

**TORONTO STANDARD CONDOMINIUM  
CORPORATION NO. 2346  
FINANCIAL STATEMENTS  
NOVEMBER 30, 2020**

## INDEPENDENT AUDITOR'S REPORT

**TO: The Owners of  
Toronto Standard Condominium Corporation No. 2346**

### *Opinion*

We have audited the financial statements of **Toronto Standard Condominium Corporation No. 2346** which comprise the statement of financial position as at November 30, 2020, and the statements of operating fund, reserve fund, capital assets fund, cash flows and schedule to the financial statements for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Toronto Standard Condominium Corporation No. 2346** as at November 30, 2020, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the (*Auditor's Responsibilities for the Audit of the Financial Statements*) section of our report. We are independent of the corporation 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 these financial statements, management is responsible for assessing **Toronto Standard Condominium Corporation No. 2346**'s ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate **Toronto Standard Condominium Corporation No. 2346** or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing **Toronto Standard Condominium Corporation No. 2346**'s financial reporting process.

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

Our 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 our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards 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 our audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

## INDEPENDENT AUDITOR'S REPORT - cont'd

We 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 our 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 internal 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 corporation'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 significant doubt on **Toronto Standard Condominium Corporation No. 2346**'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause **Toronto Standard Condominium Corporation No. 2346** to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



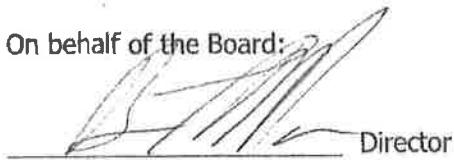
**Furlong and Company LLP**  
**Chartered Professional Accountants**  
**Licensed Public Accountants**

April 22, 2021  
Toronto, Ontario

**TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2346**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT NOVEMBER 30, 2020**

|                                            | 2020<br>\$       | 2019<br>\$       |
|--------------------------------------------|------------------|------------------|
| <b>Assets</b>                              |                  |                  |
| <b>Current</b>                             |                  |                  |
| Cash and investment - operating (Note 11)  | <b>137,664</b>   | 234,988          |
| Common element receivables                 | <b>4,554</b>     | <b>2,044</b>     |
|                                            | <b>142,218</b>   | 237,032          |
| <b>Long-term</b>                           |                  |                  |
| Cash and investments - reserve (Note 11)   | <b>3,321,003</b> | 2,744,172        |
| <b>Capital assets (Note 4)</b>             | <b>804,920</b>   | 804,920          |
|                                            | <b>4,268,141</b> | <b>3,786,124</b> |
| <b>Liabilities and Fund Balances</b>       |                  |                  |
| <b>Current</b>                             |                  |                  |
| Accounts payable and accruals              | <b>99,143</b>    | 266,785          |
| Current portion of long-term debt (Note 4) | <b>27,806</b>    | <b>27,410</b>    |
|                                            | <b>126,949</b>   | 294,195          |
| <b>Long-term debt (Note 4)</b>             | <b>649,775</b>   | 677,581          |
|                                            | <b>776,724</b>   | <b>971,776</b>   |
| <b>Fund balances</b>                       |                  |                  |
| Reserve fund (Page 7)                      | <b>3,320,927</b> | 2,671,693        |
| Operating fund (Page 5)                    | <b>43,151</b>    | 42,726           |
| Capital assets fund (Page 7)               | <b>127,339</b>   | <b>99,929</b>    |
|                                            | <b>3,491,417</b> | <b>2,814,348</b> |
|                                            | <b>4,268,141</b> | <b>3,786,124</b> |

On behalf of the Board:



Director



Director

The accompanying notes and schedule are an integral part of these financial statements.

**TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2346**  
**STATEMENT OF OPERATING FUND**  
**FOR THE YEAR ENDED NOVEMBER 30, 2020**

|                                         | BUDGET<br>2020   | ACTUAL<br>2020   | ACTUAL<br>2019 |
|-----------------------------------------|------------------|------------------|----------------|
|                                         | \$<br>(Note 7)   | \$               | \$             |
| <b>Revenue</b>                          |                  |                  |                |
| Owners' assessment                      | 2,617,461        | <b>2,617,573</b> | 2,382,260      |
| Less: Allocation to reserve fund        | (731,191)        | <b>(731,196)</b> | (677,029)      |
| Allocation to capital asset fund        | <u>(64,815)</u>  | <b>(58,163)</b>  | (59,253)       |
| Other income (Note 13)                  | 1,821,455        | <b>1,828,214</b> | 1,645,978      |
|                                         | <u>70,840</u>    | <b>51,529</b>    | 77,378         |
|                                         | <u>1,892,295</u> | <b>1,879,743</b> | 1,723,356      |
| <b>Common expenses (Schedule 1)</b>     |                  |                  |                |
| Utilities                               | 631,155          | <b>746,305</b>   | 658,534        |
| Contracts                               | 763,797          | <b>647,456</b>   | 660,163        |
| Repairs and maintenance                 | 159,217          | <b>166,052</b>   | 205,640        |
| General and administrative              | <u>308,126</u>   | <b>319,505</b>   | 307,315        |
|                                         | <u>1,862,295</u> | <b>1,879,318</b> | 1,831,652      |
| <b>Excess (deficiency) for the year</b> | <u>30,000</u>    | <b>425</b>       | (108,296)      |
| <b>Fund balance, beginning of year</b>  |                  | <b>42,726</b>    | 151,022        |
| <b>Fund balance, end of year</b>        |                  | <b>43,151</b>    | 42,726         |

The accompanying notes and schedule are an integral part of these financial statements.

**TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2346**  
**NOVEMBER 30, 2020**

|                                   | BUDGET<br>2020<br>\$<br>(Note 7) | ACTUAL<br>2020<br>\$ | ACTUAL<br>2019<br>\$ |
|-----------------------------------|----------------------------------|----------------------|----------------------|
| <b>UTILITIES</b>                  |                                  |                      |                      |
| Gas (Notes 12 and 14)             | 201,000                          | <b>159,686</b>       | 210,315              |
| Hydro (Notes 6, 12 and 14)        | 191,000                          | <b>294,281</b>       | 186,935              |
| Water and sewage                  | 235,000                          | <b>287,743</b>       | 253,674              |
| Telephones                        | 4,155                            | <b>4,595</b>         | 7,610                |
|                                   | <b>631,155</b>                   | <b>746,305</b>       | <b>658,534</b>       |
| <b>CONTRACTS</b>                  |                                  |                      |                      |
| Life safety systems               | 10,532                           | <b>5,222</b>         | 11,677               |
| Groundskeeping                    | 18,800                           | <b>17,899</b>        | 18,563               |
| Window cleaning                   | 33,000                           | <b>19,007</b>        | 28,041               |
| Superintendent                    | 58,800                           | <b>58,983</b>        | 58,075               |
| Concierge                         | 258,072                          | <b>258,072</b>       | 247,647              |
| Waste removal                     | 38,000                           | <b>28,119</b>        | 37,993               |
| Cleaning                          | 143,882                          | <b>143,413</b>       | 145,490              |
| Preventive maintenance            | 33,006                           | <b>24,269</b>        | 33,334               |
| Elevators                         | 52,364                           | <b>55,988</b>        | 50,351               |
| Garage cleaning                   | 9,119                            | <b>8,919</b>         | 5,842                |
| Building automation               | 72,405                           | -                    | -                    |
| Other contracts                   | 35,817                           | <b>27,565</b>        | 23,150               |
|                                   | <b>763,797</b>                   | <b>647,456</b>       | <b>660,163</b>       |
| <b>REPAIRS AND MAINTENANCE</b>    |                                  |                      |                      |
| Maintenance supplies              | 12,000                           | <b>9,412</b>         | 15,079               |
| Fire safety and security          | 19,000                           | <b>40,614</b>        | 26,872               |
| Plumbing and electrical           | 20,000                           | <b>43,773</b>        | 33,270               |
| Windows, doors, locks             | 10,000                           | <b>17,066</b>        | 12,460               |
| HVAC                              | 5,600                            | <b>14,598</b>        | 11,155               |
| General building                  | 92,617                           | <b>40,589</b>        | 106,804              |
|                                   | <b>159,217</b>                   | <b>166,052</b>       | <b>205,640</b>       |
| <b>GENERAL AND ADMINISTRATIVE</b> |                                  |                      |                      |
| Common element fees (Note 4)      | 6,947                            | <b>7,451</b>         | 6,316                |
| Office expenses                   | 27,385                           | <b>34,383</b>        | 39,716               |
| Management fees                   | 178,992                          | <b>178,992</b>       | 178,992              |
| Professional fees                 | 29,802                           | <b>12,359</b>        | 25,938               |
| Insurance                         | 65,000                           | <b>86,320</b>        | 56,353               |
|                                   | <b>308,126</b>                   | <b>319,505</b>       | <b>307,315</b>       |

The accompanying notes and schedule are an integral part of these financial statements.

**TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2346**  
**STATEMENT OF FUNDS**  
**FOR THE YEAR ENDED NOVEMBER 30, 2020**

|                                           | 2020<br>\$              | 2019<br>\$              |
|-------------------------------------------|-------------------------|-------------------------|
| <b>RESERVE FUND</b>                       |                         |                         |
| <b>Revenue</b>                            |                         |                         |
| Owners' allocation (Note 5)               | <b>731,196</b>          | 677,029                 |
| Interest                                  | <b>61,046</b>           | 59,669                  |
| Declarant payments - sinkhole (see below) | <b>12,099</b>           | -                       |
|                                           | <b><u>804,341</u></b>   | <b><u>736,698</u></b>   |
| <b>Major repairs and replacement</b>      |                         |                         |
| Reserve fund study                        | <b>5,481</b>            | -                       |
| Lighting retrofit                         | <b>116,702</b>          | -                       |
| Treadmills                                | <b>15,922</b>           | -                       |
| Mechanical and plumbing                   | <b>17,002</b>           | 99,080                  |
| Sinkhole assessment (see above)           |                         | 12,099                  |
| Building automation system                | -                       | 157,974                 |
| Windows and doors                         | -                       | 55,989                  |
| Roofing                                   | -                       | 6,711                   |
| Elevators                                 | -                       | 4,796                   |
| Building safety                           | -                       | 2,848                   |
|                                           | <b><u>155,107</u></b>   | <b><u>339,497</u></b>   |
| <b>Excess for the year</b>                | <b>649,234</b>          | 397,201                 |
| <b>Fund balance, beginning of year</b>    | <b><u>2,671,693</u></b> | <b><u>2,274,492</u></b> |
| <b>Fund balance, end of year</b>          | <b><u>3,320,927</u></b> | <b><u>2,671,693</u></b> |
| <b>CAPITAL ASSETS FUND</b>                |                         |                         |
| <b>Revenue</b>                            |                         |                         |
| Owners' allocation (Note 4)               | <b><u>58,163</u></b>    | <b><u>59,253</u></b>    |
| <b>Common expenses</b>                    |                         |                         |
| Mortgage interest                         | <b><u>30,753</u></b>    | <b><u>33,014</u></b>    |
| <b>Excess for the year</b>                | <b><u>27,410</u></b>    | <b><u>26,239</u></b>    |
| <b>Fund balance, beginning of year</b>    | <b><u>99,929</u></b>    | <b><u>73,690</u></b>    |
| <b>Fund balance, end of year</b>          | <b><u>127,339</u></b>   | <b><u>99,929</u></b>    |

The accompanying notes and schedule are an integral part of these financial statements.

**TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2346**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR NOVEMBER 30, 2020**

|                                              | 2020<br>\$                         | 2019<br>\$         |
|----------------------------------------------|------------------------------------|--------------------|
| <b>Cash flows from operating activities</b>  |                                    |                    |
| Owners' assessment                           | <b>2,617,573</b>                   | 2,382,260          |
| Interest                                     | <b>61,046</b>                      | 59,669             |
| Other income                                 | <b>63,628</b>                      | 77,378             |
| Mortgage interest (Note 4)                   | <b>(30,753)</b>                    | (33,014)           |
| Common expenses                              | <b>(1,879,318)</b>                 | (1,831,652)        |
| Major repairs and replacements               | <b>(155,107)</b>                   | (339,497)          |
| Changes in other non-cash operating accounts | <b>677,069</b><br><b>(170,154)</b> | 315,144<br>122,770 |
| Cash provided by operating activities        | <b>506,915</b>                     | 437,914            |
| <b>Cash flows from investing activities</b>  |                                    |                    |
| (Purchase) of investments                    | <b>(314,772)</b>                   | (253,557)          |
| <b>Cash flows from financing activities</b>  |                                    |                    |
| Mortgage paydown (Note 4)                    | <b>(27,410)</b>                    | (26,239)           |
| <b>Increase in cash during the year</b>      | <b>164,733</b>                     | 158,118            |
| <b>Cash, beginning of year</b>               | <b>506,263</b>                     | 348,145            |
| <b>Cash, end of period</b>                   | <b>670,996</b>                     | 506,263            |
| <b>Comprised of :</b>                        |                                    |                    |
| Cash - operating bank                        | <b>137,664</b>                     | 91,157             |
| Cash - reserve bank                          | <b>533,332</b>                     | 415,106            |
|                                              | <b>670,996</b>                     | 506,263            |

