

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

CITY OF TORONTO

Applicant

- and -

UPWOOD PARK/SALVADOR DEL MUNDO COOPERATIVE HOMES INC.

Respondent

THIRD REPORT OF BDO CANADA LIMITED
IN ITS CAPACITY AS INTERIM RECEIVER OF UPWOOD PARK/SALVADOR DEL MUNDO
COOPERATIVE HOMES INC.

June 3, 2025

Table of Contents

INTRODUCTION AND PURPOSE	2
DISCLAIMER	4
BACKGROUND	5
ACTIVITIES OF THE INTERIM RECEIVER SINCE THE SECOND REPORT	6
TRANSITION PLAN - PATH TO SELF GOVERNANCE	13
OTHER MATTERS	16

Appendix

Mendes Affidavit	A
First Report of the Interim Receiver	B
Interim Order dated March 12, 2021	C
Second Report of the Interim Receiver	D
Supplemental Report to the Second Report of the Interim Receiver	E
Endorsement of Justice Penny dated March 3, 2022	F
Financial Statements for the year ended August 31, 2024	G
Interim Statement of Receipts and Disbursements	H
Path to Self Governance Plan	I
Attendance page of the Minutes of the Board of Director meeting held August 27, 2018,	J

INTRODUCTION AND PURPOSE

1. On July 16, 2020, BDO Canada Limited (“**BDO**”) was appointed interim receiver and manager (the “**Interim Receiver**”) over Upwood Park/Salvador Del Mundo Cooperative Homes Inc. (the “**Co-Op**” or “**Upwood**”) by the City of Toronto (the “**Service Manager**” or “**City**”) pursuant to section 85(6) of the *Housing Services Act, 2011* (“**HSA**”). Pursuant to sections 95(2) and 95(3) of the HSA, the maximum period that an interim receiver may be appointed over a housing provider is 180 days. Such period may be extended by the Service Manager on application to the Ontario Superior Court of Justice (Commercial List) (the “**Court**”).
2. The City brought an application, which was to be heard on March 12, 2021, for the purpose of extending the Interim Receiver’s appointment and/or converting the interim receivership appointment to a full receivership appointment. In support of its application, the City filed the affidavit of Mario Mendes, the Housing Consultant responsible for Upwood, sworn March 8, 2021 (the “**Mendes Affidavit**”). The Mendes Affidavit provides a summary of the events which led the City to seek the appointment of the Interim Receiver and the reasons for the removal of Upwood’s board of directors. A copy of the Mendes Affidavit is attached hereto as **Appendix “A”**.
3. Upwood is the second largest cooperative housing project in the City of Toronto. It is comprised of two buildings with a total of 318 units housing over 800 people. Upwood receives an annual subsidy from the City’s Housing Stability Services program. The buildings are situated on land owned by and leased to Upwood by Colandco Co-Operative Homes Inc. (“**Colandco**”). Colandco is owned by the Co-operative Housing Federation of Toronto (“**CHFT**”). For the twelve-month period ending August 2024, Upwood received a subsidy from the City of over \$2.5 million. In total, Upwood’s annual revenue is in excess of \$6.2 million generated from rents, subsidies and ancillary revenue. The Co-Op holds significant cash balances between its operating and capital reserve accounts.
4. On March 8, 2021, the Interim Receiver filed its first report to the Court (“**First Report**”) which detailed its findings and activities from the date of its appointment. A copy of the First Report, without appendices, is attached hereto as **Appendix “B”**.
5. Ms. Saffia Abdul-Haqq (“**Abdul-Haqq**”) and Ms. Masbal Abokar (“**Abokar**”), both individuals residing at Upwood, (together, the “**Opposing Members**”), appeared unrepresented at the March 12, 2021, hearing and requested an adjournment. The Opposing Members requested the adjournment to allow the two members time to engage legal counsel to assist them in opposing the extension of the Interim Receiver’s appointment.

6. On March 12, 2021, the Honorable Justice McEwen issued an interim order extending the appointment of BDO as the Court-Appointed Interim Receiver of Upwood (the “**Interim Order**”). A copy of the Interim Order is attached hereto as **Appendix “C”**.
7. On March 24, 2021, the Opposing Members advised the Interim Receiver they were impecunious and requested the Interim Receiver use the Co-Op’s operating funds to pay a retainer to their legal counsel. The Interim Receiver advised the Opposing Members that the operating funds of Upwood are to be used solely to fund the operation of the Co-Op and were not available to the Opposing Members.
8. On November 23, 2021, after engaging legal counsel, the Opposing Members filed their motion materials setting out their request for \$50,000 to be provided to them from funds held by the City, on behalf of Upwood, to challenge the extension of the Interim Receiver’s appointment. The Opposing Members relied on an affidavit sworn by Abdul-Haqq dated November 22, 2021 (the “**Abdul-Haqq Affidavit**”).
9. On December 10, 2021 the Interim Receiver filed its Second Report (the “**Second Report**”) which provided the Court with updates including:
 - a) information regarding the activities of the Interim Receiver since filing of its First Report; and
 - b) clarifications of factual inaccuracies and/or mischaracterizations contained in the Abdul-Haqq Affidavit, including those relating to the events leading to the appointment of the Interim Receiver.
10. On February 18, 2022 the Interim Receiver filed a Supplementary Report to the Second Report (“**Supplementary Report**”) which provided additional information in response to the Opposing Members’ Factum. A copy of the Second Report and the Supplemental Report are attached as **Appendix “D”** and **Appendix “E”** respectively.
11. On February 22, 2022, the Opposing Members’ funding request was heard before the Honourable Justice Penny. On March 3, 2022, Justice Penny issued an endorsement denying the Opposing Members’ request for funding. A copy of the Endorsement of Justice Penny is attached as **Appendix “F”**.
12. On September 20, 2022, the Interim Receiver was advised by its counsel that the Opposing Members were in the process of retaining new legal counsel. However, it was not until November 5, 2024 when the Interim Receiver was informed by its legal counsel that the Opposing Members advised that they had retained legal counsel for the purposes of having the Interim Receiver discharged.

13. On November 18, 2024, Ms. Fatema Tokhy of Rutherford LLP ("**Tokhy**") confirmed that she had been retained by Abdul-Haqq, Abokar and Ms. Kesha Benjamin (collectively, the "**Three Opposing Members**") for the purposes of pursuing the discharge of the Interim Receiver and having the Co-Op returned to the members for self-governance.
14. The City and CHFT, together with the Interim Receiver, have been meeting regularly to consider whether the Co-Op is ready to be self-governed and to formulate a transition plan that can be used to set up the Co-Op and the newly elected board of directors on a successful path to self-governance. The transition plan includes: i) updating the Co-Op by-laws, ii) developing a training curriculum for the new board of directors to attend which will educate them on their roles and responsibilities as board members; iii) holding an election to elect a new board of directors; and iv) a shadowing period where the newly elected board will shadow the Interim Receiver in order to expose the new board members to the various decisions they will face in their role.
15. The purpose of this third report of the Interim Receiver ("**Third Report**") is to:
 - a. provide the Court with information regarding the activities of the Interim Receiver since filing its Second Report;
 - b. provide the Court with information on the steps taken to date by the City, CHFT (collectively, the "**Stakeholders**") and the Interim Receiver to prepare for a potential transition of governance and responsibility for the Co-Op back to a new board of directors to be elected by the members (the "**Transition Plan**");
 - c. provide information regarding the issues that occurred in trying to execute the Transition Plan; and
 - d. provide the Court with the Interim Receiver's proposed next steps.

DISCLAIMER

16. This Third Report has been prepared to provide the Court additional information in connection with the City's responding materials to the motion brought by the Three Opposing Members. Accordingly, the reader is cautioned that this Third Report may not be appropriate for any other purpose.
17. Except as otherwise described in this Third Report, the Interim Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Canadian Auditing Standards pursuant to the Chartered Professional Accountants of Canada Handbook. The Interim Receiver expresses no opinion or other form of assurance with respect to such information except as expressly stated herein.

18. Capitalized terms used herein and not defined in this Third Report shall have the meaning ascribed to them in either the Interim Order or the First and Second Reports.
19. All monetary amounts contained herein are expressed in Canadian dollars unless otherwise noted.

BACKGROUND

20. The Co-Op was incorporated under the *Co-operative Corporations Act* (“**CCA**”) on August 2, 1991, as a corporation without share capital to provide subsidized housing in the City of Toronto. The Co-Op became fully operational on September 1, 1993. The Co-Op entered into a 49-year land lease with Colandco, which began in June 1992. The building and fixtures are owned by the Co-Op until the lease expires in 2041.
21. Co-Ops are typically governed by a volunteer board of directors (the “**Board**”) all of which are members of the Co-Op and who reside at the Co-Op. The Board is comprised solely of residents of the Co-Op with no outside parties. The Board is elected by the Co-Op’s members in accordance with the Co-Op’s by-laws.
22. The Co-Op receives monthly funding from the City in the form of a subsidy, which is made up of an operating subsidy and a rent subsidy. The operating subsidy provides financial assistance to cover the operating costs in excess of the buildings’ market rent potential. The rent subsidy covers the difference between the amount that qualifying members can pay, based upon their income, and the actual market (or benchmark) rent for the unit they live in. The Co-Op’s financial viability is dependent upon funding from the City, payment of rent from the residents of the Co-Op and fiscally responsible spending.
23. The Co-Op is comprised of two adjacent ten-story buildings with 318 units. The units include 54 one-bedroom units, 194 two-bedroom units, and 70 three-bedroom units. The two buildings are located in Toronto’s “Rustic” neighborhood, east of Jane Street just south of Highway 401 at 298 (“**298**”) and 300 (“**300**”) Queens Drive (collectively the “**Properties**”).
24. The Co-Op has approximately 486 Co-Op members (“**Members**”) and, collectively with non-member tenants and children, there are approximately 845 residents residing at the Properties. A Member is an individual who resides at the Properties, is in good standing in respect of their rent payments, is 16 years of age or older and has paid a \$25 member fee.
25. The Properties are physically adjoined via underground parking. Each of 298 and 300 has its own entrance and laundry facilities. 298 houses the Co-Op’s gym and library and 300 includes a shared community center.

ACTIVITIES OF THE INTERIM RECEIVER SINCE THE SECOND REPORT

26. The following represents the more significant financial, operational and maintenance and capital project activities of the Interim Receiver since the Second Report.

FINANCIAL

27. The financial statements are audited by Prentice Yates & Clark, Chartered Professional Accountants, the Co-Op's auditors ("**PYC**" or the "**Auditor**"). PYC has issued unqualified audit opinions for each year since the Interim Receiver's appointment.
28. The Interim Receiver together with the current property manager (discussed below) (together, "**Management**"), have prepared and approved the 2025-2026 budget (the "**2025-2026 Budget**"). The 2025-2026 Budget showed that without an increase of 2.5% in the housing charges, the Co-Op will be unable to cover its budgeted costs. A copy of the 2025-2026 Budget, which will be presented to the membership, together with the audited 2024 financial statements are appended hereto as **Appendix "G"**.
29. Since the Interim Receiver's appointment, it has prioritized reducing housing charge arrears (i.e., rent arrears). To facilitate timely monthly rent payments, the Interim Receiver made available to all Members additional payment methods which have allowed for easier and more timely rent payments (i.e. Tenant Pay via bank debit). In addition, the Interim Receiver directs the property manager to issue Notices to Appear ("**NTA**") to Members with significant arrears in order to negotiate and approve payment plans.
30. As of May 20, 2025, there are 37 households with arrears over \$500 totaling \$99,108. Of these 37 households, there are 28 households that have entered into payment agreements, either initiated at a NTA or mandated by Landlord and Tenant Board (the "**LTB**") Order, totaling \$66,807. There is only one household with rent arrears of over \$13,000 that is waiting for LTB to advise of a court date. The remaining households in arrears (13) are recent arrears (\$20,237) and have been issued arrears notices and may be scheduled for NTAs by Management in order to arrange for a viable payment plan to pay arrears where necessary.
31. Since its appointment, the Interim Receiver had made good progress in reducing the total arrears; however, changes implemented in 2021 to the subsidy requirements on income reporting have resulted in households losing their subsidy eligibility which causes subsequent increases in arrears. There have been approximately five (5) LTB evictions over the past two years due to behavior or significant arrears.
32. The Interim Receiver continues to monitor the financial performance and financial position of the Co-Op through a review of the monthly financial statements and arrears reports. In addition to closely

monitoring the Co-Op's expenditures and cash flows, the Interim Receiver meets with the Property Manager on a regular basis to discuss opportunities and solutions to stabilize the Co-Op.

