




**TDB Restructuring Limited**  
Licensed Insolvency Trustee

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**IN THE MATTER OF THE RECEIVERSHIP OF  
HARRY SHERMAN CROWE HOUSING COOPERATIVE INC.**

**SUPPLEMENT TO THE FIRST REPORT TO THE COURT OF  
TDB RESTRUCTURING LIMITED**

**APRIL 22, 2024**

**Court File No. CV-22-00688248-00CL**

***ONTARIO***

**SUPERIOR COURT OF JUSTICE**

**(COMMERCIAL LIST)**

**BETWEEN:**

**CITY OF TORONTO**

Applicant

-and-

**HARRY SHERMAN CROWE HOUSING CO-OPERATIVE INC.**

Respondent

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## **1.0 INTRODUCTION**

1. By order of the Ontario Superior Court of Justice (the “**Court**”) dated March 14, 2023, RSM Canada Limited was appointed receiver and manager (the “**Receiver**”), without security, of all of the assets, undertakings and properties of Harry Sherman Housing Cooperative Inc. (“**HSC**” or the “**Co-op**”) acquired for, or used in relation to a business carried on by HSC, including all proceeds thereof (the “**Appointment Order**”).
2. On March 1, 2024, the Court granted an order substituting the name TDB Restructuring Limited (“**TDB**”) in place of RSM Canada Limited (“**RCL**”) as Receiver.
3. This report (the “**Supplemental Report**”) is a supplement to the first report to the Court of the Receiver dated March 19, 2024 (the “**First Court Report**”) and should be read in conjunction with the First Court Report. Capitalized terms, unless otherwise expressly defined, shall have the meaning set out in the First Court Report.

### **1.1 Purpose of the Supplemental Report**

4. The purpose of the Supplemental Report is to provide the Court with information in reply to the Affidavit of Rosell Kerr sworn April 16, 2024 (the “**Kerr Affidavit**”) and clarify certain matters raised in the Kerr Affidavit.
5. The Receiver notes that the Kerr Affidavit does not expressly indicate whether Ms. Kerr has submitted her evidence on behalf of the Co-op or its board members (the “**Board**”), or in her personal capacity. Significantly, Ms. Kerr does not indicate in the Kerr Affidavit whether she is authorized by the Co-op members or the Board to submit her affidavit and “raise areas of concern” in respect of the relief requested by the Receiver.

## **2.0 REPLY TO THE KERR AFFIDAVIT**

6. The Receiver’s comments with respect to certain of the issues raised in Ms. Kerr’s affidavit are set out below. As preliminary comments, the Receiver:

- a) has not addressed every matter raised by Ms. Kerr and cannot speak: (i) to events that transpired prior to the Receiver’s appointment; and (ii) for the City of Toronto (the “**City**”);
- b) understands that many, if not all, of the items raised by Ms. Kerr with respect to the City were addressed and at issue in the City’s application for the appointment of the Receiver; and,
- c) has not engaged in “extensive audits” of the allegations made by the City, as suggested in paragraph 16 of the Kerr Affidavit, and is not aware of any such “audit”.

## **2.1 Notification of Change of Name**

- 7. On February 1, 2024, the name RCL was changed to TDB and, as referred to above, on March 1, 2024, the Court issued an order substituting the name TDB for RCL on all of RCL’s ongoing mandates (the “**Omnibus Order**”). Community First Developments Inc. (“**CFDI**”), the property manager engaged by the Receiver, and the licensed insolvency trustees with carriage of this matter have remained the same throughout the receivership administration.
- 8. In paragraph 7 of the Kerr Affidavit, Ms. Kerr comments that the Omnibus Order was obtained without notice or service of any materials. The Receiver is unclear as to whether any issue is taken by Ms. Kerr, the Co-Op or the Board regarding notice of the application for the Omnibus Order, but the Receiver notes that the recitals to the Omnibus Order expressly state that the Application Record was served. The Receiver also notes that service of notice of the Application for the Omnibus Order is not required on stakeholders of the various mandates for which RCL was appointed as their rights or interests are not affected by the Omnibus Order.

## **2.2 Triggering Events and Financial Stability of the Co-op**

- 9. As referred to in paragraph 20 of the Kerr Affidavit, certain triggering events led up to the appointment of the Receiver. These triggering events are identified pursuant to section 83 of the *Housing Services Act 2011* (the “**Act**”) and summarized in the City’s letter to the Co-op dated March 29, 2021 (the “**Notice of Triggering Events**”). A

copy of the Notice of Triggering Events is attached hereto as **Appendix “A”**. To summarize, the triggering events identified include:

- a) Contravening the Act or regulations by failing to comply with s. 75(1) of the Act to operate the housing project and govern itself in accordance with prescribed provincial requirements and local standards made by the Service Manager<sup>1</sup> and by failing to comply with s. 69(2) of the Act to ensure the project is well managed; and
  - b) Failing to operate the designated housing project properly.
10. The underlying issues giving rise to the triggering events leading up to the appointment of the Receiver, and the consequences arising therefrom, continue to be addressed by the Receiver, including the following items:
- a) CFDI is continuing to work with Rent-Geared-to-Income (“**RGI**”) households to obtain missing information in their files, which information was missing from prior to the Receiver’s appointment and continues to be outstanding notwithstanding repeated attempts by CFDI to obtain same;
  - b) as set out in the Kerr Affidavit, the number of RGI households required to be maintained by the Co-op is 90. The number of RGI units currently maintained by the Co-op is below the required threshold and the Receiver and CFDI are attempting to increase the number of RGI households as units within the Co-op are vacated over time by households paying market rent;
  - c) prior to the Receiver’s appointment, the Board filled vacated units with market rent households instead of RGI households, notwithstanding the City’s requirements, and either did not provide the City with accurate reporting or any reporting at all. As a result, the City provided a level of subsidy based on the misreported or historical number of RGI households, which subsidy levels exceeded warranted amounts. On the basis that the Receiver has now provided the City with audited financial statements and annual information reports for the years ended June 30, 2022 and 2023, the City has advised that it intends to