The accompanying notes and schedule are an integral part of these financial statements.

**TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2346**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED NOVEMBER 30, 2020**

**1. OPERATIONS**

The corporation was incorporated without share capital in November 2013 under the Condominium Act of Ontario.

The purpose of the corporation is to manage and maintain the common elements (as defined in the corporation's Declaration and By-laws) and to provide common services for the benefit of the owners of the 465 residential units and 4 commercial units located in the Municipality of Metropolitan Toronto.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

**(a) FUND ACCOUNTING**

The operating fund reports the assessments from owners and expenses related to the operations and administration of the common elements.

The reserve fund reports the assessments from the owners and the expenditures for major repair and replacement costs of the common elements and assets. The basis for determining the reserve fund's requirements is explained in Note 5. Only major repairs and replacements of the common elements are charged directly to this reserve fund. Minor repairs and replacements are charged to repairs and maintenance of the operating fund. The Corporation segregates amounts accumulated for the purpose of financing future charges to the reserve fund in special accounts, for use only to finance such charges. Interest earned on these amounts is credited directly to the reserve fund.

The capital assets fund reports the assessments from owners, interest expenses, fees and the net equity in the corporation's assets (Note 4).

**(b) ACCRUAL BASIS OF ACCOUNTING**

Revenues and expenses are recorded on the accrual basis, whereby they are reflected in the accounts in the period in which they have been earned and incurred respectively, whether or not such transactions have been finally settled by the receipt or payment of money.

**(c) COMMON ELEMENTS**

The common elements of the corporation are owned proportionately by the unit owners and consequently are not reflected as assets in these financial statements.

**(d) INCOME TAXES**

No provision for income taxes has been made in the financial statements as any excess of revenue over expenses is regarded as a reduction in owners' assessments towards the operations of the corporation and not as income of the corporation or its owners.

**(e) FINANCIAL INSTRUMENTS**

The corporation's financial instruments consist of cash, investments, accounts receivable, accounts payable and accruals. Unless otherwise noted, it is the Board's opinion that the corporation is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

**TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2346**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED NOVEMBER 30, 2020**

**2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd**

**(f) MEASUREMENT UNCERTAINTY**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

The COVID-19 pandemic and its impact on the economy are constantly evolving in an unpredictable manner and present many variables and contingencies for modelling. In future periods, the effects of the pandemic may have material impacts on the corporation's anticipated revenues and expenses.

**(g) REVENUErecognition**

Revenue is recognized on a monthly basis by way of a common element assessment, based on the annual budget. Investment and other revenues are recognized as income of the related fund when earned.

**(h) CONTRIBUTED SERVICES**

Directors and owners volunteer their time to assist in the corporation's activities. These services materially benefit the corporation, however a reasonable estimate of the time spent and its fair market value cannot be made and accordingly, these contributed services are not recognized in the financial statements.

**3. COMMITMENTS**

(a) The corporation has engaged the services of several companies to provide contract services such as concierge, cleaning and management for the upcoming year at an approximate cost of \$950,000.

(b) For the 2021 fiscal year, the corporation has contracted for boiler replacements at an approximate cost of \$187,000.

**4. CAPITAL ASSETS - MORTGAGES PAYABLE**

(a) Upon registration, the corporation was required to purchase a guest unit (\$260,000), a superintendent unit, two parking units and a locker (\$544,920) from the declarant for a total amount of \$804,920 including HST, secured by first mortgages. These mortgages had an amortization period of 25 years and term of 11 years bearing interest at an annual rate of 6.52%. No interest was payable for the first year; principal and interest payments totaled \$5,401 monthly from December 2014 and \$1,745 monthly from November 2016 for all units except the superintendent unit.