33. The Co-Op's Building Condition Assessment Reports are dated May 29, 2020 (the "**BCA**") and identified over \$7 million in required building structure repairs, exterior wall repairs, roofing systems replacement and elevator modernization requiring attention by 2023.
34. The Interim Receiver applied for and received funding under the Canada-Ontario Community Housing Initiative ("**COCHI**") program. To date, \$3.9 million has been received and deployed to address urgent immediate repairs identified in the BCA, including replacing both roofs, brick remediation on the Co-Op's buildings, installing four new elevators and replacement of the garage ramp and its heat tracing system. The funding and these projects are discussed further under Capital Projects.
35. The Interim Receiver has repaid the 2019 through 2022 subsidy overpayments which are required to be repaid to the City from the Co-Op in the amounts of \$120,111, \$119,244, \$175,573 and \$278,786, for the years ended 2019, 2020, 2021 and 2022, respectively. The Interim Receiver is in the process of settling the 2023 overpayment of \$389,119 by subsidy reductions for June through August 2025.

OPERATIONAL

36. Due to the Covid-19 pandemic restrictions, the Interim Receiver was unable to conduct unit inspections of the 318 households to identify any urgent repair requirements until 2022. Access to the units is important to ensure all life safety apparatuses are in working order and critical deficiencies/repairs are addressed.
37. Unit inspections were completed in 2022 and more recently again in 2024 at both buildings. Of the 318 units, 8 were not inspected due to the occupying members denying access to the inspector. However, after second and third attempts only 3 units remain uninspected. Pursuant to the Co-Op bylaws, members who deny access should be called to appear before the Board to discuss why entry was denied and discuss access. We note that two (2) of the three (3) units have since been evicted for other reasons and pursuant to LTB Order.
38. Management utilizes the City's "Wait List" to fill vacant units and has reviewed and updated the extensive internal transfer list according to date of request and priority. The Interim Receiver is advised that prior to its appointment, the proper protocols for filing vacancies were not being followed pursuant to the *Social Housing Reform Act* and the Co-Op's bylaws. Currently, the Co-Op's Property Manager is following the established protocols.

39. The Interim Receiver, upon consulting with the Co-Op's legal counsel, removed video surveillance access of elevators and laundry rooms for the membership on their television screens. Management has since advised the membership that this was an invasion of privacy, and they would no longer have video access to the elevators and laundry cameras however the videos will be used for security purposes only.
40. Management worked with onsite security to find the right balance of onsite security, including additional hours on weekends and long weekends, and overnight walk throughs to ensure there are no trespassers or illegal activities in the parking lot or stairwells.
41. The Interim Receiver worked with the security camera provider to add additional cameras to ensure the safety and security of the tenants. There are currently over 200 cameras collectively in both buildings.

Rent geared to income – subsidy threshold and loss of eligibility

42. The subsidy provided by the City, which, along with the subsidized rent geared to income (“RGI”) and market rent payments, funds operations at the Co-Op. The City's funding is based on a minimum of 175 RGI units. The Property Manager has completed RGI audits annually since 2021. The last RGI audit was conducted in September 2024 during which 7 households lost their RGI eligibility due to not providing supporting documentation for their household income. In addition, 14 units which were RGI are now at market rent due to tenant increases in income. The requirements for RGI were amended by the City in 2021 and these households were not complying or had identified income above the eligibility level. Loss of eligibility allows for a unit, once subsidized, to incur market rent housing charges going forward.
43. The Interim Receiver understands that the annual RGI audits had not been completed for several years prior to the appointment of the Interim Receiver.

Parking audit and continued action

44. The Interim Receiver has conducted numerous parking garage audits to identify the ownership of abandoned vehicles parked on the premises and to allow for the Co-Op's records to be updated. A parking garage audit had not been conducted in several years prior to the Interim Receiver's appointment. The first parking garage audit resulted in identifying 24 vehicles which did not belong to current Members and had been abandoned on the premises. The Receiver shared this information with the Toronto Police to identify any stolen vehicles. The abandoned vehicles were removed from the garage. The results of the parking audit were used to update the new fob entry system. Currently one key fob is assigned to each numbered parking space.

45. Although the parking audits and the updated fob entry system have greatly improved managing the underground and above ground parking, Management and building security continue to monitor for any illegal parking and attend to having vehicles removed when there is no license plate and/or have been abandoned.

Internal transfer waitlist

46. Management maintains an internal transfer waitlist which provides a chronological record of requests from members waiting for an alternative housing unit to be assigned to them due to being over or under housed. At the time of the Interim Receiver's appointment, it was found that the internal transfer waitlist was not being properly maintained nor was it considered when units were available to be filled. This resulted in members being on the list for years while other members or long-term guests were being provided units without being included on the waitlist. In addition, it was found that the waitlist was not being properly updated in order to keep an accurate and current listing of the priority of parties waiting for an internal transfer. Over-housed members should have been prioritized to be able to provide larger units to growing families. This waitlist is now current and in date order noting level of urgency.
47. There are currently 65 households requesting internal transfers. Of the 65 households, 12 are RGI units, with the remaining 53 being market rent households. 38 of the households on the internal transfer list are underhoused and are requesting a larger unit and 27 households are looking to split their current household into two separate units of varying sizes. Management is currently managing the internal transfer waitlist according to the City's established protocols and its own policy.

Property management

48. At the time the Interim Receiver took possession of the Co-Op, it had intended to maintain the incumbent property manager, Auxilium Properties Inc. ("**Auxilium**"), due to their experience and knowledge of the property; however, the Receiver observed that the safety of Auxilium's staff was being threatened by certain members as they were displeased with Auxilium. The Interim Receiver therefore concluded that, for the safety of Auxilium's staff, they needed to be replaced. As a result, the Interim Receiver requested proposals from other property managers with experience in managing cooperative housing complexes and administering RGI requirements.
49. Given the expedited need for securing a property manager, only one proposal was received for the position. As BDO was managing another co-op in receivership, the decision was made to enter into a property management agreement with that property manager, Homestarts Incorporated ("**Homestarts**"), on July 27, 2020.

50. The initial few months were supported by a strong management team from Homestarts, however, in 2021 the senior manager from Homestarts assigned to Upwood resigned. At that time, and after some consideration, the Interim Receiver requested additional property management support given the magnitude of the Property and the number of members requiring attention from the property management staff. As a result, the Interim Receiver entered into an amended agreement in May 2021 (the “**Amending Agreement**”) in order for Homestarts to provide added staff at an additional cost to deal with the significant number of calls and Member requests.
51. A year into the Amending Agreement, a significant number of Homestarts staff had resigned, and the lack of continuity caused slower reaction times to member requests and reporting to the Interim Receiver. Due to the turnover in Homestarts staff assigned to the Co-Op, there were gaps in the service promised under the Amending Agreement.
52. Without proper on-site support in the office from the property manager, the Interim Receiver spent a considerable amount of time dealing with Member calls and the Co-Op’s day-to-day issues. After careful consideration, in March 2023 the Interim Receiver terminated the agreement with Homestarts and entered into a new property management agreement with Pro Edge Property Management (“**Pro Edge**”).

BUILDING MAINTENANCE AND CAPITAL PROJECTS

New laundry machines

53. The Interim Receiver found that a significant amount of time was being spent attending to Member complaints on the operation of the washers and dryers in both 298 and 300. After numerous discussions with the existing laundry contractor about repairs, it came to the Interim Receiver’s attention that there was no contract in place and the Co-Op’s contract was a month-to-month with the provider. A proposal was presented and the Interim Receiver entered into a contract with Coinamatic which included the installation of 14 new washers and 14 new dryers in each of the buildings.

Carpet cleaning, window washing and garage power wash

54. The Interim Receiver has contracted for semi-annual cleaning of the carpets in common areas and hallways, annual window washing and garage power washing and drain cleaning. Prior to the Interim Receiver’s appointment there had been no arrangement or contracts in place for these services.

Air conditioner safe installations/removals

55. The Interim Receiver continues to engage professionals to inspect and install or remove all the air conditioner units (“**AC Units**”) privately owned by members. The AC Units were of concern to the Interim Receiver as many were not properly anchored and posed risks of falling and causing injury. Members who wish to install window AC Units are required to use the service engaged by the Co-Op

to ensure safe and secure installation. The AC Units are installed by April 15 and removed by October 15 each year.

COCHI Funding – Capital Projects

56. As noted herein, the Interim Receiver has confirmed and executed agreements to receive funding of \$3.9 million from COCHI. Below is a summary of approved funding by project, including applicable completion dates.

Brick remediation

57. The Interim Receiver secured \$67,350 of COCHI funding for brick remediation work. This work was required as the Properties were missing, had unsecure and/or worn bricks allowing water to seep through the building envelope.

58. The Interim Receiver engaged CMS Building Consultants & Engineers as Consultant to the Co-Op to prepare and issue the tender documents and supervise the brick masonry repair work (“**Brickwork**”). The Brickwork was awarded to Nurock Contracting Ltd. who had the winning bid for the contract at the price of \$137,634.

59. There were two change orders resulting in an additional \$70,000 of work and costs being incurred. Of the \$70,000, \$65,000 of the work was required to install 19 roof anchors to each of the two buildings in order to complete any work above the third floor. The Brickwork was completed in November 2022.

60. During the summer of 2024, it was found that there are significant leaks that required additional masonry restoration work for the replacement of worn bricks. This was identified following heavy rainfall which resulted in flooding in the electrical space and the 10th floor of both buildings.

61. This work was proposed and quoted, and the work was awarded to Holl Restoration. The additional masonry restoration work began on May 1, 2025 and should be completed in early July, 2025. The cost of this project was approved at \$166,890 plus HST and not including engineer consulting costs.

Garage ramp and heat tracing replacement

62. The Interim Receiver secured funding of \$90,000 for the garage ramp heating system replacement work. CMS prepared tender documents and issued the tender. Four (4) proposals were received on August 29, 2022 and Nurock was selected as the contractor.

63. Prior to the start of the garage ramp work, it was necessary to repair significant potholes. The cost of approximately \$20,000 was not covered by COCHI funding and was funded by the Co-Op’s cash reserves.

Roof replacements (both buildings)

64. In 2021, \$1,000,000 of funding was approved for the replacement of the two roofs at the Co-Op. Morrison Hershfield prepared and issued the tender documents and five (5) bids were received. The lowest quote received was for \$2,700,000 for the installation of two new roofs. The following year the Interim Receiver was able to secure an additional \$1,700,000 in funding in order to replace both roofs.
65. The replacement of the roof at 298 was commenced by Provincial Roofing on September 23, 2022. The anticipated date of completion was November 15, 2022; however, inclement weather did not allow for this. The roof replacements were completed on October 27, 2023.