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<sup>1</sup> The Service Manager under the Act is the City of Toronto

recoup the excess subsidies paid historically by reducing its monthly subsidy on a go forward basis. The Receiver is now managing the costs of operating the Co-op with a lower monthly subsidy from the City; and

- d) as described in the First Court Report, there are several capital projects that have been approved and partially funded by the City, which need to be completed by the Receiver.
11. In paragraph 20, the Kerr Affidavit states that the Receiver has invested \$431,250.00 in term deposits and that this is evidence that the Co-op is financially stable. At paragraphs 21 and 23 of the First Court Report and note 1 to the Receiver's statement of receipts and disbursements, the Receiver has explained that these funds have been advanced by the City for the specific purpose of completing capital projects approved by the City. The Receiver has invested the funds in a guaranteed investment certificate to: (i) earn a better rate of interest on the funds; and (ii) segregate the funds from general operating funds so that they are not unintentionally used for a purpose other than for what they have been specifically provided. The Receiver is uncertain as to whether Ms. Kerr has mistakenly understood that these funds are for general use. The financial stability of the Co-op is further discussed below.

### **2.3 Market Rent vs. RGI Income and Financial Report**

12. As a preliminary matter, in paragraphs 21, 22 and 29 of the Kerr Affidavit, reference is made to the Receiver's "annual financial statements" or "annual financial report". To be clear, the Receiver has not provided financial statements or any form of annual financial report. The Receiver has provided quarterly reports and an annual report in accordance with its duties under the Appointment Order. The Receiver's report sets out the Receiver's activities, relevant information for the Court, the Receiver's interim statement of cash receipts and disbursements and fees to January 31, 2024 and seeks approval of the Court for same. The Receiver's interim statement of cash receipts and disbursements does not constitute a financial statement or financial report.
13. The Kerr Affidavit states at paragraph 22 that "the Board inquired from the Receiver answers in relation to the distinction between RGI income and market income. To date the Board have not received any clarification or breakdown from the Receiver."

The Receiver has no knowledge of any such request from Ms. Kerr or the Board to which she refers. Without any particulars as to the date and form in which these requests are alleged to have been made, the Receiver is unable to comment further.

14. In the Kerr Affidavit, at paragraph 25, Ms. Kerr has asked for a breakdown of, among other things, the subsidy paid by the City for the Receiver's fees. Paragraph 5 of the affidavit of Arif Dhanani states that the Receiver's fees and disbursements plus HST have been subsidized by the City of Toronto. To be clear, the full amount of the Receiver's fees, disbursements and HST associated therewith have been funded by the City and have not been paid from any subsidies intended for the housing project or in respect of RGI subsidies.
15. In order to be helpful and provide Ms. Kerr with financial information that she may be traditionally familiar with, the Receiver has attached hereto as **Appendix "B"**, the annual audited financial statements of the Co-op for the year ended June 30, 2023. The Receiver notes that:
  - a) although its financial position as at June 30, 2023 has improved slightly from June 30, 2022, the Co-op continues to be insolvent; and
  - b) the amount of the government subsidy (re)payable to the City has increased from the prior year. The Receiver believes that the subsidy (re)payable to the City may be even greater as at June 30, 2024 as a result of the full impact of the issue raised in 10 (c) above.

#### **2.4 Maintenance and Repairs and Property Management Fees**

16. In paragraph 27 of the Kerr Affidavit, Ms. Kerr sets out that repairs and maintenance costs reported by the Board's maintenance staff in 2022 were \$53,736 and that the forecast for 2023 was \$174,111; however, the audited financial statements set out that repairs and maintenance costs were actually much higher: (i) \$714,250 for the year ended June 30, 2022; (ii) \$658,319 for the year ended June 30, 2023; and (iii) the budgeted amount for repairs and maintenance costs for the year ended June 30, 2023 was \$440,586.



17. Property management fees have increased significantly on the basis that the Receiver engaged CFDI after evaluating the qualifications and performance of the property managers engaged by the Board following the Receiver's appointment. CFDI is a reputable property manager with a history of managing large properties and is well known in the non-profit and social housing sector, having a separate accounting department with appropriate internal controls and segregation of duties.
18. The Receiver's comments, observations and evaluation based on the Board's oversight of both the books and records of the Co-op, and the Co-op's property managers engaged prior to and at the time of the Receiver's appointment and CFDI's discussions with various residents after its engagement by the Receiver is set out below:
  - a) the property managers engaged by the Co-op at the time of the Receiver's appointment were two individuals;
  - b) there was no segregation of duties and one of the property managers was also completing the Co-op's accounting; however, this individual had no formal accounting accreditation or experience and the other individual did not appear to have any qualifications at all;
  - c) both property managers failed the Ontario Non-Profit Housing Association's RGI administration course, the successful completion of which is mandatory for all new RGI administrators in the City of Toronto regardless of whether new administrators have completed any previous training on RGI administration/simplification;
  - d) among other things, the books and records of the Co-op were in disarray, bank reconciliations had not been completed in several months until the Receiver requested that they be brought up to date and the Co-op's HST rebate claims had been rejected by Canada Revenue Agency on the basis that they were incorrectly filed;
  - e) the Co-op's former auditor advised that the June 30, 2022 financial statements had not been completed as there was missing information and outstanding questions that had not been answered by either the Board or the accounting/property management staff;

- f) the Receiver came to later learn from CFDI, based on resident complaints and work orders submitted, that a significant number of units, the common elements, and the building systems, had been neglected and that residents were suffering, among other things, from: (i) very significant pest control issues; (ii) severe plumbing issues; (iii) rotting kitchen and bathroom cabinets and raised flooring (as a result of leaks and flooding from the plumbing issues); and (iv) allergies from mould accumulation; and
  - g) a significant number of residents complained to CFDI about the above issues and that the issues were raised with the prior property managers and the Board and that nothing had been done about them.
19. The Receiver is of the view that the condition of the Property suffered from a lack of appropriate repairs and maintenance and as such, the present increase in property management fees and repair and maintenance fees, is appropriate and necessary. In addition, the Receiver recommends that its appointment continue until, among other things, the Property is brought back to an appropriate standard and condition, which includes the work described in the First Court Report.

