

# NOTICE OF MEETING



**NOTICE OF MEETING:  
ANNUAL GENERAL MEMBERS' MEETING  
WEDNESDAY, NOVEMBER 10, 2021  
7:00 PM VIA ZOOM**

## **A G E N D A**

1. ADOPT AGENDA
2. APPROVE MINUTES OF MARCH 18, 2021
3. ELECTIONS
4. APPROVAL OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
5. APPOINTMENT OF AUDITOR – 2021/ 22
6. BOARD REPORT
7. STAFF REPORT
8. ELECTION RESULTS
9. END OF MEETING

**\* PLEASE HAVE THIS PACKAGE WITH YOU AT THE VIRTUAL MEETING \*  
TO REGISTER FOR THE MEETING PLEASE VISIT  
[WWW.DIANEFRANKLINGCO-OP.COM](http://WWW.DIANEFRANKLINGCO-OP.COM)**

**Minutes of a Virtual Meeting of the General Membership  
of Diane Frankling Co-operative Homes  
held on Thursday, March 18<sup>th</sup>, 2021  
at 7:00 pm, via ZOOM**

Present: 49 members logged in. Please refer to the attached list.

Others: Ann Dion, Ali Parrott, Hong Ngo, Ryan Hayward, Ed Roscetti.

Quorum being present, the meeting was called to order at 7:10 pm. Conrad Page chaired the meeting and Ali Parrott recorded the minutes.

Conrad welcomed members to the co-op's first virtual members' meeting, and acknowledged the traditional territories. Conrad then introduced the current board of directors, and indicated that the purpose of this meeting is for the membership to review and approve the Audited Financial Statements for the year ended March 31<sup>st</sup>, 2020, and the Operating Budget for the coming fiscal year – 2021/ 22. Conrad also noted that the presented budget includes a 0% general housing charge increase.

1. **ADOPT ADENDA: MOVED** by Angelica Batalla and **SECONDED** by Sandra John-Baptiste **THAT** the agenda be adopted as presented. **Opposed: 0. Abstentions: 0. MOTION CARRIED.**
2. **APPROVE MINUTES OF FEBRUARY 05, 2020: MOVED** by Don Hutton and **SECONDED** by Barry St. Denis **THAT** the minutes of February 5<sup>th</sup>, 2020 be approved as presented. **Opposed: 0. Abstentions: 2. MOTION CARRIED.**
3. **APPROVAL OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020:** Prior to beginning the discussion of the financial statements, Conrad asked members to put the motion on the floor to approve the statements and open up the item for discussion: **MOVED** by Mike Hussey and **SECONDED** by David Garcia **THAT** the financial statements for the year ended March 31<sup>st</sup>, 2020 be approved as presented.

The item was handed over to Ed for statement presentation and discussion. Ed led the members through key areas of the statements.

Ed gave an overview of page 8 – the co-op's statement of revenue and expenditure, and reported that the co-op shows a small loss this year of just under \$20,000.00. Under administrative salary expenses, costs are up, mostly due to seasonal and temporary contract workers; these costs are largely offset by incoming grant revenue that is shown in another section.

Ed summarized pages 5 and 6 – the co-op's balance sheet and assets and liabilities. Ed also reviewed activity in the co-op's Replacement Reserve Fund over the course of the year.

There were no questions, so the members voted to complete the motion:  
**Opposed:0. Abstentions:1. MOTION CARRIED.**

4. **PRESENTATION and APPROVAL of 2021/22 OPERATING BUDGET:**

Prior to beginning the discussion of the operating budget, Conrad asked members to put the motion on the floor to approve the 2021/ 22 budget and open up the item for discussion: **MOVED** by Mike Hussey and **SECONDED** by Heather Anderson **THAT** the 2021/ 22 Operating Budget be approved as presented, with a 0.0% increase in general market housing charges. The item was opened for presentation and discussion. Conrad asked that members allow Ann to present the budget first, and then time would be set aside for questions and answers.

Ann shared a screen of the proposed budget, explaining the different columns shown. Ann noted that the only change in revenue is the absence of gym memberships.

Taxes and insurance are way up, but hydro and gas have come down quite a bit. Ann stated that the big increase in the cable line is due to both cable and the new internet package being included.

Ann said that the administrative budget remains much the same, but the maintenance budget is very different, due to an almost-complete staff changeover.

Ann commented that the board spent a lot of time discussing what a 0.0% increase would mean for the co-op. Directors made their decision out of consideration for members, while keeping in mind the needs of the co-op. Some of the savings we have realized over the course of the pandemic year will help offset having no rent increase this coming year.

Following some further questions, members voted to complete the motion.  
**Opposed: 0. Abstentions: 0. MOTION CARRIED.**

**STAFF REPORT:**

East Wall Project

The board will soon meet to discuss the co-op's options in terms of moving ahead – or not – with this project this coming year. Ann advised that all units with outstanding work from the last phase of the east wall project will receive a work schedule in the coming week.

