1951		\$12,121,538
Additions		
Total Additions to Earned Surplus for the Year ended April 30, 1952 from Income Statement		<u>4,182,167</u>
		16,203,645
Deductions		
Deficit of Sheraton Hotel of Philadelphia, Inc. (not previously included in the consolidated statements) at April 30, 1951 representing its Accumulated Losses from May 17, 1946 to April 30, 1951	\$21,498	
Cash Dividends		
Preferred \$1.25 per share	\$31,244	
Common .60 per share	904,370	
	<u>935,614</u>	
		957,112
Consolidated Earned Surplus April 30, 1952 (since May 16, 1946)		<u>\$15,346,533</u>

See Notes to Financial Statements on page 13.

## Notes to Financial Statements

For the Year ended April 30, 1952

Note 1—These statements do not reflect \$282,337 of net unrealized gain on investments and mortgages owned.

Note 2—The book values of investment securities have been stated on the basis of Court values if such determination was made, market values at April 30, 1946 for securities then owned by subsidiaries, market values at May 16, 1946 for securities then owned by Sheraton Corporation or United States Realty and Improvement Company, and cost for securities purchased since May 16, 1946.

Securities with a book value of \$7,996,509, which are eliminated in consolidation, are pledged to secure notes payable. 18,000 shares of preferred stock in the treasury, purchased at a cost of \$450,000, are pledged to secure contracts payable.

Note 3—Substantially all of the real estate and furniture and equipment are pledged to secure mortgages or other long-term debt.

The fixed assets have not been stated at the net values as shown by the books of the respective companies but at net values after depreciation, computed on the following bases:

- (1) values determined by the District Court of the United States for the Southern District of New York in connection with the reorganization of United States Realty and Improvement Company if such determination was made,
- (2) values determined by officers of Sheraton Corporation for properties owned at April 30, 1946 for which the Court did not make a determination,
- (3) cost for all assets acquired since that date, with the inclusion therein of the excess of the cost of investments made in subsidiaries' securities over the equity acquired by such investments as shown by the books of the subsidiaries at the dates of such acquisitions.

Note 4—The company is obligated to make available funds, not exceeding \$90,000, to defray expenses of litigation in connection with certain claims which may be asserted by the Trustee of United States Realty and Improvement Company in addition to \$10,000 heretofore paid.

Note 5—All of the preferred stock outstanding in the hands of the public was called for redemption April 30, 1952.

Note 6—Of the total common shares shown as issued and issuable, 9,586 shares are issuable upon surrender of old shares of United States Realty and Improvement Company and shares of Sheraton Corporation and its predecessor corporations.

Note 7—The securities of 24 of the consolidated subsidiaries of Sheraton Corporation of America were acquired at costs which were in total \$4,750,368 less than the book values of the equities thus acquired. That difference is shown in the balance sheet as Surplus from Consolidation. The securities of 7 of the consolidated subsidiaries were acquired at \$3,473,202 more than the book values of the equities thus acquired. That difference has been treated in these statements as additional cost of fixed assets and allocated on a pro-rata basis, \$1,254,523 to land and leaseholds, and \$2,218,679 to buildings. Depreciation of buildings and amortization of leaseholds is accordingly stated herein at \$73,545 more than is shown by the subsidiaries.

Note 8—With the exception of 2 corporations excluded in prior years, the consolidation includes all subsidiaries 50% or more owned, totaling 50. Sheraton Hotel of Philadelphia, Inc. is included in the accompanying consolidated statements for the first time.

Note 9—The portion of consolidated earned surplus applicable to Canadian subsidiaries is \$1,541,504, which is subject to a 5% withholding tax on dividends.

Note 10—The properties of Canadian subsidiaries are included at Canadian dollar cost after adjustment to United States dollar equivalents reflecting exchange rates in effect at dates of acquisitions. The first mortgage bonds of the Canadian subsidiaries are reflected at their United States dollar equivalents using the exchange rate in effect at the date the indebtedness was incurred. The current assets and liabilities are reflected at the April 30, 1952 exchange rate of 1.0196.

Note 11—In June 1950, the office building formerly owned by Whitehall Improvement Corporation was sold and leased back under a long-term lease agreement. A subsidiary operates the building under a lease expiring June 11, 2010. The terms of the lease require the payment, in addition to local taxes assessed against the property, of an annual rental of \$750,000 to December 11, 1961, and \$130,000 thereafter. The rental to December 11, 1961 is guaranteed by Sheraton Corporation of America.

Chandler H. Foster & Company

Certified Public Accountants  
Members American Institute of Accountants

Chandler H. Foster, C.P.A.  
Francis W. Dalley, C.P.A.  
Charles W. Cheney, C.P.A.

1 Court Street  
Boston 8, Mass.

70 East 45th Street  
New York 17

August 1, 1952

To the Stockholders,  
Sheraton Corporation of America,  
Boston 8, Massachusetts.

We have examined the accompanying consolidated balance sheet of Sheraton Corporation of America as at April 30, 1952 and the related consolidated surplus and income statements for the year ended at that date.

These consolidated statements have been prepared from financial statements of Sheraton Corporation of America and Subsidiaries which have been audited by us or by other independent accountants who have submitted to us their certificates concerning the underlying statements which were examined by them.

The results of the operations of the companies purchased, sold or liquidated are included in the surplus and income statements for the periods during which they were majority owned.

Our examinations of the statements of Sheraton Corporation of America and of those subsidiaries which were examined by us were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The bases of the book values of fixed assets and securities are stated in the Notes to Financial Statements.