## **2.5 Professional Fees and Disbursements**

20. While the Kerr Affidavit sets out Ms. Kerr's opinion in paragraph 31 that the Receiver's average hourly rate of \$435.85 is excessive, based on the fee affidavits submitted by many of the Receiver's competitors in other insolvency proceedings, the Receiver's hourly rate in respect of this mandate is below market and was discounted to consider the nature of this particular engagement.
21. The webpage that Ms. Kerr refers to in paragraph 31 of her affidavit as something that "already existed" is misconstrued. The Receiver, as is standard practice in court-appointed receivership matters, is expected to create a case website in respect of these particular proceedings. The website referred to in the Receiver's invoices is the Receiver's website and the specific webpage referred to in the Receiver's invoices was set up in accordance with the Court's e-Service Protocol.
22. While the Receiver is surprised that it is required to provide this context, given the allegation made in the Kerr Affidavit at paragraph 32, it appears necessary. Mr.


Tannenbaum is the Receiver’s senior restructuring partner and has significant experience with receivership administrations in the non-profit and social housing sector. While there are numerous comments about Mr. Tannenbaum’s involvement with the file, including signing cheques and making electronic payments, it should be noted that the Receiver is a court-officer and a fiduciary and that it is responsible and accountable for the funds entrusted to it. The act of “signing cheques” involves Mr. Tannenbaum’s review and approval of all disbursements from the Co-op’s operating account and the Receiver’s trust account, all of which are critical to ensuring that every disbursement made is appropriate and accurate. No one in the Receiver’s office, other than a licensed insolvency trustee, has the ability or authority to sign cheques or make electronic payments. The approval and disbursement of trust funds is not an “administrative” task but is an important function reserved to be completed by a licensed insolvency trustee.

### **3.0 CONCLUSION**

23. Based on the foregoing, the Receiver respectfully requests that the Court grant the order requested in the First Court Report.

All of which is respectfully submitted to this Court as of this 22<sup>nd</sup> day of April 2024.

**TDB RESTRUCTURING LIMITED**, solely in its capacity as Receiver and Manager of Harry Sherman Crowe Housing Cooperative Inc. and not in its personal or corporate capacity

Per:   
Arif Dhanani, CPA, CA, CIRP, LIT  
Managing Director

# **APPENDIX A**

Shelter, Support & Housing Administration  
Mary-Anne Bédard, General Manager

Housing Stability Services  
Metro Hall, 6th Floor  
55 John Street  
Toronto, ON M5V 3C6

Tel: 416-392-0054  
Fax: 416-696-3718  
Doug.Rollins@toronto.ca

March 29, 2021

Board of Directors  
Harry Sherman Crowe Housing Co-operative Inc.  
Co-op Off – 51 The Chimneystack Rd.  
Toronto, ON M3J 3L9

Dear Board of Directors,

**Re: Notice of Triggering Events (NTE)**

Notice is hereby given pursuant to clause 90(1)(a) of the *Housing Services Act 2011* ("**HSA**") that certain triggering events under the HSA have occurred with respect to Harry Sherman Crowe Housing Co-operative Inc.(**the "Housing Provider"**).

The particulars of the triggering events are as follows:

- 1) In the opinion of the City of Toronto, in its role as Service Manager, the Housing Provider has contravened the HSA and the regulations (HSA, s. 83. paragraph 1) :
  - a) The Housing Provider has failed to comply with the requirements of the HSA, s. 75(1) to operate the housing project and govern itself in accordance with (a) the prescribed provincial requirements; and (b) the local standards made by the Service Manager.
    - i. The Housing Provider has inadequate documented policies dealing with the following:
      - a) Internal transfers, O. Reg. 367/11, s. 47 (1) paragraph 5.
      - b) Guests, O. Reg. 367/11, s. 96 (4).
      - c) Dealing with information to ensure that the provider's directors, officers, employees, agents and volunteers comply with the standards prescribed by section 146. (O. Reg. 367/11, s. 146 (9)).
      - d) Records management to ensure that the provider's directors, officers, employees, agents and volunteers comply with HSA, s. 79 (1) and O. Reg. 367/11, s. 102 (1).
    - ii. The Board of Directors has not established the policies and procedures regarding:
      - a) System for dealing with reviews delegated to the Housing Provider under the Rent-Geared-to-Income Administration Services Agreement between the Service Manager and the Housing Provider; HSA s. 155 (3).
      - b) Lease/occupancy agreement policy, O.Reg. 367/11, s.100 (5) and City Guideline 2007-2.
    - iii. The Board of Directors has not implemented correctly the required policies and procedures regarding RGI administration or filling RGI Units in accordance with the local standards set forth in the Rent-Geared-to-Income (RGI) Administration Manual issued by the City of Toronto as described in the rent-geared-to income (RGI) review.
  - b) The Housing Provider has failed to comply with the requirements of the HSA, s. 69(2) to ensure that the project is well managed.

- i. The Board of Directors has failed to establish appropriate governance
- 2) In the opinion of the Service Manager, the Housing Provider has failed to operate a designated housing project properly (HSA, s. 83. Paragraph 11):
  - a) The Board of Directors has not established effective financial management controls resulting an accumulated deficit. As of June 30, 2020, the co-op had an accumulated deficit of \$129,087.
  - b) The Board of Directors has not ensured that the necessary policies and procedures are in place to ensure appropriate approvals and monitoring of internal controls

Effective immediately:

- 1) Notify the City of Toronto (City) at least two weeks in advance of the dates and times of all future Board of Directors meetings until further notice. City staff will attend as deemed necessary.
- 2) A copy of the agenda and "Board package" for each Board meeting is to be provided to the City at least two business days prior to each Board meeting.
- 3) Provide the City with a copy of the Minutes and all attachments no later than three weeks following all Board of Directors meetings, until further notice
- 4) Ensure that the following statements and reports are prepared monthly and are reviewed by the Board of Directors :
  - **Balance Sheet** showing cash on hand, investments and monies owed;
  - **Statement of Revenue and Expense** showing budget, actual data and variances;
  - **Payables List** showing all outstanding invoices;
  - **Arrears Report** showing occupancy charge amounts unpaid by residential members; and
  - **Investment Ledger (Report)** showing the balance of all investments.
- 5) A copy of each of the above noted reports must be provided to the City, no later than the last Thursday of the month until further notice.