Elevator modernization 298 and 300 Queens

66. In 2021, the Interim Receiver received proposals for new elevators from F. Shaw & Associates Inc. ("**F. Shaw**") as its consultant. F. Shaw prepared the tender document, and five (5) Technical Standards and Safety Authority (TSSA) licensed elevator contractors submitted bids to modernize the four (4) Co-Op elevators.
67. In September 2022, the Interim Receiver was approved for \$1,000,000 in funding to replace the four (4) elevators. F. Shaw managed the tender process. On October 13, 2022 the Interim Receiver received five (5) quotes for the elevator modernization and subsequently entered into an agreement with Quality Allied Elevator ("**QAE**") to install four (4) new elevators.
68. By September 4, 2024, the project was complete, with any deficiencies attended to and the holdback payment was released to QAE. The elevators passed inspection, and the Interim Receiver entered into a monthly maintenance agreement with QAE.

CO monitors

69. In 2021, the Interim Receiver was approved for \$15,000 in funding to install new CO monitors in the garage. Unfortunately, the Co-Op's fans were too dated or in disrepair to support new CO monitors. A verbal report advised that this work would cost in excess of \$155,000 including the cost of new fans at \$53,000 and CO monitors at approximately \$30,000. In this regard, the work has been put on hold until Upwood can financially support the balance to complete.

Boiler

70. The boiler presented issues prior to the Interim Receiver's appointment. When reviewing internal information, we found that a new boiler had been installed in 2019 however the boiler was improperly installed. In 2022, the Interim Receiver after speaking with the boiler manufacturer, arranged for a replacement boiler to be installed by the manufacturer at no cost to the Co-Op.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

71. The Interim Receiver’s statement of receipts and disbursements from July 16, 2020 to May 26, 2025 is attached as **Appendix “H”**.

TRANSITION PLAN - PATH TO SELF GOVERNANCE

72. In late fall of 2024, the Interim Receiver was advised that the City had been in discussions with legal counsel for the Three Opposing Members to discuss having the Interim Receiver discharged. The City advised the Interim Receiver that the City and counsel for the Three Opposing Members had developed broad strokes of a plan which would see a transition of the Co-Op back to being self-governed by the Members.
73. The City, CHFT and the Interim Receiver began formalizing a transition plan in December 2024. After several Stakeholder meetings with the Interim Receiver, a schedule of member meetings and key milestone dates was prepared. The following is a summary of key dates that were communicated to the Members. As detailed below, the plan was aborted on April 30, 2025 due to an incident which occurred during the election process.

Upwood Park/Salvador Del Mundo Member Meetings and Key Dates			
Date	Event	Details	
07-Feb-25	Notice to Members	Communication to membership regarding the intent to transition the Co-Op back to the members and the requirement to elect a Board of Directors	
12-Feb-25	Information Session	Onsite Member information session on the proposed amendments to the Occupancy By-Law (a By-Law about the rights and obligations of the Co-Op and the Members) and the Organizational By-Law (a By-Law about the Co-Op’s governance) in order to comply with legislation under the <i>Co-operative Corporations Act</i> , the <i>Residential Tenancies Act</i> , the <i>Ontario Human Rights Code</i> and the <i>Housing Services Act</i> (“ Amended By-Laws ”).	
19-Feb-25	Special Members’ Meeting	Onsite meeting held to approve the Amended By-Laws. By-Laws can be found at: https://www.upwoodcoop.ca/bylaws	
21-Mar-25	Call for Election Committee	Notification to Members asking for volunteers to participate on the Election Committee a) Six (6) volunteers applied; b) An in person live draw was held to select two (2) members from each building; c) Once elected after some discussion regarding potential conflicts or miscommunication on the role, only two volunteers remained.	
02-Apr-25	Information Session	Onsite Member information session on the role and requirements of the Board.	
2-Apr to 11-Apr-25	Call for Board Candidates	Board of Director candidate nominations open	
14-Apr-25	Candidate vetting	No nominated candidates were excluded	
17-Apr-25	Notice of Candidates	The list of candidates and their bios were distributed to the members.	
22-Apr-25	Meet the Candidates	Onsite Meet the candidates held at the Co-Op; questions were put forth by CHFT and Members to all candidates.	
23-Apr-25	Election Materials	Distribution of the Election Materials to Members.	
29-Apr-25	Early Voting (Day 1)	Held In Upwood’s library between 1 and 4 p.m.	
30-Apr-25	Proposed Early Voting (Day 2)	Cancelled due to Early Voting Day 1 incident	
07-May-25	Proposed: Election Meeting	Cancelled due to early voting Day 1 incident	

Election committee member perceived conflict

74. Following the April 22, 2025 “Meet the Candidates” night, it came to the Interim Receiver’s and the Stakeholders’ attention that one of the election committee members (“**ECM-1**”) was identified as being part of the group members who had retained legal counsel (Three Opposing Members). As the Three Opposing Members were all candidates in the upcoming election, ECM-1 appeared to have a conflict of interest as an election committee member. When questioned about the conflict during an election committee meeting on April 28, 2025, ECM-1 advised the group that she had no conflict of interest.

Candidates

75. There were thirteen (13) candidates nominated and confirmed to run in the election for the Board.

Early voting (April 29, 2025) - the ballot box incident

76. When the early voting polls closed on April 29, 2025, the election committee, including a representative from each of CHFT and Management, sealed the ballot box with their signatures on pieces of paper that were affixed to the ballot box. Photos were also taken.
77. The Property Management staff that had been on site on April 29, 2025, were scheduled to start work at noon on April 30, 2025 as they would need to be in attendance through to the end of the second early voting day (4-8 p.m.). Upon arrival of the Property Management staff at the Co-Op on April 30, 2025, they noticed that the seals that were affixed to the ballot box were broken. When they questioned what has happened to the seals, they were advised that the seals had been removed by a member of the Property Manager’s staff who had not worked on April 29, 2025, because he thought that the paper looked unprofessional, and he decided to create more professional signage for the ballot box. He did not realize the purpose of the seals.
78. Management immediately notified CHFT of the incident. The CHFT representative confirmed that she was the only person with the keys to the ballot box since the polls closed on April 29, 2025. Therefore, even if the seals were broken, it was not possible for the ballots to be removed or changed. This had been tested upon purchase of the ballot box by the Property Manager and the Interim Receiver. Furthermore, all ballots were numbered so the ballots could not be added and/or duplicated. The seal was an extra precaution added because one of the election committee members felt that the ballot box was not secure in the locked office, even before the early voting began. The office is locked by key and has an alarm system which is activated daily. In addition, there are security cameras inside and outside the entrance.
79. At 4:00 pm on April 30, 2025, the election committee met along with Property Management and CHFT wherein CHFT explained the issue with the ballot box and the person who had removed the seals also explained his actions to the committee. At this time, ECM-1 suggested that trust was lost, and the membership needed to know. ECM-1 began accusing the Property Management team of trying to

remove ECM-1 from the committee and made additional accusations which were unsupported. ECM-1 proceeded to accuse other Members, unrelated to the election committee, of accessing the ballot box.

80. The situation escalated with further unsupported accusations and the two election committee members, one being ECM-1, proceeded to communicate in their native language (not English). The two election committee members were close to a physical altercation with each other when representatives of CHFT and the Property Manager separated them. One of the two Members called the police as she advised CHFT and the Property Manager that the other Member had verbally threatened her and her family.
81. Upon hearing of this altercation, the Stakeholders and the Interim Receiver met to discuss and agreed that the election process was now tainted and that Upwood was not in a position to self-govern at this time.
82. Notices of cancellation of the election meeting were delivered to the membership on May 6, 2025 (**“Cancellation of Election Notification”**).

Transition – Next Steps

83. Following the Cancellation of Election Notification, the Stakeholders, along with the Interim Receiver, have been meeting regularly to address any potential further issues that may arise and planning for a new path to self-governance for Upwood.
84. The Stakeholders and the Interim Receiver have worked together to identify dates for an election restart. Specifically, the election restart would begin on July 8, 2025 with an Information Session led by CHFT explaining the pathway to self-governance and the new election process. Details of the election restart can be found in the Recommended Transition Plan which is attached as **Appendix “I”** to this report.
85. The Stakeholders and the Interim Receiver have worked together to develop a new path to self-governance which would include training of the newly elected Board. The training component would include a curriculum of courses identified and provided by CHFT, some being required and other courses being highly recommended. Details of the curriculum for the newly elected board can be found in the Recommended Transition Plan (**Appendix “I”**).
86. In addition to the completion of the prescribed training and any highly recommended courses, the newly elected Board, along with the Interim Receiver, will hold monthly meetings as part of a shadowing period and for a minimum of six (6) months. Following the shadowing period, the Interim Receiver will report to the court on its findings and its recommendation on the newly elected board’s

ability to self govern. Details of the shadowing during the transition period are documented in the Recommended Transition Plan (**Appendix “I”**).

OTHER MATTERS

Letter from other members

87. On May 23, 2025 an anonymous member(s) dropped off a letter into the Co-Op mailbox stating:

“Dear management,

We know our coop’s current situation. Some of the members would like to bring back Gordana (former property manager prior to Auxilium). We strongly suggest keeping it as is; we do not need a board. The previous board damaged our coop. We would like to work with BDO and this current management”

88. The letter was signed by 18 households. The Interim Receiver has not included the letter as an attachment hereto or as a confidential supplement due to safety concerns for these members.

Affidavit of Masbal Abokar

89. The Interim Receiver has reviewed Affidavit of Masbal Abokar (“**Abokar Affidavit**”) and has identified the following factual inaccuracies contained therein:

- a. Paragraph 1: The Abokar Affidavit states the Ms. Abokar has been a member of the Co-Op for 14 years (2011). However, Co-Op records show she has been a member since 2013 (12 years) when her membership application was approved by Ms. Abdul-Haqq. Prior to the membership approval, she was a long-term guest of another member.
- b. Paragraph 2: The Abokar Affidavit states she was a Board of Directors member from 2019 through to the date of the receivership (July 16, 2020). A copy of the attendance list of the minutes of the meeting of the Board of Directors dated August 27, 2018 showing Ms. Abokar was a director at that time is attached hereto as **Appendix “J”**. Board elections would have occurred at the Annual General Meeting (AGM) which would have been held in May of 2018.
- c. Paragraph 27: The Abokar Affidavit states that financial statements were never provided to the Three Opposing Members. However, Financial statements have been provided on several occasions, including:
 - Annual General Meeting held in November 2021 wherein the 2020 audit was presented. One of the Three Opposing Members is noted on the attendance list.

- Bank statements and financial statements for the period beginning July 17, 2020, through December 31, 2021, were provided to the Three Opposing Members’ legal counsel at the time, Colautti Landry Partners Professional Corporation in January 2022.
 - On February 22, 2022, the Interim Receiver’s legal counsel confirmed the additional upload of bank statements for the month of January 2022; and
 - On July 3, 2024, financial statements for the years 2020 through 2023 were provided to the new legal counsel of the Three Opposing Members.
- d. Paragraph 27: The Abokar Affidavit states that the Three Opposing Members requested information on the capital projects at the Co-Op. The Abokar Affidavit state that the Three Opposing Members felt they were “left in the dark for four years as to what was actually occurring”.