Ann reported that the fencing around the ground floor units in the south tower is slated to be replaced.

Administrative staff are all back on-site, and will remain so unless a third lockdown is announced.

Ann announced that the DFC Supper Club, which launched March 3<sup>rd</sup>, has been very popular.

Ann encouraged members to reach out to Ryan for help if support is needed to access vaccine appointments and information, especially as age eligibility continues to change.

Conrad once again thanked all members for attending the virtual meeting, and noted that there will be an ongoing need for virtual meetings, as we move forward. Conrad noted that the board is aiming for fall of 2021 to hold an AGM, including board director elections.

Barry drew the meeting attendee raffle winners, using a website with a random number picker. The following members won the following prizes:

- Shawn Kirkup - \$100.00 gift certificate to House on Parliament
- Carol Esprit - \$100.00 gift certificate to Red Cranberries
- Kim Adlard - \$100.00 gift certificate to St. Jamestown Steak and Chop
- Jim Billing - \$25.00 Tim Hortons gift card
- Asif Kamal - \$25.00 Tim Hortons gift card

**5. APPOINTMENT OF AUDITOR:**

**MOVED** by Mike Hussey and **SECONDED** by Barry St. Denis **THAT** Ed Roscetti be appointed as the co-op's auditor for the fiscal year 2020/21. **Opposed: 2. Abstentions: 1. MOTION CARRIED.**

**6. END OF MEETING:**

Being no further business, the meeting ended at 8:30 pm.

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PRESIDENT

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CORPORATE SECRETARY

**Members in Attendance at Virtual GMM,  
Thursday, March 18<sup>th</sup>, 2021**

Unit 112 – Concepcion Saavedra

Unit 116 – Conrad Page

Unit 230 – Eva Sin

Unit 233 – Ben Kobayashi

Unit 234 – Asif Kamal

Unit 304 – Linda Schoales

Unit 304 – Chris Poirier

Unit 307 – Jennifer Atkins

Unit 307 – Susan Justin

Unit 309 – David Garcia

Unit 309 – James Hodgson

Unit 317 – Stephanie Mott Reisz

Unit 418 – Don Hutton

Unit 430 – Karen Hill

Unit 432 – Heather Anderson

Unit 435 – Robert Papp

Unit 438 – Angelica Batalla

Unit 502 – Diane Atkins

Unit 507 – Michael Greco

Unit 510 – Jocelyne Paris

Unit 511 – Jim Billing

Unit 621 – Harish Jayadharan

Unit 624 – Carol Esprit

Unit 625 – Jeffrey Crawford

Unit 631 – Tina Niduada

Unit 632 – Jerome Scully

Unit 637 – Joan Anderson

Unit 701 – Bill Handley

Unit 705 – Dinah Draper

Unit 713 – Barry St. Denis

Unit 714 – Barbara Center

Unit 719 – Robert Teixeira

Unit 726 – Kim Adlard

Unit 730 – Rudi Garcia

Unit 733 – Miriam Verhaar

Unit 801 – Brian Finch

Unit 802 – Greg Hill

Unit 804 – Eliud Cruz-Barrera

Unit 813 – Catherine Jones

Unit 822 – Sally Houston

Unit 823 – Sandra John-Baptiste

Unit 826 – Eugene Donovan

Unit 918 – Ray Northcott

Unit 919 – Joan Russell-Smith

Unit 931 – Juan-Carlos Hernandez

Unit 931 – Maria Tlapale

Unit 936 – Darryl Ramsey

Unit 937 – Shawn Kirkup

Unit 3007 – Alan Edison

Unit 3009 – Mike Hussey

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**REPORT OF EXAMINATION**

**DIANE FRANKLING CO-OPERATIVE HOMES INC.**

Toronto, Ontario

March 31, 2021

**--ooOoo--**

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## INDEPENDENT AUDITOR'S REPORT

**To the Members of  
Diane Frankling Co-operative Homes Inc.:**

### **Opinion**

I have audited the financial statements of Diane Frankling Co-operative Homes Inc. (the Co-operative) which comprise the balance sheet as at March 31, 2021 and the statements of revenue and expenditure, reserve for future capital replacement, contributed surplus, accumulated surplus and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. These financial statements have been prepared by management to satisfy the financial reporting requirements of Canada Mortgage and Housing Corporation (CMHC).

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Diane Frankling Co-operative Homes Inc. as at March 31, 2021 and the results of its operations and changes in its cash flows for the year then ended in accordance with the financial reporting requirements of CMHC.

### **Basis for Opinion**

I conducted my audit in accordance with Canadian generally accepted auditing standards (GAAS). My responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of my report. I am independent of the Co-operative in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Basis of Accounting and Restriction on Use**

Without modifying my opinion, I draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements are prepared to assist Diane Frankling Co-operative Homes Inc. to comply with the financial reporting requirements of CMHC. As a result, the financial statements may not be suitable for another purpose. My report is intended solely for the members of Diane Frankling Co-operative Homes Inc. and CMHC and should not be used by other parties.