No later than May 4, 2021:

- 6) Submit the Corporation's response to the Operational Review report conducted on November 8, 2019 as well as :
  - a) Update the Housing Provider's internal transfer policy and provide a copy of to the Service Manager as required by O.Reg 367/11 s. 47 and City Guideline 2012-1.
  - b) Establish a system for dealing with reviews as required by the HSA s. 155-158
  - c) Update written policies governing its standards for the collection, use, safeguarding and disclosure of personal information as required by HSA, O. Reg. 367/11, s. 145-147 and the RGI Service Agreement
  - d) Update written processes and procedures governing records management as required by the HSA, O.Reg. 367/11, s.102 and the RGI Service Agreement
  - e) Ensure the Housing Provider's occupancy agreements meet the requirements of the HSA O.Reg. 367/11, s.100, City Guideline 2007-2

- 7) Revise oversight and management processes to ensure that appropriate oversight is being provided over RGI administration to identify deficiencies, prevent recurrence and ensure the Corporation's RGI compliance rate exceeds the minimum standard. This should include :
  - a) Submitting the Corporation's response to the RGI Review report conducted on November 8, 2019
  - b) Following the *RGI Administration Manual* in carrying out the duties delegated by the City of Toronto to administer RGI subsidies in accordance with the rules as set out in the *Housing Services Act* and Regulations
  - c) Establishing documented business processes and procedures governing all aspects of RGI administration and filling RGI units
- 8) Submit an action plan detailing what steps the Board will take to eliminate the accumulated deficit and ensure that the Housing Provider will not incur losses in future years. The plan must include the following elements:
  - An assessment of the extent and nature of the financial difficulties;
  - A thorough analysis of qualitative factors contributing to the Housing Provider's financial problems;
  - A clear outline of specific steps to be taken to reduce expenditures and/or increase revenues
  - Specific objectives and detail on how they will be achieved;
  - A revised budget for the current year; and
  - Projected operating results for the next three years reflecting the Housing Provider's planned course of action and stated objectives.

Once the Housing Provider has been notified that the action plan has been accepted by the City, the Board of Directors must ensure that the plan is implemented and monitored, that operating losses are avoided and the accumulated deficit is eliminated in the time frame specified.

The Housing Provider must provide the City with a quarterly report assessing the effectiveness of its action plan. This report must be reviewed and approved by the Board of Directors prior to submission to the City. The first report must be submitted to the City 30 days following the end of the calendar quarter in which the City advised of its acceptance of the action plan. This report must be delivered to the City no later than ten days following the last day of each calendar quarter thereafter.

- 9) Submit policies and procedures governing the following activities for approval:
  - Review and approval of monthly financial statements by the Board of Directors;
  - Purchasing, including clearly defined authorities and limits for both Board members, staff and agents as it pertains to legally binding contractsThe Board must ensure that all processes include appropriate internal controls. The Housing Provider's internal controls should help to ensure that exposure to risk is managed. Once approved by the City the policies and procedures must be implemented immediately by the Housing Provider.
- 10) Create and submit a training plan outlining what courses will be taken to ensure that all members of the Board of Directors receive financial management and corporate governance training in a form acceptable to the City. The training plan must specify, at the very least, the names of the Board members, the course provider, the course name, and the scheduled date(s).

No later than May 14, 2021:

- 11) Provide to the Service Manager proof of successful completion of the financial management and corporate governance course by at least 50% of the Board members.
- 12) Submit a training strategy that ensures that new Board members and staff are appropriately trained in the future with respect to corporate governance, financial management and operation of the Housing Provider.

No later than June 23, 2021:

- 13) Provide to the Service Manager proof of successful completion of the financial management and corporate governance course by the remaining 50% of the Board members.

The Service Manager reserves the right to add to, vary or change the foregoing requirements if it deems it necessary to do so in order to cure the situations that have given rise to the triggering events. Harry Sherman Crowe Housing Co-operative Inc. is required to implement or comply with the directions given in this notice by the dates specified in the various sections of the notice.

Failure to comply with all or part of this notice of triggering events may result in the Service Manager exercising any or all remedies available to it under Section 85 of the Housing Services Act, which may include the following:

- Appointing an interim receiver or interim receiver and manager;
- Applying for the appointment by the superior court of justice of a receiver or receiver and manager for the housing provider;
- Removing some or all of the directors of the housing provider; and
- Appointing one or more individuals as directors of the housing provider.

Please direct all correspondence related to this matter to Suzana Lama, the Housing Consultant responsible for Harry Sherman Crowe Housing Co-operative Inc.

Sincerely,



Doug Rollins  
Director, Housing Stability Services

cc. Mary-Anne Bédard, General Manager, Shelter Support & Housing Administration Division,  
City of Toronto  
Michael Smith, Counsel, City of Toronto  
Julie Western Set, Manager, Housing Stability Services, City of Toronto  
Suzana Lama, Housing Consultant, City of Toronto



# **APPENDIX B**

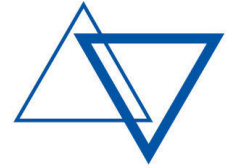
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**HARRY SHERMAN CROWE HOUSING CO-OPERATIVE INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2023**

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## **INDEPENDENT AUDITOR'S REPORT**

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**To RSM Canada Limited, solely in its capacity as court appointed receiver and manager of Harry Sherman Crowe Housing Co-operative Inc. and the City of Toronto**