The Interim Receiver attended to securing funding and actioning several significant capital projects including the new roofs, new elevators in both buildings, garage ramp heat tracing replacement and resurfacing and brick remediation, to name a few.

Ms. Abokar states she lives in the building. For any Member including Ms. Abokar, living at the property these major projects, and the related inconvenience, would have been obvious as they each took several months to complete. The table below summarises the timelines for some of these major projects.

Project	Contract signed or work start	Complete
Brick remediation 1	December 2021	October 2022
Brick remediation 2	April 2025	scheduled for July 2025
Garage ramp and heat tracing	September 2022	November 2022
Roofs - 298/300	November 2022	October 2023
Elevators (4)	November 2022	January 2024

In addition, the property manager regularly informs the membership of any significant work taking place at the buildings by way of notice and in the Co-Op newsletters.

90. The Interim Receiver continues to manage the Co-Op with the safety and security of all tenants as its priority. In addition, the Interim Receiver continues to ensure the financial stability of the Co-Op in short term and the long term by attending to necessary capital repairs together with monitoring housing arrears.

All of which is respectfully submitted this 3rd day of June 2025

**BDO CANADA LIMITED,
in its capacity as the Court-appointed Interim Receiver of
Upwood Park/Salvador Del Mundo Cooperative Homes Inc., and not in its personal or corporate
capacity**



Per:

Name: Josie Parisi, CPA, CA, CBV, CIRP, LIT
Title: Senior Vice President

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APPENDIX “A”

**ONTARIO
SUPERIOR COURT OF JUSTICE – COMMERCIAL LIST**

BETWEEN:

CITY OF TORONTO

Applicant

and

UPWOOD PARK/SALVADOR DEL MUNDO CO-OPERATIVE HOMES INC.

Respondent

**AFFIDAVIT of MARIO MENDES
(Sworn March 8, 2021)**

I, MARIO MENDES, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

1. I am a Housing Consultant in the City of Toronto's Housing Stability Services Section within the City's Shelter, Support and Housing Administration Division. Prior to January 23, 2017 this Section was referred to as the Social Housing Unit. After that time it was re-aligned and became the Housing Stability Services Unit. For the purposes of this affidavit the Section will be referred to as the Housing Stability Services throughout.
2. Housing Stability Services is responsible for administering and funding housing provider organizations. Responsibility for social housing was transferred from the

Province of Ontario to the City on May 1, 2002. Housing Stability Services provides advice and support to housing providers in order to support the independent operation of their housing projects by their Boards of Directors and their staff.

3. Housing Stability Services also monitors housing provider operations to ensure they meet their obligations under the governing legislation. If issues with respect to the management of a given social housing project arise, Housing Stability Services works to ensure that these issues are resolved.

4. The social housing projects that the City is responsible for are monitored by Housing Consultants, like myself, who are in the City's employ, and who form part of Housing Stability Service's staff.

5. Since the City assumed responsibility for the administration and funding of the social housing programs within its boundaries, I have been actively involved in the administration of these programs, including the monitoring of the social housing program at 298 and 300 Queens Drive (the "Housing Project") that is operated by Upwood Park/Salvador Del Mundo Co-operative Homes Inc. ("Upwood" or the "Co-op"), which is a co-operative non-profit corporation. As such, I have knowledge of the matters to which I hereinafter depose.

6. This affidavit is sworn in support of the City of Toronto's Application to extend the appointment by the City of the receiver and manager BDO Canada Limited ("BDO") pursuant to subsection 95(3) of the *Housing Services Act, 2011*, S.O. 2011, c.6, Sch 1, as amended (the "HSA").

CONTEXT

The *Housing Services Act, 2011*, and the Municipality's Duty to Administer and Fund Social Housing Programs

7. Social housing programs are government-funded initiatives designed to provide affordable rental accommodation to low income households.

8. Municipal non-profit corporations, private non-profit corporations, and co-operative non-profit corporations that own residential properties throughout the province act as “housing providers”. These housing providers make their rental units available to individuals and families who are part of low-income households. They are responsible for managing these housing projects.

9. Social housing in the City of Toronto was initially developed and administered by the federal and provincial governments.

10. The Housing Project operated by Upwood was developed under a provincial government program and was originally funded and administered by the provincial government.

11. In the late 1990s, as part of Ontario's initiative to realign local services, the province began to download its social housing responsibilities, both administrative and financial, to the local municipalities. This process culminated with the passage of the *Social Housing Reform Act, 2000*, S.O. 2000, c. 43 (the “SHRA”), which received royal assent on December 12, 2000. The responsibility to fund and transfer the Housing Project was transferred to the City in 2002.

12. The SHRA created a framework for the administration and funding of social housing projects, and created a comprehensive mechanism to help municipalities manage their new social housing responsibilities. The SHRA was repealed by the *Strong Communities through Affordable Housing Act, 2011*, S.O. 2011, c. 6 and replaced within the same act by the *Housing Services Act, 2011*, S.O. 2011, c. 6, Schedule 1 (the "HSA"), which came in to force on January 1, 2012. The purpose of the HSA was to:

(i) - provide for community based planning and delivery of housing and homelessness services with general provincial oversight and policy direction; and

(ii) – provide flexibility for service managers and housing providers while retaining requirements with respect to housing programs that predate the HSA (i.e. the SHRA and the Provincial and Federal Programs referenced above) and housing projects that are subject to those programs.

13. The framework created by the SHRA was carried through in the HSA, which is the operative legislation currently in effect.

14. Housing providers that were originally developed, administered and funded by the provincial government received two forms of subsidy. They received an operating subsidy and a rent subsidy.

15. The operating subsidy is paid to subsidize the building operating costs in excess of the building market rent potential.

16. The rent subsidy is paid to cover the difference between the amount that qualified tenants can pay, based upon their income, and the actual market rent for the unit they live in.

The Powers that the HSA Grants to Municipalities to Ensure that the Interests of Households that Depend on Social Housing Programs are Protected

17. The HSA provides a comprehensive administrative mechanism to help municipalities manage their social housing responsibilities.

18. Municipalities that are designated as “service managers” under the HSA and its regulations are able to supervise these housing providers. A housing provider is a person who operates a housing project. Under the HSA, the City is a service manager ("Service Manager") and Upwood is a housing provider ("Housing Provider") for the Housing Project.

19. The HSA includes specific enforcement provisions that grant municipal service managers powers that they can exercise to ensure that these housing projects are properly managed and that the tenants and members in these housing projects have access to the protections and services that they need.

20. In the event that a social housing provider fails to operate a housing project properly, having regard to the normal practices of similar housing providers, a service manager can take certain steps under the HSA to remedy the situation.

21. Subsection 85(6) of the HSA provides that the service manager may appoint a receiver or receiver and manager for the housing project. The receiver or receiver manager will manage the non-profit housing corporation and act as a surrogate housing provider.

22. Subsection 85(7) of the HSA provides that the service manager may seek the appointment of a receiver or receiver and manager for the housing project by the Superior Court of Justice.

23. In both instances, the receiver or receiver and manager are appointed in order to ensure that the housing project is operated and managed properly.

THE UPWOOD PARK/SALVADOR DEL MUNDO CO-OPERATIVE HOMES INC. HOUSING PROVIDER

24. Upwood Co-op/Salvador Del Mundo Co-operative Homes Inc. (“Upwood”) owns two neighbouring ten-story buildings residential buildings, with a total of 318 units, located at 298 and 300 Queens Drive in the former municipality of North York in the City of Toronto.

25. The Co-Op's 318 units include one, two and three bedroom units. The buildings are located in Toronto’s Rustic neighborhood, east of Jane Street just south of Highway 401. The Co-Op’s targeting plan requires that it maintain a minimum of 175 rent-geared-to-income units and a minimum of 74 units paying market rent.

26. The two properties are provincially reformed housing projects that are funded and administered in accordance with the HSA.

The Critical Governance Issues That Arose on July 11, 2020, Resulting in Risks to the Health and Safety of Upwood's Members

27. A group of Upwood's members convened a meeting on Saturday July 11, 2020.

28. Those members present at this July 11th meeting took the following unauthorized and illegal action:

- (i) They decided to remove four members of the existing Board (the "Former Board");
- (ii) They purported to hold elections to fill these same four seats to form a new Board (the "Installed Board"); and
- (iii) They decided to remove the existing property management company and to take immediate action to effect this removal.

29. The Service Manager determined that the July 11th meeting was unauthorized and illegal because the meeting was improperly requisitioned and was convened contrary to the provisions of Upwood's organizational by-law, the *Co-operative Corporations Act*, R.S.O. 1990, c. 35, the *Emergency Management and Civil Protection Act*, R.S.O. 1990, c. E.9, and the regulations enacted thereunder.

30. I provide an account of the events leading up to, and following, the July 11, 2020, meeting and the above-described contraventions below for the benefit of the Court:

- (i) On June 3, 2020, a member of Upwood sent members of the Former Board a requisition to convene a meeting so that members of the Co-op could decide whether to terminate Upwood's existing contract with Auxillium Properties ("Auxillium") for the provision of property management services.
- (ii) On June 30, 2020, that same member of the Co-op prepared and distributed what she described as "notice" of a "General Members Meeting" (the "Purported Notice"). The Purported Notice suggested that a "General Members

Meeting" was scheduled to take place on Saturday July 11, 2020, in order to secure the approval of the Co-op's membership to:

- (a) Terminate Auxillium's contract;
- (b) Remove four members of the Former Board; and
- (c) Hold elections to fill any and all of any vacated Board positions.

(iii) The Service Manager, in conjunction with the Co-operative Housing Federation of Toronto ("CHFT") – a non-profit organization that provides assistance and advice to co-operative housing providers in Toronto and the surrounding region – identified a number of reasons why the scheduled July 11th meeting could not proceed as a "General Meeting" of the membership:

- (a) A requisition to convene a general meeting must be delivered to the Co-op's office. The Board then has 30 days within which they are to call and hold a members meeting. If and only if the Board refuses to call the meeting, the member who submitted the requisition can call the meeting themselves. The requisition that was sent to the Board on June 3rd was not properly delivered and the meeting was called in contravention of the prescribed protocol.
- (b) The requisition in question identified only one issue for the membership's consideration – the removal of Auxillium. Upwood's membership does not have the authority to terminate Auxillium's contract. The members of the Co-op did not have authority or jurisdiction to consider the issue that the June 3rd requisition called for.
- (c) The requisition made no reference to the critical steps that the notice indicated the members would be considering concerning the governance structure at Upwood – the removal and replacement of members of the Former Board.
- (d) Lastly, the Former Board was advised that the purported notice that was circulated suggested that the July 11th meeting would be an in person meeting. At the time, as at present, the City of Toronto was subject to restrictions imposed by provincial order prohibiting in-person gatherings of more than 10 people in light of the COVID-19 pandemic that has gripped the City and the world this past year. In order to establish

quorum, at least 50 people must be present at a "General Meeting". Even if the proposed in-person meeting was not improperly called, it would be unsafe.

31. These reasons were shared with the members of the Former Board at a meeting of that Former Board that was convened on July 9th – in advance of July 11th.

32. In addition, in advance of July 11th, a majority of the Former Board members directed that all the Co-op members be advised that the purported notice was reviewed, that the purported notice did not comply with the governing legislation, and that the proposed July 11th meeting was not valid and was therefore cancelled.

The City Learns That the Improper July 11th was Convened

33. On July 11, 2020, the City received the following information:

(a) An unknown number of the Co-op members did convene in person and held a meeting despite the previous advice sent, pursuant to the direction referenced in paragraph 32, above, that the meeting was improperly convened and had been cancelled.