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

Management is responsible for the preparation of the financial statements in accordance with the financial reporting requirements of CMHC 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 related 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 Responsibility for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

As part of an audit in accordance with Canadian GAAS, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Co-operative's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast doubt on the Co-operative's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosure in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Co-operative to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Willowdale, Ontario

July 15, 2021

*Ed M. Roscetti*

**CPA, CA  
Licensed Public Accountant**

**BALANCE**  
DIANE FRANKLING CO-OPERATIVE  
March 31,

ASSETS	2021	2020
<hr/>		
<b>Current</b>		
Cash on hand and on deposit, NOTE 8	\$ 539,903	\$ 357,106
Accounts receivable		
Member arrears (less allowance for doubtful accounts 2021 - \$ 6,873 - 2020 - \$ 5,723 )	108,109	62,538
Interest reduction grant	12,987	12,987
Rent supplement receivable	0	1,981
HST rebate	68,307	95,549
Due from Fieldstone Co-operative	54,050	56,997
Other	3,132	0
Prepaid expenses	<u>26,563</u>	<u>19,376</u>
<b>Total Current Assets</b>	813,051	606,534
	<hr/>	<hr/>
<b>Capital Assets, NOTE 1</b>		
Leasehold land and buildings	8,347,993	8,347,993
Other acquisition expense	<u>394,744</u>	<u>394,744</u>
	8,742,737	8,742,737
Less : accumulated amortization	<u>(3,041,767)</u>	<u>(2,743,383)</u>
	<u>5,700,970</u>	<u>5,999,354</u>
Other capital costs, NOTE 1	176,412	176,412
Less		
Accumulated amortization	<u>(132,303)</u>	<u>(123,483)</u>
	<u>44,109</u>	<u>52,929</u>
<b>Reserve Funds, NOTE 8</b>		
Future capital replacement	1,725,256	1,464,318
	<u>-----</u>	<u>-----</u>
	<u>\$ 8,283,386</u>	<u>\$ 8,123,135</u>

**APPROVED ON BEHALF OF THE BOARD**

Donald Hutton  
**Director**

Michael Hussey  
**Director**

**SHEET**  
**HOMES INC.**  
2021

**LIABILITIES AND NET ASSETS**

	<b>2021</b>	<b>2020</b>
<hr/>		
<b>Current</b>		
Accounts payables and accrued charges	\$ 197,613	\$ 162,758
Payroll deductions remittance	38,256	25,973
Rent supplement repayable	25,037	0
Rent supplement advances	89,700	83,700
Prepaid housing charges	19,789	11,115
Accrued mortgage interest	43,325	45,761
Members' deposits	<u>172,523</u>	<u>170,489</u>
<b>Total Current Liabilities</b>	<u>586,243</u>	<u>499,796</u>
<b>Term Debt, NOTE 5</b>	5,306,226	5,604,610
<b>Net Assets</b>		
<b>Externally Restricted Net Assets, NOTE 4</b>		
<b>Capital Replacement Reserve</b>		
Per schedule	1,725,256	1,464,318
<b>Unrestricted Net Assets</b>		
<b>Contributed Surplus</b>		
Per schedule	2,730	2,730
<b>Accumulated Surplus</b>		
Per schedule	<u>662,931</u>	<u>551,681</u>
	<u>\$ 8,283,386</u>	<u>\$ 8,123,135</u>

The notes on pages 11 through 15 form an integral part of these financial statements.

**DIANE FRANKLING CO-OPERATIVE HOMES INC.**

Year ended March 31, 2021

	<b>2021</b>	<b>2020</b>
<hr/>		
<b>STATEMENT OF RESERVE FOR FUTURE CAPITAL REPLACEMENT</b>		
Balance, beginning	\$ 1,464,318	\$ 1,851,788
Add		
Appropriation from operations	491,590	407,521
Energy efficiency rebate	0	6,625
Interest earned	<u>11,660</u>	<u>22,102</u>
	1,967,568	2,288,036
Less		
Expenditures, NOTE 7	<u>(242,312)</u>	<u>(823,718)</u>
<b>BALANCE MARCH 31</b>	<b>\$ 1,725,256</b> <u>=====</u>	<b>\$ 1,464,318</b> <u>=====</u>
<b>Cumulative Supplementary Contributions</b>	<b>\$ 16,173</b> <u>=====</u>	<b>\$ 16,173</b> <u>=====</u>

**STATEMENT OF CONTRIBUTED SURPLUS**

Balance, beginning	\$ 2,730	\$ 2,730
Membership fees	<u>0</u>	<u>0</u>
<b>BALANCE MARCH 31</b>	<b>\$ 2,730</b> <u>=====</u>	<b>\$ 2,730</b> <u>=====</u>