### **Disclaimer of Opinion**

We were engaged to audit the accompanying financial statements of Harry Sherman Crowe Housing Co-operative Inc. (the "Co-operative"), which comprise the balance sheet as at June 30, 2023 and the statements of revenues, expenditures and accumulated deficit, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Co-operative. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### **Basis for Disclaimer of Opinion**

Management was unable to provide certain written representations required by Canadian Auditing Standards Section 580, Written Representations, pertaining to the period prior to the Receiver's appointment on March 14, 2023. These representations include, but are not limited to, management's responsibility for preparing the financial statements in conformity with the Co-operative's financial reporting framework, providing all relevant information and access as agreed in the terms of the audit engagement, representing that all transactions have been recorded and are reflected in the financial statements, management's responsibility for the Co-operative's compliance with laws, regulations, and contractual obligations, and the presence or absence of fraud or suspected fraud.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 1 in the financial statements which indicates that the Co-operative has an accumulated deficit of \$130,405 as at June 30, 2023 and a replacement reserve fund balance of \$Nil. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt about the Co-operative's ability to continue as a going concern. Our disclaimer of opinion is not modified in respect of this matter.

### **Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use**

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Co-operative to comply with the financial reporting provisions of the HSA. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Co-operative and the City of Toronto and should not be distributed to or used by parties other than the Co-operative or the City of Toronto. Our disclaimer of opinion is not modified in respect of this matter.

### **Other Matter**

The financial statements for the year ended June 30, 2022 were audited by another auditor who included a disclaimer of opinion on those financial statements on October 17, 2022 for the reasons described in the Basis for Disclaimer of Opinion section.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the HSA, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Co-operative's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Co-operative or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Co-operative's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our responsibility is to conduct an audit of the Co-operative's financial statements in accordance with Canadian generally accepted auditing standards and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Co-operative in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.



Andrew T. Vahrmeyer Professional Corporation

Authorized to practice public accounting by the  
Chartered Professional Accountants of Ontario

Richmond Hill, Ontario  
December 20, 2023

# HARRY SHERMAN CROWE HOUSING CO-OPERATIVE INC.

## BALANCE SHEET

AS AT JUNE 30, 2023

	2023	2022
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 218,321	\$ 112,002
Short term investments (Note 3)	162,404	160,803
Members' receivable (net of allowance 2023 - \$6,412, 2022 - \$6,412)	30,241	43,486
HST rebate receivable	226,217	140,490
Government subsidy receivable	169,532	128,190
Other accounts receivable	26,154	3,547
Prepaid expenses	<u>94</u>	<u>28,311</u>
	832,963	616,829
<b>Tangible capital assets (Note 5)</b>	<u>7,020,514</u>	<u>8,191,884</u>
	\$ 7,853,477	\$ 8,808,713
<b>LIABILITIES, RESERVE FUNDS AND ACCUMULATED DEFICIT</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 363,413	\$ 777,302
Members' rent deposits	124,786	117,771
Accrued mortgage payment	135,089	135,089
Government subsidy payable	292,119	153,238
HST payable	2,795	362
Deferred housing charge revenue	34,841	72,812
Current portion of mortgage payable (Note 6)	<u>1,240,946</u>	<u>1,171,370</u>
	2,193,989	2,427,944
<b>Mortgage payable, net of current portion (Note 6)</b>	<u>5,779,568</u>	<u>7,020,514</u>
	7,973,557	9,448,458
<b>Replacement reserve fund (Note 8)</b>	-	-
<b>Contributed surplus</b>	10,325	10,325
<b>Accumulated deficit</b>	<u>(130,405)</u>	<u>(650,070)</u>
	\$ 7,853,477	\$ 8,808,713

See accompanying notes to financial statements.

Approved by: RSM Canada Limited, solely in its capacity as court-appointed receiver and manager of Harry Sherman Crowe Housing Co-operative Inc., and not in its personal or corporate capacity



# HARRY SHERMAN CROWE HOUSING CO-OPERATIVE INC.

## STATEMENT OF REVENUES, EXPENDITURES AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED JUNE 30, 2023

	2023 ACTUAL	2023 BUDGET	2022 ACTUAL
		(Note 13)	
<b>Revenues</b>			
Housing charges:			
Market	\$ 1,247,563	\$ 1,101,216	\$ 1,157,807
Rent geared to income	315,887	1,189,740	322,290
Utility charges	29,424	-	29,394
City of Toronto subsidy (Note 9):			
Original estimate	1,766,216	693,682	1,538,280
Year end reconciliation	(102,407)	-	(100,255)
Parking	99,690	100,761	86,132
Laundry	23,460	10,000	20,766
Investment income (loss)	2,175	-	(10,047)
Other	17,676	2,299	1,393
Recovery upon receivership - 2023 expenditures (Note 10)	<u>457,653</u>	<u>-</u>	<u>-</u>
	<u>3,857,337</u>	<u>3,097,698</u>	<u>3,045,760</u>
<b>Expenditures</b>			
Administrative overhead (Schedule 1)	486,066	187,358	270,715
Amortization of tangible capital assets	1,159,656	907,869	1,086,455
Bad debts (recovery)	2,232	3,000	(1,538)
Insurance	112,902	80,000	101,429
Repairs and maintenance (Schedule 2)	658,319	440,586	714,250
Mortgage interest	445,202	713,201	518,403
Municipal taxes	186,843	168,600	178,891
Utilities (Schedule 3)	474,162	443,000	436,960
Allocation to replacement reserve fund	<u>109,583</u>	<u>120,000</u>	<u>105,663</u>
	<u>3,634,965</u>	<u>3,063,614</u>	<u>3,411,228</u>
<b>Shelter excess (deficiency) of revenues over expenditures before undernoted</b>	222,372	\$ 34,084	(365,468)
Sector support (Schedule 4)	<u>7,219</u>	<u>23,568</u>	<u>7,369</u>
<b>Excess (deficiency) of revenues over expenditures before undernoted</b>	229,591	\$ 57,652	(358,099)
Recovery upon receivership - 2022 expenditures (Note 10)	<u>326,548</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	556,139	<u>\$ 57,652</u>	(358,099)
City prior period reconciliation adjustment (Note 11)	(36,474)		-
<b>Accumulated deficit, beginning of year</b>	<u>(650,070)</u>		<u>(291,971)</u>
<b>Accumulated deficit, end of year</b>	<u>\$ (130,405)</u>		<u>\$ (650,070)</u>

See accompanying notes to financial statements.