(b) In November 2016, the superintendent unit mortgage was refinanced by the Canadian Imperial Bank of Commerce for a five year term at interest of prime plus .25% which was 3.20% at November 30, 2018. Monthly payments are \$1,786 for principal plus interest.

**TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2346**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED NOVEMBER 30, 2020**

**4. CAPITAL ASSETS - MORTGAGES PAYABLE - cont'd**

|                      | Guest suite<br>\$ | Super suite<br>\$ | Total<br>\$     |
|----------------------|-------------------|-------------------|-----------------|
| 2020                 | -                 | -                 | -               |
| 2021                 | 6,373             | 21,433            | 27,806          |
| 2022                 | 6,795             | 426,878           | 433,673         |
| 2023                 | 7,246             | -                 | 7,246           |
| 2024                 | 7,726             | -                 | 7,726           |
| 2025 on              | <u>201,130</u>    | <u>-</u>          | <u>201,130</u>  |
|                      | 229,270           | 448,311           | 677,581         |
| Less current portion | <u>(6,373)</u>    | <u>(21,433)</u>   | <u>(27,806)</u> |
|                      | <u>222,897</u>    | <u>426,878</u>    | <u>649,775</u>  |

**5. ADEQUACY OF RESERVE FOR MAJOR REPAIRS AND REPLACEMENTS**

The Board of Directors has reviewed the reserve fund study update (without a site visit) dated March 2017 , prepared by WSP Canada Inc. and the reserve fund study update (with a site visit) dated October 2020 and prepared by SPG Engineering Group Ltd. The Studies were based on information available at the time of preparation, and include estimates relating to future reserve fund expenditures, interest rates, and inflation rates. Actual figures will vary from the estimates.

The Board of Directors has proposed and implemented a plan for the future funding of the reserve fund to ensure that the reserve will be adequate to fund the major repairs and replacements of the common elements and assets of the corporation, in accordance with the *Condominium Act, 1998*. This study and plan must also be updated at a minimum of every three years.

Based on the estimates of future reserve fund expenditures, interest rates, and inflation rates, the plan states that assessments of \$731,191 for 2020 and \$751,669 for 2021 plus interest earned on reserve fund investments appears adequate to provide sufficient funds to cover the calculated reserve fund requirements. The corporation's assessments are \$731,196 and will be \$751,669 respectively. The funding plan projects that annual assessments to the corporation's reserve fund will increase by 2.8% subsequent to 2021. (Note that these stated increases reflect only increases in the annual contribution to the reserve fund; they do not reflect the increase in the overall monthly common element fees paid by owners).

The plan estimated that the corporation would spend \$83,000 in reserve fund monies in 2020 (actual = \$155,107) but will spend \$117,000 in 2021.

**6. HYDRO**

The corporation pays hydro for common areas only; individual units are sub-metered.

**7. 2020 BUDGET**

The 2020 budget amounts are included for information purposes only. They were approved by the Board of Directors and are unaudited.

**TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2346**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED NOVEMBER 30, 2020**

**8. DEVELOPMENT AGREEMENT**

The corporation's Bylaw 2 requires it to assume a "development agreement" which the declarant entered into with City Front Developments Inc.

**9. SITE PLAN AGREEMENT**

The corporation's Bylaw 3 requires it to assume a "site plan agreement" which the declarant entered into with the City of Toronto.

**10. FINANCIAL INSTRUMENTS - FINANCIAL RISKS**

The corporation is exposed to various risks through its financial instruments and has a risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the corporation's risk exposure and concentration.

**(a) Credit risk**

The unit owners may experience financial difficulty and be unable to fulfil their financial commitments to pay common element fees.

**(b) Interest rate risk**

The corporation is exposed to this risk mainly from the possibility of not having sufficient capital available to refinance its debts as they mature.

**(c) Public health crisis risks**

In light of the uncertainty surrounding the duration and severity of the COVID-19 pandemic, it is not possible to reliably estimate the length and severity of the pandemic related impacts on the financial results and operations of the corporation.