**STATEMENT OF ACCUMULATED SURPLUS**

Balance, beginning	\$ 551,681	\$ 570,577
Add (less)		
Prior year subsidy reconciliation difference	245	897
Net revenue (expense) for the year	<u>111,005</u>	<u>(19,793)</u>
<b>BALANCE MARCH 31</b>	<b>\$ 662,931</b> <u>=====</u>	<b>\$ 551,681</b> <u>=====</u>

# STATEMENT OF REVENUE AND EXPENDITURE

## DIANE FRANKLING CO-OPERATIVE HOMES INC.

Year ended March 31, 2021

	(Note 10) Budget 2020/21	2021	2020
<b>REVENUE</b>			
Housing charges	\$ 3,476,460	\$ 2,437,906	\$ 2,343,564
Less: vacancy loss	(10,000)	(3,798)	(2,498)
Less : internal subsidy	(10,000)	(6,282)	(32,156)
Rent supplement	0	1,038,554	999,768
Interest reduction grant	155,842	155,842	155,842
Parking	56,000	57,218	57,081
Laundry	30,000	26,748	30,755
Subsidy administrative fees	6,852	6,809	6,858
Miscellaneous	<u>12,770</u>	<u>19,496</u>	<u>32,675</u>
<b>TOTAL REVENUE</b>	<u>3,717,924</u>	<u>3,732,493</u>	<u>3,591,889</u>
<b>EXPENDITURES</b>			
Mortgage interest	834,350	533,530	561,497
Amortization - buildings	0	298,384	270,643
- other equipment	6,500	8,820	8,820
Municipal taxes	276,100	302,131	279,691
Insurance	60,000	72,968	56,932
Hydro	350,000	341,343	343,878
Gas	65,000	62,882	53,171
Water and sewage	140,000	152,850	138,938
Waste management	28,000	24,559	24,567
Net cable	62,218	76,187	62,402
Repairs and maintenance, per schedule	795,700	711,693	787,041
Audit	9,600	9,084	9,369
Legal	500	0	0
Other professional	2,000	8,007	5,157
Bad debts	5,000	4,568	0
Administrative expense, per schedule	585,866	519,859	599,123
Replacement reserve appropriation	491,590	491,590	407,521
Learning centre	<u>5,500</u>	<u>3,033</u>	<u>2,932</u>
<b>TOTAL EXPENSE</b>	<u>3,717,924</u>	<u>3,621,488</u>	<u>3,611,682</u>
<b>NET REVENUE (EXPENSE) FOR THE YEAR</b>	<u>\$ 0</u>	<u>\$ 111,005</u>	<u>\$ (19,793)</u>

**DIANE FRANKLING CO-OPERATIVE HOMES INC.**

Year ended March 31, 2021

**(Note 10)**  
**Budget 2020/21                      2021                      2020**

**REPAIRS AND MAINTENANCE EXPENSE**

Maintenance salaries and benefits	\$ 365,000	\$ 339,246	\$ 419,115
Contract maintenance support	0	17,350	0
Painting	32,000	17,530	27,680
Flooring	10,000	9,273	3,888
Plumbing and heating	42,500	37,259	30,577
Pest control	6,500	5,034	6,200
Cleaning	7,000	5,972	7,974
Equipment rental and repair	5,000	8,623	8,874
Appliance repair	5,000	3,110	3,348
Elevator	53,000	47,435	44,349
Grounds and snow removal	5,000	7,253	5,436
Supplies	17,000	17,570	13,266
Electrical	8,000	8,492	9,738
On call	20,000	15,120	14,708
Windows and screens	8,000	1,946	6,813
Maintenance and service contracts	17,500	11,585	16,713
Security	105,000	108,807	106,143
Fire safety	20,000	9,247	16,826
Doors and locks	7,000	4,933	5,014
Drywall	15,000	3,072	6,280
Carpentry	12,000	2,222	7,932
Ceramic tiles	4,500	3,011	4,729
Garage maintenance	2,500	444	1,503
Miscellaneous	<u>28,200</u>	<u>27,159</u>	<u>19,935</u>
	<u>\$ 795,700</u>	<u>\$ 711,693</u>	<u>\$ 787,041</u>

**ADMINISTRATIVE EXPENSE**

Administrative salaries and benefits	\$ 474,366	\$ 436,423	\$ 480,343
Office equipment and furnishing	6,500	13,634	13,895
Photocopier	5,000	3,003	3,559
Telephone	7,000	8,407	8,272
Meetings and social	49,500	18,736	43,688
Memberships	25,000	26,128	26,052
Office supplies	4,500	3,864	10,150
Travel and staff development	1,500	566	783
Miscellaneous	<u>12,500</u>	<u>9,098</u>	<u>12,381</u>
	<u>\$ 585,866</u>	<u>\$ 519,859</u>	<u>\$ 599,123</u>

# STATEMENT OF CASH FLOWS

DIANE FRANKLING CO-OPERATIVE HOMES INC.