# HARRY SHERMAN CROWE HOUSING CO-OPERATIVE INC.

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenditures	\$ 556,139	\$ (358,099)
City of Toronto prior period reconciliation adjustment	(36,474)	-
Non-cash items		
Amortization of tangible capital assets	1,171,370	1,097,450
Allocation to replacement reserve fund	<u>109,583</u>	<u>105,663</u>
	1,800,618	845,014
Net changes in		
Members' receivable	13,245	(22,593)
HST rebate receivable	(85,727)	(31,920)
Government subsidy receivable	(41,342)	540
Other accounts receivable	(22,607)	(2,063)
Prepaid expenses	28,217	8,083
Accounts payable and accrued liabilities	(413,889)	354,954
Members' rent deposits	7,015	(4,791)
Deferred housing charge revenue	(37,971)	40,871
Government subsidy payable	138,881	98,578
HST payable	<u>2,433</u>	<u>(1,367)</u>
	<u>1,388,873</u>	<u>1,285,306</u>
<b>Financing activities</b>		
Repayment of mortgage payable	<u>(1,171,370)</u>	<u>(1,097,450)</u>
<b>Investing activities</b>		
Expenditures from replacement reserve fund	(110,990)	(105,663)
Change in short-term investments	(1,601)	10,047
Investment income on replacement reserve funds	<u>1,407</u>	<u>-</u>
	<u>(111,184)</u>	<u>(95,616)</u>
<b>Increase in unrestricted cash</b>	106,319	92,240
<b>Unrestricted cash, beginning of year</b>	<u>112,002</u>	<u>19,762</u>
<b>Unrestricted cash, end of year</b>	<u>\$ 218,321</u>	<u>\$ 112,002</u>

See accompanying notes to financial statements.

# HARRY SHERMAN CROWE HOUSING CO-OPERATIVE INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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### NATURE OF ORGANIZATION

Harry Sherman Crowe Housing Co-operative Inc. (the "Co-operative") was incorporated under the Co-operative Corporations Act on September 29, 1988, as a corporation without share capital to provide subsidized housing. The Co-operative became fully operational on its interest adjustment date of July 1, 1993. A board of directors is elected from the Co-operative's membership which is made up of residents.

The Co-operative is exempt from tax under section 149(1)(l) of the Income Tax Act as a corporation operating exclusively for social welfare. No portion of the Co-operative's income is available for the personal benefit of any member.

On March 14, 2023, RSM Canada Limited was appointed as receiver and manager of the Co-operative as per a court order of the Ontario Superior Court of Justice.

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### 1. GOING CONCERN

While the financial statements have been prepared on the basis of accounting principles applicable to a going concern, several adverse conditions and events cast some doubt upon the validity of this assumption. As at June 30, 2023, the Co-operative has an accumulated deficit of \$130,405, a replacement reserve fund equity balance of \$Nil, and a working capital deficiency. If not for the recovery upon the appointment of the receiver (Note 10), the Co-operative would have incurred an operating loss for the year. The Co-operative is in need of significant capital and operating repairs, which will require external sources of financing in order to fund. There is no guarantee that the Co-operative will receive additional subsidies or other funding from the City of Toronto.

The Co-operative's continued existence is dependent upon its ability to eliminate its accumulated deficit and meet current and future obligations. In addition, refer to Note 14 regarding the Co-operative's reliance on significant government subsidies.



# HARRY SHERMAN CROWE HOUSING CO-OPERATIVE INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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### 2. SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the financial reporting framework prescribed by the Housing Services Act (the "HSA") and guidelines provided by the City of Toronto (the "City"). This framework, used in these financial statements, is in accordance with Canadian Accounting Standards for Not-For-Profit Organizations, subject to the following material exceptions:

- (i) Amortization of tangible capital assets includes amortization of the leasehold interest in land and is equal to the principal repaid on the related mortgage, rather than over the useful lives of the related assets. In determining mortgage principal repaid, an accrual is made for the amount of mortgage principal to be repaid on the first day following the Co-operative's year end;
- (ii) Capital assets funded by grant funding are amortized over the period in which the Co-operative meets the conditions of the grant agreement or at the time of repayment of the grant funding, rather than amortized over their estimated useful lives;
- (iii) The replacement reserve is funded by annual appropriations from operations based on amounts approved by the City of Toronto;
- (iv) Capital expenditures, unless otherwise funded by debt or grant funding, are expensed in the year of acquisition to the replacement reserve fund or to the statement of revenues, expenditures and accumulated surplus rather than capitalized and amortized over their estimated useful lives; and
- (v) Investment income earned on the restricted cash and investments of the replacement reserve fund is credited directly to the reserve fund rather than operations.

#### **Financial Instruments**

The Co-operative initially measures all of its financial assets and liabilities at fair value. Subsequently, all financial assets and financial liabilities are measured at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized on the statement of revenues, expenditures and accumulated surplus in the period incurred, except for changes to replacement reserve fund investments, which are recognized directly to the reserve fund.

#### **Replacement Reserve Fund**

The Co-operative is required to maintain a replacement reserve fund for the purpose of funding major asset repairs and replacement. This replacement reserve fund is funded by an annual charge to operations.

Cash and investments of the replacement reserve fund are externally restricted and can only be used for major asset repairs and replacement.

# HARRY SHERMAN CROWE HOUSING CO-OPERATIVE INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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### 2. SIGNIFICANT ACCOUNTING POLICIES - continued

#### **Tangible Capital Assets**

Tangible capital assets are comprised of the leasehold interest in land and building shelter costs and equipment as they existed at the interest adjustment date per the Certified Audited Statement of Final Capital Costs. Subsequent purchases of tangible capital assets, unless otherwise funded by debt or grant funding, are expensed or charged to the replacement reserve fund in the year acquired.