(b) The City's 311 service line was notified that the meeting had taken place in contravention of the COVID-19 in person restrictions prevailing at the time;

(c) Following the meeting, the Installed Board had gained access to the property manager's office and arranged to have the locks changed, preventing Auxillium from continuing to serve as property manager.

The Untenable Situation at Upwood Following the Events of July 11th and 12th

(i) - The Critical Governing Issues

34. The steps taken at the improperly convened meeting resulted in a significant amount of unrest among Upwood's membership.

35. Members sent numerous emails to both the Service Manager and CHFT expressing concerns about the improperly convened meeting, the governance issues that resulted, the lack of property management, and the risk that members' personal information could be improperly accessed.

36. The Service Manager's concerns about the situation at Upwood were exacerbated by underlying financial control issues the Co-op had been struggling with. Based on information available to the Service Manager:

- (a) Auxillium's records indicated that, as of June 30, 2020, Upwood had arrears for housing charges in the amount of \$84,348;
- (b) The Co-op's audited financial statements for the most recent fiscal year, which ended on August 31, 2019, showed an operating loss in the amount of \$99,313; and
- (c) Those same audited financial statements indicated a depletion of Upwood's Capital Reserve Fund as a result of \$417,658 in expenditures in 2018 and an additional \$573,339, in expenditures in 2019.

The City's Decision to Appoint BDO as the Receiver Manager for the Housing Provider

37. The governance structure at Upwood was uncertain in light of the steps taken to improperly remove and replace members of the Former Board at the unauthorized and illegal July 11th meeting.

38. The steps taken by the Installed Board immediately thereafter meant that there was no one managing the Housing Project properties. Among other things, this posed a risk to the health and safety of the housing provider, owing to the key role that a property

manager played in mitigating the risks to members during the COVID-19 pandemic and owing to the risk that the member's personal information could be improperly accessed.

39. There were underlying financial issues that had been percolating at the Co-op that showed Upwood had failed to establish financial management controls.

40. In light of the above, the City determined that Upwood had failed to operate the Housing Project properly.

41. The most appropriate course of action for the Service Manager to take in order to protect the interests of the membership in all the circumstances was to appoint a receiver to serve as Receiver and Manager of the housing project on an interim basis pursuant to subsection 85(6) of the HSA.

42. The City appointed BDO as the interim Receiver and Manager of Upwood on July 16, 2020, to preserve and protect the property, assets, business and undertakings of Upwood and to control their receipts and disbursements so that steps could be taken to begin rehabilitating the Housing Project.

Upwood Remains Incapable of Properly Operating the Housing Project

43. Since the appointment of BDO as the interim Receiver and Manager of the housing project, they have, in conjunction with the Service Manager and CHFT, been exploring and considering possible alternative governance structures that might be implemented at Upwood given that no functional Board is in place. As a result, Upwood

remains incapable of managing the Housing Project in an appropriate manner. This exploratory work is ongoing.

The Steps that the City and BDO Have Taken to Determine How to Best Preserve Upwood

44. BDO has also taken the following steps in an effort to preserve and protect the assets of Co-op. These steps include:

- (a) Engaging a new property management company – Homestarts Incorporated ("Homestarts") – to serve the membership, maintain the two buildings, and assist with the day-to-day administration of the Co-op;
- (b) They began a comprehensive review of Upwood's finances;
- (c) They began a comprehensive review of the households in the Housing Project to ensure that they met the governing rent-geared-to-income eligibility criteria; and
- (d) They have begun implementing financial controls in order to rehabilitate Upwood's financial position.

45. To date, the investigation undertaken by BDO has revealed the extent to which Upwood has failed to operate the housing project properly:

- Upwood has suffered significant operating losses based on a review of the Co-op's audited financial statements over the past two years. In 2019 the Co-op experienced operating losses of \$99,313, and in 2020 it suffered operating losses of \$121,145.
- Upwood's Capital Reserve Fund was depleted by expensing \$417,658 in 2018, and \$516,339 in 2019. The review undertaken by BDO shows that 60% of these funds had been used to address cosmetic unit upgrades rather than the requisite building repairs that these funds are to be allocated to. Building Condition Assessments that were prepared in September 17, 2015, and May 29, 2020, called for the prioritization of repairs to the exterior walls, elevators, and roofing systems.
- As of July 31, 2020, member rental arrears were significant. 115 households were delinquent and totaled \$102,136.

- Vacancies had not been filled in a timely manner.
- There were a number of unpaid supplier invoices, dating back to 2019. BDO was required to pay over \$10,000 in unpaid invoices from 2019, and over \$50,000 in invoices that had accrued in 2020 prior to its appointment.
- There were ongoing mechanical issues with the recently upgraded boilers that were the result of improper maintenance.
- There were over 100 vehicles that the Receiver and Manager found in the underground parking garage whose owners could not be identified.
- The rent-gear-to-income files were incomplete. Requisite income and asset verification documentation was missing for a number of member household units. This information is critical to ensuring that the proper rent-gear-to-income assistance and building subsidies are provided.

46. BDO has delivered a report to the City of Toronto describing the steps they have taken as the interim Receiver and Manager of the Housing Project to address the issues at Upwood and their ongoing efforts to rehabilitate the Co-op. A copy of the BDO's report is attached as Exhibit "A" to my Affidavit.

In Order to Protect Upwood and the Interests of its Members, the Term of BDO's Appointment as Receiver and Manager of the Housing Project Should Be Extended

47. The term of BDO's appointment as interim Receiver and Manager of the Upwood housing project is scheduled to end unless the Service Manager brings an application before the Superior Court of Justice to extend the term of its appointment on or before March 15, 2021.

48. Since BDO's appointment, there remain outstanding issues with the governance structure of the Co-op that need to be resolved. The financial position of the Co-op requires rehabilitation. In light of these considerations and in light of the additional

pressures that all multi-unit residential properties are under given the ongoing health concerns raised by the COVID-19 pandemic, the City believes that Upwood is not in a position to resume normal operations without the benefit of a Receiver and Manager to oversee the housing project. Doing so would risk compromising the health and safety of its members and exacerbating the financial issues that threaten the ongoing viability of the Co-op.

49. In January 2021, the Service Manager prepared and provided a notice which it distributed to the members of Upwood sharing the City's views that an extension of the term of BDO's appointment as Receiver and Manager was warranted in all the circumstances and sharing the reasons why the Service Manager formulated this view. It invited members of the Co-op to provide written submissions in respect of this proposed action. A copy of this notice, dated January 14, 2021, is attached as Exhibit "B" to my Affidavit. To date, the submissions that the City has received all favour the extension of BDO's term and value the steps taken by BDO to rehabilitate the Housing Project.

50. An extension of the term of BDO's receivership will allow the Receiver and Manager and the Service Manager necessary additional time to take appropriate steps to ensure that the housing project is maintained and operated in accordance with and in keeping with the HSA, over the long term.

51. In particular, an extension of the term of BDO's receivership would afford the BDO additional time to continue its review and analysis of the Co-op's financial records and documents, to continue its review of the eligibility criteria of certain household's for

rent-geared-to-income assistance, and to explore and consider possible alternative corporate governance structures to ensure the continued health of the Upwood.

SWORN before me)
at the City of Toronto,)
in the Province of Ontario, on)
this 8th day of March, 2021.)



Mark Siboni)
A Commissioner for taking Affidavits)



Mario Mendes

This is **Exhibit “A”** referred to
in the *Affidavit of Mario
Mendes*, sworn on the 8th day of
March, 2021.



MARK SIBONI
A Commissioner for Taking Affidavits

APPENDIX “B”

**IN THE MATTER OF THE INTERIM RECEIVERSHIP OF
UPWOOD PARK/SALVADOR DEL MUNDO COOPERATIVE
HOMES INC.**

INTERIM RECEIVER'S FIRST REPORT DATED MARCH 8, 2021

Table of Contents

BACKGROUND AND PURPOSE	2
SUMMARY – APPOINTING THE RECEIVER	3
IMMEDIATE ACTION TAKEN BY RECEIVER TO PROTECT ASSETS	3
FINANCIAL, OPERATIONAL, MAINTENANCE FINDINGS	4
OTHER MATTERS	11
RECEIPTS AND DISBURSEMENTS	13
FUTURE ACTIONS	13

Appendices

Building Condition Assessment	A
Building Maintenance Report	B
Statement of Receipts and Disbursements	C

BACKGROUND AND PURPOSE

1. BDO Canada Limited (“**BDO**”) was appointed as interim receiver (the “**Interim Receiver**”) of Upwood Park/Salvador Del Mundo Cooperative Homes Inc. (the “**Co-Op**” or “**Upwoods**”) on July 16, 2020 by the City of Toronto (the “**Service Manager**” or “**City**”) pursuant to section 85(6) of the *Housing Services Act, 2011*.
2. The Co-Op was incorporated under the Co-operative Corporations Act on August 2, 1991, as a corporation without share capital to provide subsidized housing in the City of Toronto. The Co-Op became fully operational on September 1, 1993. The Co-Op entered into a lease agreement with Colandco Co-operative Homes Inc. for a forty-nine year term, which began in June 1992. The building and fixtures are owned by the Co-Op until the lease expires in 2041.
3. The Co-Op is governed by a voluntary Board of Directors (the “**Board**”) all of which are members of the Co-Op and reside at the Co-Op. The Board is comprised solely of residents of the Co-Op and has no outside member. The Board members are elected by the Co-Op’s membership in accordance with its internal by-laws, which are subject to the Co-operative Corporations Act.
4. The Co-Op receives monthly funding from the City in the form of a subsidy, which consist of an operating subsidy and a rent subsidy. The operating subsidy funds the building operating costs in excess of the building market rent potential. The rent subsidy covers the difference between the amount that qualifying members can pay, based upon their income, and the actual market (or benchmark) rent for the unit they live in. The Co-Op’s financial viability is dependent upon funding from the City.
5. The Co-Op is comprised of 318 units in two ten-story buildings which include one, two and three bedroom units. The buildings are located in Toronto’s Rustic neighborhood, east of Jane Street just south of Highway 401 at 298 (“**298**”) and 300 (“**300**”) Queens Drive (together the “**Properties**”). In total, there are 318 units (54 one-bedroom units, 194 two-bedroom units and 70 three-bedroom units. The Co-Op’s targeting plan requires that it maintain a minimum of 175 rent-geared-to-income (“**RGI**”) units and a minimum of 74 units paying market rent (“**Market**”). At February 1, 2021, the Co-op is had 168 RGI units and projecting to reach the minimum number of RGI units by March 31, 2021.
6. The Properties are physically adjoined via underground parking. Each of 298 and 300 have their own entrances and laundry facilities. 298 houses the Co-Op’s gym and library. 300 has a shared community room. All these common use areas have been closed due to the mandated Covid-19 restrictions.

7. The City has requested that BDO prepare this report summarizing its findings to date to support the City's application for a court-appointed Receiver.

SUMMARY – APPOINTING THE INTERIM RECEIVER

8. The City of Toronto, as the social housing Service Manager, appointed BDO as interim receiver and manager over the Co-Op on July 16, 2020 pursuant to its authority under the Housing Services Act. The appointment was made after the City learned of events, detailed below, that resulted in risks to the health and safety of the Co-op members.
9. City staff learned that a members' meeting was held to remove and replace both the Board of Directors and the contracted property management company. The Interim Receiver is advised by the City that this meeting was improperly requisitioned and convened under the Co-operative Corporations Act and Upwoods' by-laws and was held contrary to the requirements of the Emergency Management and Civil Protection Act. As a result of these actions, there was no commonly accepted governance structure, there was no property management on-site and members' personal information contained in the former property manager's electronic files were vulnerable to unauthorized access contrary to the privacy requirements of the governing legislation.