Year ended March 31, 2021

	2021	2020
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Net revenue (expense) for the year	\$ 111,005	\$ (19,793)
Adjusted for non-cash charges		
Amortization	307,204	279,463
Reserve for future capital replacement	<u>491,590</u>	<u>407,521</u>
	909,799	667,191
Changes in non-cash working capital components		
Accounts receivable - arrears	(45,571)	(9,436)
- rent supplement	27,018	(7,600)
- HST rebate	27,242	(32,063)
- miscellaneous	(185)	134,942
Prepays	(7,187)	(76)
Accounts payable and accrued charges	61,812	31,700
Accrued mortgage interest	(2,436)	(2,210)
Members' deposits	2,034	6,854
Increase in contributed surplus	<u>0</u>	<u>0</u>
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>972,526</u>	<u>789,302</u>
<b>CASH USED IN CAPITAL ACTIVITIES</b>		
Payment of mortgage principal	<u>(298,384)</u>	<u>(270,643)</u>
<b>CASH USED IN CAPITAL ACTIVITIES</b>	<u>(298,384)</u>	<u>(270,643)</u>
<b>CASH PROVIDED BY (USED IN) RESERVE FUND ACTIVITIES</b>		
Change in reserve funds	(260,938)	387,470
Interest earned on reserve funds	11,660	22,102
Other changes to reserves	245	7,522
Expenditures	<u>(242,312)</u>	<u>(823,718)</u>
<b>CASH USED IN RESERVE FUND ACTIVITIES</b>	<u>(491,345)</u>	<u>(406,624)</u>
Net cash (decrease) increase during the year	182,797	112,035
Cash position, beginning of year	<u>357,106</u>	<u>245,071</u>
Cash position, end of year	<u>\$ 539,903</u>	<u>\$ 357,106</u>

## **NOTES TO FINANCIAL STATEMENTS**

### **DIANE FRANKLING CO-OPERATIVE HOMES INC.**

March 31, 2021

#### **STATUS AND NATURE OF ORGANIZATION**

The Co-operative was incorporated under the Co-operative Corporations Act, 1973 on June 7, 1990, as a Corporation without share capital and operating exclusively for social welfare, it is exempt from income tax under Section 149 (1) (l) of the Income Tax Act.

The Co-operative became operational on the mortgage interest adjustment date of June 7, 1990. No portion of the Co-operative's income is available for the benefit of any member. A Board of Directors, which serves without remuneration, is elected from the membership.

The Co-operative receives subsidy from Canada Mortgage and Housing Corporation (CMHC) and provides subsidized housing to its members. The Co-operative is dependent on the CMHC funding for its continued operation.

#### **NOTE 1    SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of Accounting**

The Co-operative follows accounting policies set out by CMHC. Some of these policies are not consistent with Canadian accounting standards for not-for-profit organizations, specifically:

- (a) amortization of capital assets includes amortization of land and is equal to the principal repaid on the mortgage, rather than on the estimated useful lives of the related assets,
- (b) capital expenditures incurred are charged to the capital replacement reserve, rather than capitalized and amortized over their estimated useful lives,
- (c) a replacement reserve is appropriated from operations,
- (d) investment income earned on the replacement reserve is credited directly to the reserve, rather than operations,
- (e) long-term debt is not segregated between current and long-term on the balance sheet.

##### **Use of Estimates**

The preparation of financial statements requires the Board of Directors to make assumptions about future events that affect 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. A significant item subject to such estimates is the allowance for doubtful accounts. Actual results could differ from these estimates.

## **NOTES TO FINANCIAL STATEMENTS**

### **DIANE FRANKLING CO-OPERATIVE HOMES INC.**

March 31, 2021

#### **NOTE 1 SIGNIFICANT ACCOUNTING POLICIES - continued**

##### **Revenue Recognition**

Housing charges are recognized at the beginning of each month, when they are due. CMHC subsidy is recognized using the deferral method of accounting for contributions. All other income is recognized as it is earned.

##### **Other Capital Assets**

Other capital assets consist of a generator purchased in 2006/07. Amortization is over 20 years on the straight-line basis

#### **NOTE 2 FINANCIAL INSTRUMENTS**

The Co-operative's financial instruments consist of cash and temporary investments, accounts receivable, current liabilities and long-term debt.

Cash and temporary investments - measured at amortized cost.

Accounts receivable - initially recorded at fair value but recorded at cost.

Current liabilities - initially recorded at fair value but carried at cost

Long-term debt - recorded at amortized cost using the effective interest rate method

##### **Credit Risk**

The Co-operative has exposure to credit risk to the extent that some members may fall into housing charge arrears. This risk is offset somewhat by the Co-operative holding some deposits.

##### **Interest Rate Risk**

The Co-operative manages its investments based on its cash flow needs, with a view to maximizing investment income. The mortgage bears a fixed rate of interest.

#### **NOTE 3 TRANSACTIONS WITH MEMBERS**

In excess of 80% of the earned revenue reflected in these financial statements was derived from, or on behalf of, members of the Co-operative.