#### **Revenue Recognition**

Housing and utility charges are recognized at the beginning of each month, when they are due.

Government subsidies from the City of Toronto are recorded using the deferral method of accounting for contributions.

Laundry machines are provided by a third party. Laundry revenue is recognized when collected which occurs on a monthly basis.

Parking revenue is recognized on an accrual basis corresponding with the period during which the right to use the space is provided.

Sector support revenues are collected with housing charges and are recognized at the beginning of each month, when they are due.

All other income is reported on an accrual basis as it is earned.

#### **Use of Estimates**

The preparation of financial statements requires management to make assumptions about future events that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Key components of the financial statements requiring management to make estimates include the provision for doubtful accounts in respect of receivables. Actual results could differ from these estimates.

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### 3. SHORT-TERM INVESTMENTS

As at June 30, 2023, short-term investments consist of \$162,404 (2022 - \$160,803) invested in the Encasa Canadian short-term bond fund distributed by Worldsource Financial Management Inc.

# HARRY SHERMAN CROWE HOUSING CO-OPERATIVE INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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### 4. FINANCIAL INSTRUMENTS

The significant financial risks to which the Co-operative is exposed are credit risk, market risk, and liquidity risk.

#### Credit risk

Credit risk is the risk of financial loss should a counter-party in a transaction fail to meet its obligations. The Co-operative has exposure to credit risk to the extent that some members may fall into housing charge arrears. To manage this risk, member arrears are reviewed on a monthly basis. Further, member deposits are taken, in order to reduce credit exposure.

#### Market risk - consisting of price and interest rate risk

Market risk is the risk of potential financial loss caused by fluctuations in the fair value of future cash flow of financial instruments due to changes in market conditions. The Co-operative has exposure to price and interest rate risk in that investments in debt and equity instruments may fluctuate based on changes in market prices (caused by other than interest rates) and interest rate fluctuations. The Co-operative does not engage in any hedging or derivative transactions to manage market risk.

As the City subsidy funding fully contributes towards the cost of mortgage payments, the Co-operative is not exposed to interest rate risk on its mortgage.

#### Liquidity risk

Liquidity risk is the risk that the Co-operative encounters difficulty in meeting its financial obligations as they come due. The Co-operative's objective is to maintain a sufficient level of working capital in order to ensure it always has cash available to meet these obligations. The Co-operative's most significant short term liabilities include accounts payable and accrued liabilities, members' rent deposits, the accrued mortgage payment, and government subsidy payable.

As the City subsidy funding fully contributes towards the cost of mortgage payments, the Co-operative is not exposed to significant liquidity risk on the current portion of its mortgage.

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### 5. TANGIBLE CAPITAL ASSETS

	<u>2023</u>	<u>2022</u>
Leasehold interest and buildings	\$ 23,572,561	\$ 23,572,561
Less: accumulated amortization	<u>16,552,047</u>	<u>15,380,677</u>
Net book value	<u>\$ 7,020,514</u>	<u>\$ 8,191,884</u>

The Co-operative housing was constructed on land leased from York University. The term of lease is 45 years, effective January 31, 1992. The entire lease payment of \$3,533,000 was paid up front and is reflected in the leasehold interest and buildings.

# HARRY SHERMAN CROWE HOUSING CO-OPERATIVE INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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### 6. MORTGAGE

	<u>2023</u>	<u>2022</u>
First mortgage - fully insured by Canada Mortgage and Housing Corporation under section 6 of the National Housing Act, payable in blended monthly payments of \$135,089, with interest at 5.94%, maturing July 1, 2028	\$ 7,020,514	\$ 8,191,884
Less: current portion	<u>1,240,946</u>	<u>1,171,370</u>
	<u>\$ 5,779,568</u>	<u>\$ 7,020,514</u>

The principal to be paid over the next five fiscal years is as follows:

2024	\$ 1,240,946
2025	1,316,789
2026	1,396,168
2027	1,480,332
2028	1,569,458

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### 7. PROPERTY TAXES PAYABLE

Included in accounts payable and accrued liabilities are property taxes owing to York University of \$171,875 as of June 30, 2023, which were dated prior to the receivership appointment order on March 14, 2023 (Note 10). These property taxes were paid by York University to the City of Toronto and subsequently charged back to the Co-operative by York University.

# HARRY SHERMAN CROWE HOUSING CO-OPERATIVE INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

### 8. REPLACEMENT RESERVE FUND

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ -	\$ -
Allocation from operations	109,583	105,663
Expenditures	(110,990)	(105,663)
Investment income	<u>1,407</u>	<u>-</u>
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>

Replacement reserve fund expenditures consist of the following:

	<u>2023</u>	<u>2022</u>
Unit repair and retrofit	\$ 246,422	\$ 105,663
Community room renovation	56,395	-
Appliances	14,866	-
Recovery upon receivership (Note 10)	<u>(206,693)</u>	<u>-</u>
	<u>\$ 110,990</u>	<u>\$ 105,663</u>

### 9. CITY OF TORONTO SUBSIDY

	<u>2023</u>	<u>2022</u>
Operating subsidy	\$ 586,544	\$ 496,864
RGI subsidy	667,886	762,270
Property tax subsidy	186,843	178,891
Additional subsidy to address cash flow issues	130,000	-
Additional subsidy to fund receiver fees	<u>92,536</u>	<u>-</u>
	<u>\$ 1,663,809</u>	<u>\$ 1,438,025</u>

# HARRY SHERMAN CROWE HOUSING CO-OPERATIVE INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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### 10. RECOVERY UPON RECEIVERSHIP AND CONTINGENT LIABILITIES

Included in the receivership appointment order dated March 14, 2023, issued by the Ontario Superior Court of Justice (the "Court"), are the following court orders:

- (i) no proceeding against or in respect of the Co-operative or the Co-operative's assets and property shall be commenced or continued, except with the written consent of the Receiver or with leave of the Court, and any and all Proceedings currently under way against or in respect of the Co-operative or the Co-operative's assets and property are hereby stayed and suspended pending further order of the Court.
- (ii) all rights and remedies against the Co-operative, the Receiver, or affecting the Co-operative's assets and property, are hereby stayed and suspended, except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the Bankruptcy and Insolvency Act, and further provided that nothing in this paragraph shall: (i) empower the Receiver or the Co-operative to carry on any business which the Co-operative is not lawfully entitled to carry on; (ii) exempt the Receiver or the Co-operative from compliance with statutory or regulatory provisions relating to health, safety or the environment; (iii) prevent the filing of any registration to preserve or perfect a security interest; or (iv) prevent the registration of a claim for lien.