IMMEDIATE ACTION TAKEN BY THE INTERIM RECEIVER TO PROTECT ASSETS

10. Since its appointment, the Interim Receiver has taken the following immediate actions to the protect the Co-Op's assets:
 - a. Changed the locks to the management offices and all maintenance areas, as the Interim Receiver understood that various members had been provided or had access to keys to areas that had sensitive documentation.
 - b. Seized the funds in the Co-Op's bank account and opened trust accounts, which are used for the Co-Op's banking transactions.
 - c. Communicated with the mortgage company, Peoples Trust, and authorized that the mortgage payments to be paid from the Interim Receiver's trust account.
 - d. Notified Worldsource Financial Management Inc. of its appointment and advised that only the Interim Receiver has the ability to access the investment funds that are held by it. As of August 31, 2020, the investments had a market value of \$560,484. The investment funds represent a restricted reserve for future capital investments, which are to be approved by the City.

- e. Transferred all of the Co-Op's utility account to the name of the Interim Receiver.
- f. Added the Interim Receiver as additional insured to the Co-Op's insurance policy and has made the monthly payments through its trust account.
- g. Review, approve and make all payments related to the Co-Op's operations.
- h. Retained Homestarts Incorporated ("**Homestarts**"), as the Co-Op's property manager to attend to the day-to-day activities and needs of the Co-Op. Homestarts is experienced in managing cooperative housing complexes.
- i. Replaced the incumbent security company and increased the number of security guards on site between 3 a.m. and 7 .a.m.
- j. Upon Court appointment, if received, the Receiver will fill the requisite Receiver's Notice and Statement with the Office of the Superintendent of Bankruptcy and the Co-Op's creditors pursuant to Sections 245 and 246 of the *Bankruptcy and Insolvency Act*.

FINANCIAL, OPERATIONAL & MAINTENANCE FINDINGS

11. The following represents the more significant financial, operational and maintenance findings since the Receiver's appointment.

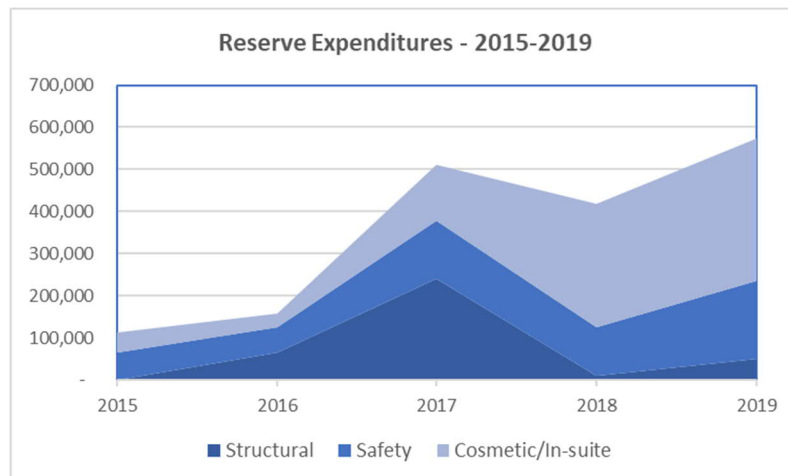
FINANCIAL

- a. The audited financial statements show significant operating losses have been incurred during the past two fiscal years, 2020 - \$121,145 and 2019 - \$99,313, indicating the Board and management's lack of oversight of the Co-op's spending compared to its budget. The Interim Receiver monitors the monthly financial performance and financial situation of the Co-op through a review of the monthly financial statements, bi-monthly arrears reports and keeping its own cash flow. In addition to closely monitoring the Co-Op's expenditures and cash flows, the Interim Receiver meets with Homestarts on a regular basis as it attempts to stabilize the Co-Op.
- b. The capital reserve fund is depleted as a result of spending \$417,658 in 2018 and \$573,339 in 2019 with 60% of these expenditures used for cosmetic unit upgrades. These funds could have been spent to address significant structural deficiencies with the Properties, which are

detailed in the Building Condition Assessment Reports dated September 17, 2015 and May 29, 2020 (the “**BCA**”). The BCA’s identify the need for building structure repairs, exterior wall repairs, roofing systems replacement and elevators deficiencies requiring attention.

- c. The Co-Op has significant member arrears. At December 31, 2019, rent arrears were approximately \$119,000 and were comprised of arrears from 148 households; 44 households owed greater than \$1,000 and a significant number were RGI recipients. This demonstrates the Board and management's failure to collect and take action on arrears in a timely manner. Housing charges (rent) are the Co-Op's lifeblood, and are necessary to pay bills and keep the Co-op in financial good standing. By August 31, 2020, shortly after the Interim Receiver took control of the Co-Op and commenced corrective actions, the arrears decreased to \$91,000 owed by 91 households.
- d. As of February 25, 2021, the total arrears were \$73,540. 80% of the total (\$59,207) relate to 31 households of which 16 are RGI. Over 50% of the total outstanding members in arrears are currently in payment plans to pay their arrears.
- e. The Receiver has taken the following actions to collect housing charges (rents) in a timely manner and deal with tenant arrears:
 - i. By initiating TenantPay, effective September 2020, the Interim Receiver has been able to collect rents on a timely basis via electronic money transfers. The majority of the tenants have switched to TenantPay, however the Co-Op still accepts cheque, debit and e-transfers. The plan is to limit payments to cheques (ideal for seniors) and TenantPay;
 - ii. Issues Notices to Appear monthly and holds virtual meetings with tenants to resolve their arrears issues, negotiate, and approve payment plans. Since August 2020, four Notice to Appear meetings have been held.
 - iii. Recently announced a \$25 late rent payment penalty, which has previously not been applied to accounts, but is permitted in the Co-Op’s by-laws.
- f. The Interim Receiver found that there were no active payment plans with households in significant arrears. The Interim Receiver has participated in virtual meetings with households in significant arrears and has entered into payment plans. There are currently over fifteen active payment agreements in place for households in arrears.

- g. Despite the Receiver's best efforts to keep tenants housed, three household accounts have been sent to the Landlord and Tenant Board for eviction due to continued non-compliance of their payment agreements and excessive arrears.
- h. The Interim Receiver found over \$95,000 of bad debts pertaining to members who had moved out prior to the Interim Receiver's appointment. The Co-Op had not initiated any activity to attempt to collect the amounts or reduce the risk of loss. The Interim Receiver has engaged a collection agency to collect these amounts, which may include registering the arrears with credit agencies.
- i. The Interim Receiver obtained copies of the audited financial statements prepared by the Co-Op's external auditor, Prentice Yale & Clark for the years ended 2015 through 2019. A summary of reserve expenditures categorized by safety, structural and cosmetic are shown below:



- j. It appears that the recent poor financial condition of the Co-Op is the result of an accumulation of rent arrears and overspending on cosmetic upgrades. The 2019 financial statements show that over \$573,000 of reserve funds were used with approximately 60% used for in suite upgrades. Draft internal financial statements for year-end 2020 (August 31) show that in suite repairs were 70% greater than budgeted. The Co-Op spending requires detailed monitoring so that available funds are not spent on priority items such as addressing the structural issues identified in the BCA.
- k. Until recently, the Interim Receiver continued to find unpaid supplier invoices, which were delinquent prior to its appointment. Payments were made for over \$10,000 of invoices dated 2019 and over \$50,000 of invoices were paid that were due prior to the Interim Receiver's appointment. The Co-Op is now current with its accounts payable.

- l. This illustrates the lack of oversight by the management and the board to ensure that bills authorized and paid on time.

- m. Although the Co-Op had a bookkeeper who prepared an annual budget, the Board did not adhere to it when managing the Co-Op's cash flow. Upon appointment the Interim Receiver created a new cash flow (the "**Interim Receiver's Cash Flow**") to ensure the cash position was carefully monitored given the significant arrears at the time and the required repayment to the City of \$159,422 for year ended August 31, 2018 subsidy over payment. The Interim Receiver's Cash Flow shows that the cash generated from operations may be sufficient to pay the Co-Op's expenses but only if rents are paid on time and the Co-Op prioritizes its spending.

- n. The external auditors, Prentice Yates and Clark, issued qualified financial statements for the year ended August 31, 2020 due to lack of appropriate documentation and other deficiencies related to the RGI files together with certain missing information, including support for over \$12,000 of expenses reported as Co-Op events, but not supported by any specific receipts.

OPERATIONAL

- o. Upon its appointment, the Interim Receiver found that vacancies were not being filled in a timely manner; there were five (5) vacancies in the Properties. This was despite over 100 applications physically found in the management office, as well as the prospective tenants on the City's Access to Housing's centralized waiting list to fill those vacancies immediately. One unit had been vacant for almost a year and another since January 2020. The Interim Receiver has been filling the units with requisite RGI tenants or approved internal transfers as soon as they are available. As of March 1, 2021, there are no vacancies.

- p. The Interim Receiver reviewed a sample of member files and found the information maintained in the member files to be deficient and in many cases did not include income and asset documentation to properly support the member's RGI eligibility and subsidy calculations. Annual reviews will begin shortly with a view to completing by May 2021.

- q. On the day of its appointment, the Toronto Police requested that the Receiver provide fob activity for one of the households. When the Receiver attempted to recover this information from the fob system, it found that either the information had been deleted or that party was using an unregistered fob. No door activity could be found for this member since November 2019 and the second fob holder for the same unit showed no activity since March 2020. It is apparent that the fob system was not properly maintained and that as tenants moved out their fobs had not been disabled or returned which poses as a risk to the building and tenant security. The Receiver initiated a fob audit, issuing new fobs to the tenants on November 26,

2020 and disabling the old fobs by December 8, 2020. The number of new fobs issued to members are restricted the size of the unit.

- r. The Interim Receiver found that the Co-Op did not maintain a current tenant contact list with basic information such as email address or the names of all individuals residing in each unit. This information would allow for better communication with the households and for issuing notices and newsletters. The Interim Receiver, with the assistance of Homestarts, has requested all households complete a membership survey, which allows the Interim Receiver to obtain basic contact information regarding the individuals residing in the Properties. At the date of this report, the majority of the members have returned their surveys.
- s. The Interim Receiver found that a number of security cameras throughout the Co-Op had been disconnected while others were damaged and not working which compromised the safety and security of the Properties. These cameras have since been replaced or reconnected.
- t. The Co-Op had not conducted a parking audit for several years and the Co-Op's parking log was outdated and inaccurate. When issuing parking passes the Interim Receiver found that parking spots marked in the Co-Op's records as vacant were often already assigned to other tenants. In addition, the Co-Op records do not reflect accurate locations with corresponding authorized vehicle. Shortly after the Interim Receiver's appointment, the incumbent security company, Blackhawk Security ("**Blackhawk**"), advised that over 100 vehicles in the Co-Op's underground parking lot are either abandoned or stolen. The Interim Receiver has initiated a parking audit, which should be complete by April 2021. The first phase of the audit entails updating the vehicle log to reflect the information included in the membership survey and address any discrepancies. The second phase will involve identifying vehicles not registered to members and removing them from the premises. The Receiver plans to contact any last known owners and provide 30 days to remove their vehicle or they will be towed. The Toronto Police will be contacted for any stolen vehicles.
- u. The Interim Receiver was advised by various members that Blackhawk had not remained impartial in a tenant dispute and that one of Blackhawk's employees resided in the Co-Op potentially resulting in biased decisions/actions. Given the conflict of interest and the concerns from the members, the Receiver requested proposals from three security companies and replaced Blackhawk with First Choice Security to ensure the Properties would be safe and that the security company remained impartial and neutral with no relationships to the members. The new service provider began security detail on September 1, 2020.