**11. CASH AND INVESTMENTS  
RESERVE**

|                               | Rate<br>%    | Cost<br>\$       |
|-------------------------------|--------------|------------------|
| Cash - reserve bank           | 0.10         | 533,332          |
| Cash - broker account         | 0.05         | 217,522          |
| Manulife bank savings account | 0.50         | 300,027          |
| GIC maturing in 2020          | 1.91         | 100,000          |
| GICs maturing in 2021         | 2.01 to 2.35 | 390,000          |
| GICs maturing in 2022         | 2.46 to 2.77 | 400,000          |
| GICs maturing in 2023         | 2.96 to 3.22 | 600,000          |
| NFLD bond maturing in 2028    | 2.85         | 198,991          |
| NFLD bond maturing in 2029    | 2.85         | 540,143          |
| Interest receivable           |              | <u>40,988</u>    |
|                               |              | <u>3,321,003</u> |

The fair market value of these investments is approximated by cost plus interest receivable.

**OPERATING**

|                       |      |                |
|-----------------------|------|----------------|
| Cash - operating bank | 0.10 | <u>137,664</u> |
|-----------------------|------|----------------|

**TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2346**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED NOVEMBER 30, 2020**

**12. POTENTIAL LEGAL ACTION**

It has recently come to the attention of the Board of Directors of the Corporation that the following alleged contracts were entered into with AG Energy Co-operative ("AG Energy"):

- Natural Gas Program Contract, dated September 1, 2019 ("Natural Gas Contract") and
- Electricity Program Contract, dated November 1, 2019 ("Electricity Contract")

As per the Alleged Contracts, a customer's enrolment in the natural gas and/or electricity programs would appoint AG Energy to be its exclusive agent for the supply of natural gas and electricity to each service address enrolled under the Alleged Contracts. A consultant working with PMM Consulting and Project Management Inc. (PMM), Michael Poraloo, apparently arranged for these enrolments and further witnessed the purported signature of the president of the corporation in both alleged contracts.

It is the Corporation's position that the Alleged Contracts were not executed by the President of the Corporation and such signatures were used to fraudulently enrol TSCC No. 2346 into AG Energy's service plans without the Board or Property Management's knowledge or consent. The Alleged Contracts are thereby invalid, unenforceable and a forgery. The Condominium Corporation is not bound to any contractual obligations to AG Energy therein. AG Energy was charging TSCC 2346 fees for services pursuant to the Alleged Contracts and PPM was paid an undisclosed amount for a brokerage fee.

On account of the above, the corporation notified AG Energy of the above forgeries and requested immediate early termination of the Alleged Contracts and their corresponding services. The Condominium Corporation has ceased making further payments to AG Energy and has refused to pay the early termination fee owing under the Alleged Contracts. Considering the above, the Corporation has delivered a demand letter to AG Energy and PPM (a broker) for reimbursement of all overpayments made by the Condominium Corporation, which amount is estimated to be over \$250,000. If AG Energy and PPM refuse to comply, legal proceedings will be commenced.

**13. OTHER INCOME**

|                   | BUDGET<br>2020 | ACTUAL<br>2020       | ACTUAL<br>2019 |
|-------------------|----------------|----------------------|----------------|
|                   | \$             | \$                   | \$             |
| Elevator          | 10,000         | <b>18,000</b>        | 9,700          |
| Guest suite       | 18,000         | <b>3,677</b>         | 20,477         |
| Interest          | 2,400          | <b>8,179</b>         | 2,641          |
| Party room        | 12,000         | <b>3,750</b>         | 10,750         |
| Car share program | 6,000          | <b>3,000</b>         | 6,000          |
| Other             | <u>22,440</u>  | <u><b>14,923</b></u> | <u>27,810</u>  |
|                   | <u>70,840</u>  | <u><b>51,529</b></u> | <u>77,378</u>  |

**14. GAS AND HYDRO REBATES**

During the 2020 fiscal year, the corporation received an Enbridge Gas rebate of \$38,258 and a Toronto Hydro Rebate of \$38,441 for the installation of energy efficient equipment. They have been credited to the gas and hydro accounts.

**15. SUBSEQUENT EVENT - LEGAL ACTION**

A statement of claim has been issued against the Corporation and other parties relating to an alleged "slip and fall" on condominium property, which Claim is being handled by the Corporation's insurer. It was issued in March 2021 and seeks \$1,000,000 in damages.