#### **NOTE 4 EXTERNALLY RESTRICTED NET ASSETS**

The Co-operative's capital replacement reserve is externally restricted by CMHC. The capital replacement reserve can only be used for capital expenditures approved by CMHC.

## NOTES TO FINANCIAL STATEMENTS

### DIANE FRANKLING CO-OPERATIVE HOMES INC.

March 31, 2021

#### NOTE 5 TERM DEBT

The mortgage on the property is held and fully insured by Canada Mortgage and Housing Corporation under Section 6 of the National Housing Act. Under the authority of the National Housing Act, repayment is based on 90 % of the mortgage at an effective interest rate of 8 %. The remaining 10 % of the mortgage is forgivable over the term of the mortgage. This forgiven amount reduces the Co-operative's monthly payment to \$ 56,542 from \$ 69,529. Terms and details of the mortgage are as follows:

Original principal balance	\$ 8,450,913
Interest rate - effective	8.00 %
Monthly payment	\$ 56,542
Term	50 years
First payment date	February 1, 1981
 Mortgage advanced	 \$ 7,605,822
10 % forgivable	<u>845,091</u>
	8,450,913
Less	
Principal repaid under Cityhome	(102,920)
Principal repaid as a Co-operative	<u>(3,041,767)</u>
 Principal outstanding	 \$ 5,306,226
	=====

The approximate principal repayments for the next five years are as follows:

2022 -	\$ 309,916
2023 -	325,577
2024 -	342,832
2025 -	361,838
2026 -	382,778

#### NOTE 6 LAND AND BUILDING LEASE

The Co-operative leases its land and buildings from the City of Toronto for a period of fifty-one years commencing December 1, 1990. There is a clause in the lease allowing renegotiation following the expiry date at which time lease payments may commence.

# NOTES TO FINANCIAL STATEMENTS

## DIANE FRANKLING CO-OPERATIVE HOMES INC.

March 31, 2021

### NOTE 7 RESERVE EXPENDITURES

Expenditures charged to the capital replacement reserve are as follows:

	2021	2020
Bathroom/kitchen renovations	\$ 124,892	\$ 120,025
Exterior wall rehabilitation	54,928	512,029
Engineering/consulting	0	76,451
Appliances	11,683	18,811
Tractor	0	23,114
Lighting retrofit (net of hydro rebate)	0	2,735
Garbage enclosure/fence cage area	0	11,883
Baseboard heaters	6,874	0
Booster pump	0	38,132
Laundry room upgrades	17,453	0
Office equipment	6,910	0
Heat exchanger	0	7,392
Door operators, accessibility	10,843	0
Fire alarm batteries	0	10,007
Doors and windows	0	3,139
Elevator upgrades	5,825	0
Sump pump	<u>2,904</u>	<u>0</u>
	<u>\$ 242,312</u>	<u>\$ 823,718</u>

### NOTE 8 CASH ON HAND AND ON DEPOSIT

The total cash on hand and in the reserve fund is:

	2021	2020
Cash on hand and on deposit	\$ 539,903	\$ 357,106
Reserve funds	<u>1,725,256</u>	<u>1,464,318</u>
	<u>\$ 2,265,159</u>	<u>\$ 1,821,424</u>
Represented by:		
Petty cash	\$ 300	\$ 300
Laundry room float	1,825	0
Current account	2,040,570	1,599,987
Credit Union share account	230	229
Fixed-term investments	<u>222,234</u>	<u>220,908</u>
	<u>\$ 2,265,159</u>	<u>\$ 1,821,424</u>

## **NOTES TO FINANCIAL STATEMENTS**

DIANE FRANKLING CO-OPERATIVE HOMES INC.

March 31, 2021

### **NOTE 9 CAPITAL MANAGEMENT**

The Co-operative defines its capital as the amounts included in net assets. It manages its unrestricted accumulated surplus to ensure its ability to continue operations as a going concern so that it can continue to provide affordable housing to its members. It does this through cash flow management as well as having a yearly member-approved budget in place. The portion of its net assets pertaining to the externally restricted reserves must be invested and spent in accordance with requirements set out by the funder.

### **NOTE 10 BUDGET**

Budget figures are presented for comparison purposes only and have not been audited.



October 22, 2021

The co-op's Annual General Members' meeting will be held on Wednesday, November 10<sup>th</sup> at 7:00 pm.

At this meeting, co-op members will elect new board directors to join the board for a 2-year term. As with everything this past year and a half, our members' meeting and director elections will be quite different. The process of encouraging and soliciting candidates to run for the board is also necessarily different. While current directors would normally hold board info nights in the main lobby of 85 Bleecker, or host such an event in the community room – continued COVID protocols do not permit such activities.

We are therefore sending this comprehensive information package to all member households, in the hopes that it may answer many of the questions that are normally posed about running for board election.