- v. The Co-Op historically had security guards onsite from 2:00 p.m. through 7:00 a.m. each day with two guards during the evening and early morning hours (7:00 p.m. through 3:00 a.m.). Due to a number of reported vehicle break-ins, the Interim Receiver, in September 2020, added a second guard from 3:00 a.m. through 7:00 a.m. to ensure that one of the two guards could patrol during these hours while the other guarded the entrance to the Co-Op.

MAINTENANCE

- w. The Receiver found that the Board and management failed to properly maintain the elevators and plan for their replacement in accordance with the BCA. As a result, the elevators are frequently out of service due to mechanical breakdown and in need of repair or replacement. The BCA report dated May 29, 2020 states that the elevators are original to the building construction in 1993 and have reached their life expectancy. Rust proofing is required immediately to prevent corrosion and the elevators require a major modernization, which will come at a significant cost. The Receiver intends to apply for any available government funding programs to pay for the necessary safety upgrades. A copy of the May 29, 2020 BCA is attached hereto as **Appendix "A"**.
- x. The BCA also calls for structural investigation and repairs to the roof and pipes. Both these issues require urgent attention and funding. The Receiver understands the Board of Directors or former property managers had not addressed or prioritized these issues.
- y. The driveways and surrounding walkways are cracked and collect large pools of water after rain or when the snow melts. Some of the walkways are unsafe as they are uneven, cannot be properly ploughed after a snowfall, allow for health and safety implications to the members and represents a liability to the Co-Op. The Interim Receiver is obtaining quotes to understand the cost of repaving of the driveway and walkways or at a minimum the areas with the most urgent need and intends to repair these in 2021.
- z. The Interim Receiver found that management did not follow best practices for pest control through an integrated pest management approach as evident by the number of households living in 300 that advised the Interim Receiver regarding the infestation of cockroaches and rodents in their units. Prior to the appointment of the Interim Receiver, the management of the Co-Op was dealing with these issues on an as reported only basis. The Interim Receiver had the entire building fumigated by an exterminator for both rodents and cockroaches and continues with monthly treatments in common areas.
- aa. Since the Interim Receiver's appointment mold remediation has been completed in four units to ensure the health and safety of those tenants. Communications from tenants regarding suspected mold is immediately inspected and addressed by remediation professionals.

- bb. The Interim Receiver found that air conditioning (“AC”) units were not properly installed and were hanging from the windows without proper support and brackets as required by the Co-Op by-laws. This presents as a significant safety issue and liability to the Co-op. Households have now been notified that AC units older than 10 years and AC units, which were not professionally installed, will be removed if installed next season and that proper installation will be monitored or provided by a professional. The Interim Receiver required all AC units removed from the unit windows by October 15, 2020. The Interim Receiver initiated a \$50 charge to tenants that did not have their air conditioners properly removed. Come spring 2021 the Interim Receiver will engage an electrician to assist in the proper installation of all AC units.
- cc. Deteriorating and severe cracking of the exterior bricks is evident on both 298 and 300 and addressed in the BCA. The Interim Receiver ensured that to certain urgent repairs were made in the fall.
- dd. The Interim Receiver has been addressing the ongoing leaks and water damage in both buildings. The Interim Receiver believes in-unit washing machines and dishwashers, which are prohibited by the Co-Op by-laws, are being used which has led to the weakness of the aged and fragile pipes. Unit inspections, which began in September and subsequently halted due to a case of Covid-19 in the building, will confirm whether the prohibited appliances are installed in the units. If found, these will be removed at the members costs and may result in fewer leaks, water damage and costly repairs. The unit audit will reconvene in 2021 once Covid restrictions in the City of Toronto have been lifted.
- ee. Ongoing back up issues, particularly on the third floor of 300, required catch basin and stack cleaning. This was completed in October 2020 and ensure that all blockage was removed from the members units in both buildings.
- ff. The Interim Receiver has found ongoing issues with the boilers including loss of hot water at both Properties. The boilers were installed in 2018 at a cost of \$1.4 million and were not properly maintained in the first year resulting in corrosion and other operational issues. The Interim Receiver communicated its concerns with the current boiler service provider. After ongoing assessment to identify the issue, the Receiver’s has recently received a commitment to have the boilers replaced at no charge. It has also found that the pipes had not been installed properly. The pipes will immediately be removed and installed correctly.

BUILDING MAINTENANCE

12. The Interim Receiver requested Homestarts tour the Properties and report on any maintenance deficiencies identified (the “**Building Maintenance Reports**”). Attached as **Appendix “B”** are the Building Maintenance Reports dated August 5, 2020 for each of 298 and 300.
13. Key defective items listed in the Building Maintenance Reports for 298 and 300 including any actions taken to date by the Interim Receiver include:
 - a. Cracked asphalt in driveways causing pooling water – quotes are being received to smooth out and allow for proper snow plowing and no pooling.
 - b. Deteriorating bricks – to date a small wall outside of the underground parking has been reconstructed to ensure the safety of tenants.
 - c. Hot water boilers, although new, have insufficient hot water at times and one of the boilers requires parts, The Interim Receiver is currently reviewing quotes to attend to the recommended work required to maintain the boilers.
 - d. Carpet cleaning in hallways and common areas – this was completed in October 2020;
 - e. Three contractors quoted on the costs of roof anchors required for 298 and this work was completed in November 2020.
 - f. The parking lot will be power washed and urgent repairs will be addressed once the Receiver removes all the abandoned vehicles.
 - g. Air leaks in the dry sprinklers system have been repaired in both buildings in August 2020 and the compressor was replaced.
 - h. The Receiver found ongoing issues with the vent motor in the laundry room in 300, which required repair in order to proceed to clean the dryer exhaust. Furthermore, this laundry also required drain cleaning to assist with the chronic back-ups which, was completed in October 2020. The laundry room maintenance has been completed.
14. Most minor and moderate maintenance deficiencies identified in the Building Maintenance Reports, have been corrected and any urgent larger projects are being quoted and planned for 2021.
15. Further to the Building Maintenance Reports other identified issues are noted below and have been addressed and/or repaired.

OTHER MATTERS

16. On its appointment, the Interim Receiver contacted several property management companies to obtain property management proposals as the attempt to engage certain members did not support

Auxilium and the Interim Receiver in conjunction with the City determined it was not ideal for Auxilium's staff to return to the Co-Op. Of the proposals received, Homestarts was selected as the Interim Receiver's agent and property manager. The Interim Receiver has prior experience with Homestarts and was comfortable with their qualifications. The City supported the decision to engage Homestarts. The Interim Receiver notes that several of the property management companies declined to provide a quote as they indicated the Co-Op was a troubled property and would be difficult to manage.

17. On July 28, 2020 at a virtual general meeting was held to advise members of BDO's appointment, a number of members raised concerns that the former Board members had either access to or copies of the keys to member units. Consequently, the Interim Receiver arranged for the locks on these particular members' apartments to be changed.
18. The Interim Receiver changed the locks to the management offices and all maintenance areas as the Interim Receiver understood that various members had been provided or had access to keys to areas that had sensitive documentation.
19. As noted above, the Interim Receiver terminated the services of Auxilium Property Managers as certain Co-Ops members were enraged when they saw Auxilium staff on the premises at the time of the Interim Receiver's appointment. Due to concerns for their safety, their contract was terminated pursuant to the termination clause in their contract. Auxilium continued to assist the Interim Receiver through the transition period remotely.
20. The Interim Receiver has communicated with the Fire Marshall regarding the several infractions and corrected all for 2020. We understand that the building is now in compliance with fire code.
21. The Interim Receiver through Homestarts issued Membership surveys to each unit with timeline for return. The survey addresses membership, current unit tenants, parking status and details, long-term guests, and accessibility needs in order to address health and safety needs.
22. The Interim Receiver attended to repairing and adding additional lighting to the underground parking and garage to ensure the safety of the members and the property.
23. The Interim Receiver has engaged an elevator consultant, F. Shaw Management and Consulting, to oversee elevator maintenance, attend to an elevator audit and assist in the purchasing and installation of new elevators when financially possible.

RECEIPTS AND DISBURSEMENTS

24. Appended hereto as **Appendix C**, is the Receiver's Statement of Receipts and Disbursements for the period July 16, 2020 to February 24, 2021 (the "**R&D Statement**"). The R&D statement reports net receipts over disbursements of \$392,238 for the period. The R&D Statement excludes the Co-Op's capital reserve fund.

FUTURE ACTIONS

25. In addition to the foregoing, the Interim Receiver expects to investigate and complete the following items in the near future:

- a. Obtain quotes to level the driveways and eliminate the pooling of water. This extensive work will be schedule for the spring, if funds are available.
- b. Diligently attempt to collect the arrears which includes establishing and following stringent collection policies that adhere to the by-laws.
- c. Apply for any government grants, as initiated, to assist with capital improvements including the roof and elevator modernization.

BDO CANADA LIMITED, in its capacity as the Interim Receiver of
Upwood Park/Salvador Del Mundo Cooperative Homes Inc.
and not in its personal or corporate capacity.

Per:



Anna Koroneos, CIRP, LIT
Vice-President

APPENDIX "C"

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.) FRIDAY, THE 12th
JUSTICE THOMAS JOHN McEWEN) DAY OF MARCH, 2021

CITY OF TORONTO

Applicant

- and -

UPWOOD PARK/SALVADOR DEL MUNDO CO-OPERATIVE HOMES INC.

Respondent

**INTERIM ORDER
(appointing Receiver)**

THIS APPLICATION made by the Applicant for an Order pursuant to section 95 (3) of the *Housing Services Act, 2011*, SO 2011, c. 6, Sch. 1, as amended (the "HSA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") extending the term of the appointment of BDO Canada Limited as interim receiver and manager (the "Receiver") without security, of all of the assets, undertakings and properties of Upwood Park/Salvador Del Mundo ("Upwood Park") acquired for, or used in relation to operating the housing project at 298 and 300 Queens Drive (the "Housing Project"), was scheduled to be heard this day via videoconference.

ON READING the affidavit of Mario Mendes sworn March 8, 2021 the Exhibits thereto and the Factum of the Applicant, and on hearing the joint submission of counsel for the Applicant City of Toronto, Ms. Saffia Abdul-Haqq (a member of the Respondent appearing in person), and Ms. Masbal Abokar (a member of the Respondent appearing in person), that the hearing of this

matter, scheduled to proceed on March 12, 2021, be adjourned and heard at a later date, and that, in the interim, the term of the BDO Canada Limited's appointment as Receiver and Manager of Upwood Park be extended pursuant to subsection 95(3) of the HSA,

SERVICE

1. THIS COURT ORDERS that the Notice of Application has been properly served so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 85 paragraph 7 of the HSA and section 101 of the CJA, BDO is hereby appointed as Receiver, without security, of all of the assets, undertakings and properties of Upwood Park acquired for, or used in relation to the operation of the Housing Project carried on by Upwood Park, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Respondent, its directors, employees, members and/or agents be and are hereby restrained from issuing cheques on, withdrawing any monies from, or in any way dealing with the property of the Respondent or in which the Respondent has an interest, including but not limited to personal property, bank accounts, trust accounts and real property.