The Receiver is appointed by the Court via an application of the City of Toronto under the Housing Services Act and the Receiver's mandate is not to realize on the property of the Co-operative, but rather to bring the Co-operative back into compliance with the HSA.

As of March 14, 2023, the Co-operative had a significant accumulated deficit and unpaid financial liabilities and there were not sufficient funds for distribution to unsecured creditors. Accordingly, a recovery was recorded to eliminate financial liabilities, which are impacted by the above court orders and for which the Co-operative does not anticipate will be paid.

Additionally, certain legal claims were outstanding against the Co-operative from prior to March 14, 2023 and which are also included in the stay pursuant to the above court orders.

No accrual of costs has been made in these financial statements, with respect to any liabilities which may be realized should the stays be lifted, except for municipal taxes which were originally funded through City of Toronto subsidies, as the outcome is not determinable. Any outstanding liabilities from prior to March 14, 2023 requiring payout will be recorded in the period such payout is determined.

# HARRY SHERMAN CROWE HOUSING CO-OPERATIVE INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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### 11. CITY OF TORONTO PRIOR PERIOD RECONCILIATION ADJUSTMENT

The original annual information return ("AIR") submitted with the audited financial statements for the year ended June 30, 2021 was rejected by the City due to the inclusion of RGI units which were not properly selected from the City's centralized waiting list. This original AIR calculated the year end reconciliation amount owing back to the City of \$52,983.

The AIR for the year ended June 30, 2021 was amended and resubmitted on August 14, 2023 with a revised reconciliation amount owing back to the City of \$89,457. The difference of \$36,474 between the original and amended annual information returns is recorded as a prior period adjustment pertaining to 2021.

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### 12. MANAGEMENT CONTRACT

The Co-operative has entered into a property management contract with Community First Developments Inc. ("CFDI") for the period from April 24, 2023 to April 30, 2024. This contract may be cancelled by the Co-operative or CFDI by providing at least 60 days written notice or 30 days in the event of default. The contract fees are based on annual rates of \$429,600 plus HST for management and \$25,680 plus HST for accounting, paid monthly in arrears.

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### 13. BUDGET FIGURES

The comparative budget figures included in the statement of revenues, expenditures and accumulated surplus are unaudited.

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### 14. ECONOMIC DEPENDENCE

The continued, sustained operation of Harry Sherman Crowe Housing Co-operative Inc. is dependent on significant government subsidies. Without this level of support the continued existence of the Co-operative is uncertain.

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### 15. TRANSACTIONS WITH MEMBERS

Approximately 45% (2022 - 53%) of the Co-operative's revenue has been derived from or on behalf of members of the Co-operative.

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### 16. UNIT RENOVATION COSTS

Building and equipment repairs and maintenance expenses include \$137,980 (2022 - \$223,272) of unit renovation costs that would have been charged to the replacement reserve fund based on the requirements of City of Toronto Guideline 2018-5, had sufficient funds been available in the replacement reserve fund.

# **HARRY SHERMAN CROWE HOUSING CO-OPERATIVE INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

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### **17. COMPARATIVE FIGURES**

Certain of the comparative figures have been reclassified to conform with the current year's presentation.



# HARRY SHERMAN CROWE HOUSING CO-OPERATIVE INC.

## SCHEDULES TO STATEMENT OF REVENUES, EXPENDITURES AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED JUNE 30, 2023

	2023 ACTUAL	2023 BUDGET	2022 ACTUAL
		(Note 13)	
<b>SCHEDULE 1</b>			
<b>Administrative overhead</b>			
Office and general	\$ 88,025	\$ 33,500	\$ 35,558
Telephone and internet	14,278	15,458	16,619
Management fees	175,644	90,000	130,041
Receiver fees (Note 9)	85,116	-	-
Professional fees	104,417	24,500	64,758
Social and recreation	<u>18,586</u>	<u>23,900</u>	<u>23,739</u>
	<u>\$ 486,066</u>	<u>\$ 187,358</u>	<u>\$ 270,715</u>
<b>SCHEDULE 2</b>			
<b>Repairs and maintenance</b>			
Building and equipment (Note 16)	\$ 371,779	\$ 163,298	\$ 423,490
Elevator	11,225	18,302	22,579
Grounds	64,174	62,715	68,290
Heating and plumbing	125,410	53,353	64,790
Waste removal	57,903	52,705	47,470
Security	<u>27,828</u>	<u>90,213</u>	<u>87,631</u>
	<u>\$ 658,319</u>	<u>\$ 440,586</u>	<u>\$ 714,250</u>
<b>SCHEDULE 3</b>			
<b>Utilities</b>			
Hydro	\$ 195,605	\$ 160,000	\$ 202,800
Gas	94,062	83,000	95,378
Water	<u>184,495</u>	<u>200,000</u>	<u>138,782</u>
	<u>\$ 474,162</u>	<u>\$ 443,000</u>	<u>\$ 436,960</u>
<b>SCHEDULE 4</b>			
<b>Sector support</b>			
Sector support revenue	\$ 23,430	\$ 23,568	\$ 23,580
Sector support amortization	(11,714)	-	(10,995)
Sector support interest	<u>(4,497)</u>	<u>-</u>	<u>(5,216)</u>
	<u>\$ 7,219</u>	<u>\$ 23,568</u>	<u>\$ 7,369</u>