The unrealized net gain, representing the difference between book values and market or estimated values April 30, 1952, has not been brought into account.

On the basis of the foregoing explanations, in our opinion, the accompanying consolidated balance sheet, the related consolidated statements of surplus and income, and the explanatory notations fairly present the financial condition of Sheraton Corporation of America and Subsidiaries as at April 30, 1952, and the results of their transactions for the year then ended, in conformity with generally accepted principles of accounting applied on a basis consistent with that of the preceding year.

CHANDLER H. FOSTER & COMPANY

YOU'RE IN GOOD COMPANY . . . AT **SHERATON**



**MAN ON HIS WAY UP** — "Ike" Eisenhower snapped at the Sheraton-Cadillac on his recent Detroit visit. Middle man is Republican National Committee Chairman Summerfield.



**SWIMMING STAR** Esther Williams chose the Sheraton for her stay in Worcester, Mass.



**THE SHERATON PLAZA'S** General Manager, Lloyd B. Carswell, welcomes a distinguished Boston visitor, Pandit Nehru, Prime Minister of India.



**BARBARA ANN SCOTT**, Olympic skater, lunching at Sheraton-Cadillac, Detroit, during her recent stay.



**THE SHERATON PLAZA** in Boston has proudly flown Gen. MacArthur's five-star flag from the house staff.



**VICE PRESIDENT** Alben Barkley is welcomed to the Hotel Sinton, Cincinnati, by John H. Scheibly, Resident Manager.



**QUEEN JULIANA** and Prince Bernhard meet prominent Detroiters at the Sheraton-Cadillac.

BEHIND THE SCENES . . . AT

# SHERATON



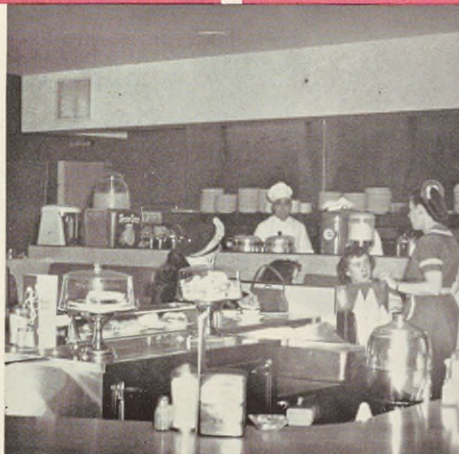
**THE DETROIT AREA SALES TEAM** poses here after a week-long "Sales Blitz" to promote the Sheraton-Cadillac and other hotels in the chain. Similar sales drives were held in other cities.



**GENERAL MANAGER NEAL LANG** of the Sheraton-Cadillac honors employees with 25 or more years service. Total years represented here: 536.



**FACE-LIFTING** at the Sheraton Plaza in Boston will cost \$250,000 . . . is expected to pay for itself within a year.



**SEVERAL SHERATON HOTELS NOW**, or will, feature "Minute Chef" snack bars open until 2 A.M., similar to this at Providence's Sheraton Biltmore.



**IN DAYTONA BEACH**, Sheraton meets the competition of motor court cabins with the addition of a beautiful new waterfront Motel, complete with excellent parking facilities.



**THE HOTEL RUSSELL** took the Sheraton Safety Trophy last year with a perfect record of no lost-time accidents.



**IDEA BANKS** for employees' suggestions, such as Park Sheraton's, make for better guest service and economy of operation.



**THE PRINCE EDWARD**  
Windsor, Ontario



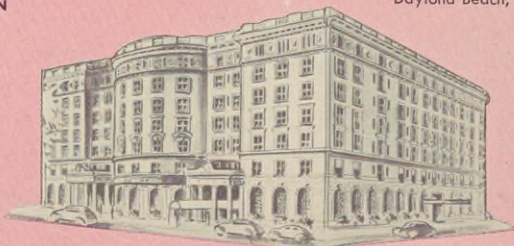
**THE SHERATON-GIBSON**  
Cincinnati



**THE SHERATON BEACH**  
Daytona Beach, Florida



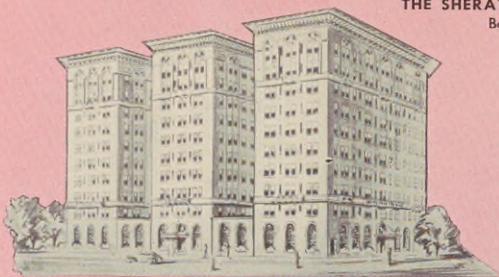
**THE SHERATON HOTEL**  
St. Louis



**THE SHERATON PLAZA**  
Boston



**THE SHERATON-MT. ROYAL**  
Montreal, Quebec



**THE PENN SHERATON**  
Philadelphia



**THE SHERATON HOTEL**  
Rochester



**THE ALMS HOTEL**  
Cincinnati



**THE SHERATON-BILTMORE**  
Providence



**THE LAURENTIEN HOTEL**  
Montreal, Quebec



**THE SHERATON HOTEL**  
Worcester, Mass.



**THE ROYAL CONNAUGHT**  
Hamilton, Ontario



**THE SHERATON HOTEL**  
Pittsfield, Mass.

# SHERATON HOTELS



*The Sheraton urn, "Hallmark of Hospitality," is a symbol. It stands for the intangibles of fine hotel management . . . friendly service, real interest in our guests' comfort, plus the soundness and integrity of the entire Sheraton organization. The same symbol and the same high standards of hospitality will be found at all 28 distinguished Sheraton hotels in 18 American cities and 5 Canadian cities.*