Each year, we try to attract new members to run for board election. We have been fortunate to have several individuals who have served long-term, and continue to serve, as directors here at DFC. This historical continuity has its benefits. However, having new members engage in the co-op's leadership is equally important. We are not sure why so many members hesitate to run for election. It might be because the board is perceived as having to deal with lots of "negative" issues. It's true that the board sometimes has to deal with difficult matters; but there are also many positive aspects of serving on the board: including contributing *your* passion and experience to help shape the future of your community.

If you think you might be interested in running for election, we ask that you take the time to review all of the enclosed materials carefully, completing the necessary forms, as well as the nominee self-assessment. We are interested in hearing about your interests, as well as your skills and related experience.

This year, we are also asking declared candidates to review the enclosed director Confidentiality and Conflict of Interest Agreement, and the Ethical Conduct Agreement; these important documents are signed by all directors each year.

If you have any questions about this package, or require assistance, please contact Ali Parrott at [arp@dianefranklingco-op.com](mailto:arp@dianefranklingco-op.com) or phone (416) 920-7340, ext. 209. Thank you for taking time to consider this information, and we look forward to hearing from you!

Ann Dion  
Manager



## **Board of Directors Nomination Package**

This package is intended for members of Diane Frankling Co-operative Homes who are interested in seeking election to serve on the Board of Directors.

### **Nomination information included in this package:**

- How is the board elected?
- What is the board's role?
- Individual director responsibilities
- Nomination Form
- Candidate Profile Form
- Director's Ethical Conduct Agreement
- Director's Confidentiality & Conflict of Interest Agreement

**The AGM will take place on Wednesday,  
November 10<sup>th</sup> at 7:00 pm.**

**Kindly submit nomination forms and  
candidates' profiles by Wednesday, November 03<sup>rd</sup>.**

If you have any questions or need assistance, please contact  
Ali Parrott (416) 920-7340 ext. 209 [arp@dianefranklingco-op.com](mailto:arp@dianefranklingco-op.com)





### **How is the Board Elected?**

The Co-operative Corporations Act specifies the following, which is also part of the Organizational by-law of the co-op:

- Elected at a duly constituted members' meeting
- Election is by ballot
- There must be quorum until all ballots have been cast
- No proxy voting

### **What is the Board's Role?**

The board is elected by the membership to set and control the overall direction of the co-op to ensure its success as a viable business and a co-operative community. Board directors are *not* elected to manage the co-op or to represent individual member interests. Together, board and staff work to build a unique, well-managed, and inclusive community. Members elected to the board have legal duties of care and loyalty, and must act prudently, always in the co-op's best interests. The board needs to have a clear idea about its role before it can be effective. Good governance means the board has to keep its eye on the big picture, on the overall direction of the co-op. That means concentrating on:

- Planning (including financial planning) and setting goals
- Having the right by-laws/rules and policies
- Keeping up to date on the co-op's management
- Watching the finances carefully
- Making sure the co-op's legal requirements are met
- Protecting the co-op from risk

In conjunction with staff, the board provides updates and information to the general membership via reports and meetings. Diane Frankling Co-operative Homes is committed to nurturing and building a strong and supportive community. Directors provide leadership and support in the following areas:

- by being a supportive employer
- supporting and encouraging member education, and social and political action
- understanding the value of community, and its core role in the co-op's longevity

### **Each director must:**

- attend all meetings of the board and general membership
- act honestly, in good faith, and in the best interest of the co-op
- put the greater interests before personal interest
- maintain confidentiality
- publicly support board decisions and recommendations



# DIRECTOR'S ETHICAL CONDUCT AGREEMENT

**TO: Diane Frankling Co-operative Homes Inc.**

I agree to be a director of the co-op and to do my best to forward the interests of the co-op and the members and the other stakeholders in the co-op.

## **BOARD PROCEDURES**

1. I agree that any director can participate in a board meeting by conference telephone or other communication equipment where all the directors are able to hear each other.
2. CROSS OUT ONE:
  - (a) I will accept notices to directors by electronic mail.
  - (b) I will **NOT** accept notices to directors by electronic mail.

## **DUTIES OF A DIRECTOR**

3. I will perform my duties as a director honestly, in good faith and in the best interest of the co-op rather than in my personal interest.
4. I will use the care, diligence and skill of a reasonably prudent person in performing my duties as a director.
5. I will sign and comply with the co-op's Confidentiality and Conflict of Interest Agreement and all legal and government requirements about confidentiality, privacy and conflict of interest.
6. I will always give the board any information requested by the board. I will return confidential papers to the co-op when requested. When I am no longer on the board, I will return all co-op papers and property to the co-op.
7. I will attend all board and members' meetings unless excused by the board based on advance notice of absence.
8. I will prepare for board meetings and act constructively at all board meetings.
9. I will participate in all training programs as decided by the board.



## **ACTING AS A BOARD**

10. I understand that the board acts as a whole. If I disagree with something the board is considering, I will say so at a board meeting. Once the board has made a decision, I will support that decision or remain silent.
11. I understand that directors can act only by a decision at a proper board meeting. Between meetings I have no authority unless the board has given me authority to do something, such as to sign a document.
12. I understand that even if the board has given me responsibility for something, the final authority and responsibility stays with the board.
13. I understand that, if I am an officer or a member of a committee, my duties must be performed as directed by the board and within any limits set by the board.

## **RESPECT FOR OTHERS**

14. As a director I will remain open to other points of view and options. I will not act defensively when directors or members question or disagree with my point of view.
15. I will do my best to work together with the other directors for the good of the co-op. I will not let personal dislikes or grudges affect my conduct or decisions.
16. I will never make statements which in any way harm, put down or show a lack of respect for other directors, members or staff.
17. I will never make statements, take actions or harass anyone in any way that is prohibited under the Ontario *Human Rights Code*.
18. I will make any complaints I may have about the co-op or the co-op's staff only to other directors. I will bring any concerns I may have to the attention of the board.
19. I will support the co-op's staff as they carry out their duties and not say or do anything that might cause them to lose respect among the membership or other staff.

## **DUTIES OF A MEMBER**

20. I will perform my duties as a co-op member. I will comply with the by-laws of the co-op.
21. I will not be in arrears while I am a director.  
**I have read and understood this Agreement and I agree that I will follow it. I understand that, if I break this Agreement, the board of directors can follow the procedure stated in the Organizational By-law to remove me as a director.**

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_



# CONFIDENTIALITY AND CONFLICT OF INTEREST AGREEMENT

**TO: Diane Frankling Co-operative Homes Inc.**

I am signing this Agreement as a director, officer, committee member or staff member of the co-op.

## CONFIDENTIALITY

1. I understand that this Agreement applies to
  - A. Personal information about co-op members and applicants.
  - B. Confidential information about co-op staff.
  - C. Confidential information about the co-op or co-op business.
2. I understand that the above is considered confidential information even if I learn about it from a source unrelated to my position with the co-op and even if it is publicly available.
3. I will not tell anyone any confidential or personal information
  - that I know through my position with the co-op
  - that I learn at meetings related to my position with the co-op, or
  - that I know about in any other way
4. I will not disclose, or permit disclosure of, any confidential or personal information in any other way.
5. I will safeguard confidential or personal information that I may have.
6. The only exception is when I am authorized by the board or the co-op by-laws to disclose the information. If I am not sure whether information should be kept confidential, I will ask the board for a decision about it.
7. I agree that the above obligations apply while I have my position with the co-op and after I no longer have that position or any connection with the co-op.
8. I will always give the board any information requested by the board. When I no longer have my position with the co-op, I will return all co-op papers and property to the co-op.



9. While I have a position with the co-op, I will not gossip about the co-op or its members or employees.

## CONFLICT OF INTEREST

10. Whenever I am involved in a decision or action of the co-op, I will put the best interests of the co-op ahead of my personal interests and the interests of my relatives and friends.
11. A conflict of interest is where I take part in a decision that benefits me or a relative or friend in a way that is different from most co-op members.
12. I understand that some conflicts of interest are prohibited and some situations are manageable as stated in the Organizational By-law.
- **Prohibited conflicts.** I will not become involved in any conflict of interest that is prohibited.
  - **Manageable situations.** If I am involved in a potential conflict that is manageable, I will follow the applicable rules as stated in the co-op's Organizational By-law.
13. I promise that I will declare any conflict of interest or situation that could become a conflict of interest as stated in the Organizational By-law. If there is any doubt, I will report the situation to the board, or any committee that I am on, and they will decide if it is a conflict of interest.
14. I promise that I will abide by the conflict of interest rules and definitions in the Organizational By-law. I promise to ask if I have any questions or there is anything I don't understand.
15. I also agree to abide by any legal and government requirements about conflict of interest that are not included in co-op by-laws.

## GENERAL

16. I understand that this Agreement is a binding legal document and I have had the opportunity to obtain legal or other advice before signing it.

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_



## **NOMINATION FORM for Board of Directors**

### **Diane Frankling Co-operative Homes Inc.**

**AGM Date: Wednesday, November 10 at 7:00pm VIA Zoom**

#### **Member of Diane Frankling Co-op**

I nominate: \_\_\_\_\_

as a candidate for the Diane Frankling Co-op Board of Directors.

I \_\_\_\_\_ accept the nomination as  
a candidate for Diane Frankling Co-op Board of Directors.

#### **Member of Diane Frankling Co-op**

I nominate myself \_\_\_\_\_

as a candidate for Diane Frankling Co-op Board of Directors.

#### **Qualifications**

- must be a member of the co-op eighteen years or older
- must be a Canadian citizen or landed Immigrant
- must be a member in good standing (not in breach of any co-op by-laws)
- cannot be an undischarged bankrupt
- cannot be mentally incompetent