4. THIS COURT ORDERS that the Respondent shall be deemed to ratify and confirm whatever the Receiver does in the course of the receivership, so long as it is done in accordance with the HSA, the HSA's regulations, and the terms of the Receiver's appointment, and the Receiver shall not be required to consult with, obtain the approval of, or have its actions ratified by the Respondent.

5. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable, providing that, in doing so, the Receiver continues to comply with the "Terms of Reference for Receiver" attached as Schedule 1 to the Receivership Services Agreement, and the HSA and its regulations:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Respondent, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Respondent;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Respondent or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Respondent and to exercise all remedies of the Respondent in collecting such monies, including, without limitation, to enforce any security held by the Respondent;
- (g) to settle, extend or compromise any indebtedness owing to the Respondent;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Respondent, for any purpose pursuant to this Order;

- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Respondent, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
 - (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
 - (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of the Respondent's business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$ 25,000.00, provided that the aggregate consideration for all such transactions does not exceed \$ 100,000.00; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;
- and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, [or section 31 of the Ontario *Mortgages Act*, as the case may be,] shall not be required.
- (l) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
 - (m) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

- (n) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Respondent;
- (o) to enter into agreements with any trustee in bankruptcy appointed in respect of the Respondent, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Respondent;
- (p) to exercise any member, partnership, joint venture or other rights which the Respondent may have;
- (q) to increase the rents, housing charges, and any other fees and charges the occupants of the Housing Project (as that term is defined in the HSA) are required to pay, as the Receiver deems appropriate under the circumstances, and in accordance with the provisions of the HSA, the HSA's regulations, and the *Residential Tenancies Act, 2006*, S.O. 2006, c. 17, as amended (the "RTA");
- (r) to terminate the occupancy of any resident of the Property, in accordance with the HSA, the HSA's regulations, and the RTA; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Respondent, and the Respondent's Board of Directors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

6. THIS COURT ORDERS that (i) the Respondent, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel, members and all other persons acting on

its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

7. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Respondent, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 9 or in paragraph 10 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

8. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing

the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

9. THIS COURT ORDERS that no proceeding (including any arbitration proceeding) or enforcement process in any court, tribunal or before an arbitrator (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE RESPONDENT OR THE PROPERTY

10. THIS COURT ORDERS that no Proceeding against or in respect of the Respondent or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Respondent or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

11. THIS COURT ORDERS that all rights and remedies against the Respondent, the Receiver, or affecting the 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 BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Respondent to carry on any business which the Respondent is not lawfully entitled to carry on, (ii) exempt the Receiver or the Respondent 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.

NO INTERFERENCE WITH THE RECEIVER

12. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Respondent, without written consent of the Respondent or leave of this Court.

CONTINUATION OF SERVICES

13. THIS COURT ORDERS that all Persons having oral or written agreements with the Respondent or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Respondent are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Respondent's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Respondent or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

14. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the collection of any rents and accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver or that have been opened by the Receiver since its initial appointment as a receiver by the Applicant (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

15. THIS COURT ORDERS that all employees of the Respondent shall remain the employees of the Respondent until such time as the Receiver, on the Respondent's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA or under any other applicable legislation, other than such amounts as the Receiver may

specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

16. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Respondent, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

17. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order,

be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

18. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation, including the protections afforded to the Receiver by the HSA and its regulations.

RECEIVER'S ACCOUNTS

19. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall, subject to the limits set out in the provisions of the HSA and its regulations form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person.

20. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

21. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

22. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$ 200,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge, subject to the limitations set out in the provisions of the HSA and its regulations.

23. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

24. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

25. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

26. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service->

[protocol/](#)) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL ‘<@>’.

27. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Respondent's creditors or other interested parties at their respective addresses as last shown on the records of the Respondent and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

28. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

29. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Respondent.

30. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

31. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located,

for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

32. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

33. THIS COURT ORDER is made on an interim basis and on a without prejudice basis to any person's right to respond to the Application and oppose the Order being sought. Any interested party may apply to this Court to schedule a return date for the Application, on not less than ten (10) days' notice to the Applicant, Respondent, Receiver, Ms. Abdul-Haqq, and Ms. Abokar.

A handwritten signature in black ink, appearing to read 'McE T.', is written above a horizontal line.

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that BDO Canada Limited, the receiver (the "Receiver") of the assets, undertakings and properties Upwood Park/Salvador Del Mundo Co-operative Homes Inc. acquired for, or used in relation to a business carried on by the Respondent, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of _____, 20__ (the "Order") made in an action having Court file number __-CL-_____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 2021.

BDO Canada Limited, solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

BETWEEN :

CITY OF TORONTO

and

UPWOOD PARK/SALVADOR DEL MUNDO CO-OPERATIVE
HOMES INC.

Court File No. CV-21-00658491-00CL

12 March 21

The Order shall go on the consent of the Applicant, Ms. Abdul-Haqq and Ms. Abokar.
The Order is made on an interim basis pending the hearing of the matter.
No one else attended at the hearing today.
Mr. Siboni will provide copies of the Order to Ms. Abdul-Haqq and Ms. Abokar.



ONTARIO

**SUPERIOR COURT OF JUSTICE –
COMMERCIAL LIST**

ORDER

CITY SOLICITOR'S OFFICE

City of Toronto

Station 1260, Metro Hall

55 John St., 26th Floor

Toronto, Ontario, Canada

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Solicitors for the Applicant

APPENDIX "D"

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

CITY OF TORONTO

Applicant

- and -

UPWOOD PARK/SALVADOR DEL MUNDO COOPERATIVE HOMES INC.

Respondents

SECOND REPORT OF BDO CANADA LIMITED
IN ITS CAPACITY AS INTERIM RECEIVER OF UPWOOD PARK/SALVADOR DEL MUNDO
COOPERATIVE HOMES INC.

DECEMBER 10, 2021

Table of Contents

INTRODUCTION AND PURPOSE	2
DISCLAIMER	3
OVERVIEW OF CO-OP	4
ACTIVITIES OF THE INTERIM RECEIVER SINCE THE FIRST REPORT	5
BUILDING MAINTENANCE	8
OTHER MATTERS RE ABDUL-HAQQ AFFIDAVIT	9

Appendix

Mendes Affidavit	A
First Report of the Interim Receiver (excluding appendices)	B
Interim Order dated March 12, 2021	C
2022 Upwood Park Budget	D
2020 Management Letter	E

INTRODUCTION AND PURPOSE

Background

1. On July 16, 2020, BDO Canada Limited (“**BDO**”) was appointed interim receiver and manager (the “**Interim Receiver**”) over Upwood Park/Salvador Del Mundo Cooperative Homes Inc. (the “**Co-Op**” or “**Upwoods**”) by the City of Toronto (the “**Service Manager**” or “**City**”) pursuant to section 85(6) of the *Housing Services Act, 2011* (“**HSA**”). Pursuant to sections 95(2) and 95(3) of the HSA the maximum period that an interim receiver may be appointed over a housing provider is 180 days. Such period may be extended by the Service Manager on application to the Ontario Superior Court of Justice (the “**Court**”).
2. On March 12, 2021, the City brought an application before the Court to extend the Interim Receiver’s appointment. In support of its application the City filed the affidavit of Mario Mendes, the Housing Consultant responsible for Upwoods, sworn March 8, 2021 (the “**Mendes Affidavit**”). The Mendes Affidavit provides a summary of the events which led the City to seek the appointment of the Interim Receiver and the reasons for the removal of Upwoods’ board of directors. A copy of the Mendes Affidavit is attached hereto as **Appendix “A”**.
3. Ms. Saffia Abdul-Haqq (“**Abdul-Haqq**”) and Ms. Masbal Abokar, both individuals residing at Upwoods (together, the “**Opposing Members**”), appeared unrepresented at the March 12, 2021 hearing and requested an adjournment. The Opposing Members requested the adjournment to engage legal counsel to assist them in opposing the extension of the Interim Receiver’s appointment.
4. On March 8, 2021, the Interim Receiver filed its first report to the Court (“**First Report**”) which detailed its findings and activities from the date of its original appointment. A copy of the First Report, without appendices, is attached hereto as **Appendix “B”**.
5. On March 12, 2021, the Honorable Justice McEwen of the Court (Commercial List), issued an interim order extending the appointment of BDO as the Court-Appointed Interim Receiver of Upwoods (the “**Interim Order**”). A copy of the Interim Order is attached hereto as **Appendix “C”**.
6. On March 24, 2021, the Opposing Members advised the Receiver they were impecunious and requested the Interim Receiver use the Co-Op’s operating monies to fund the Opposing Member’s efforts to continue to oppose the appointment of a receiver. The Interim Receiver advised the Opposing Members that Upwoods did not have funds available for their initiative and referred them to the City.

7. On November 23, 2021, after engaging legal counsel, the Opposing Members filed their motion materials setting out their request for \$50,000 from the funds held by the City, on behalf of Upwoods, to challenge the appointment of the Interim Receiver. The Opposing Members rely on an affidavit affirmed by Abdul-Haqq dated November 22, 2021 (the “**Abdul-Haqq Affidavit**”), along with an affidavit sworn by Joann Duddy, a law clerk in their counsel’s office, on November 23, 2021 (the “**Duddy Affidavit**”).
8. The purposes of this second report to the Court (the “**Second Report**”) are:
 - a. to provide the Court with information regarding the activities of the Interim Receiver since filing of its First Report; and
 - b. to clarify factual inaccuracies and/or mischaracterizations contained in the Abdul-Haqq Affidavit, including those relating to the events leading to the appointment of the Interim Receiver.
9. The Interim Receiver does not take a formal position with respect to the Opposing Member’s motion. This Second Report is meant to provide the Court with pertinent information regarding the background and operations of Upwoods since its First Report, and to assist the Court in making a determination on whether to grant the relief sought.

DISCLAIMER

10. This Second Report has been prepared for the use of this Court and the Co-Op’s stakeholders to provide general information in connection with the Opposing Members’ motion. Accordingly, the reader is cautioned that this Second Report may not be appropriate for any other purpose.
11. Except as otherwise described in this Second Report, the Interim Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Canadian Auditing Standards pursuant to the Chartered Professional Accountants of Canada Handbook. The Interim Receiver expresses no opinion or other form of assurance with respect to such information except as expressly stated herein.
12. Capitalized terms used herein and not defined in this Second Report shall have the meaning ascribed to them in either the Interim Order or the First Report.
13. All monetary amounts contained herein are expressed in Canadian dollars unless otherwise noted.

OVERVIEW OF CO-OP

14. The Co-Op was incorporated under the *Co-operative Corporations Act* (“**CCA**”) on August 2, 1991, as a corporation without share capital to provide subsidized housing in the City of Toronto. The Co-Op became fully operational on September 1, 1993. The Co-Op entered into a lease agreement with Colandco Co-operative Homes Inc. for a 49-year term, which began in June 1992. The building and fixtures are owned by the Co-Op until the lease expires in 2041.
15. The Co-Op is governed by a volunteer board of directors (the “**Board**”) all of which are members of the Co-Op and reside at the Co-Op. The Board is comprised solely of residents of the Co-Op with no outside parties. The Board members are elected by the Co-Op’s membership in accordance with its internal by-laws.
16. The Co-Op receives monthly funding from the City in the form of a subsidy, which is made up of an operating subsidy and a rent subsidy. The operating subsidy funds the operating costs in excess of the building market rent potential. The rent subsidy covers the difference between the amount that qualifying members can pay, based upon their income, and the actual market (or benchmark) rent for the unit they live in. The Co-Op’s financial viability is dependent upon funding from the City and fiscally responsible spending.
17. The Co-Op is comprised of two ten-story buildings which include one, two, and three-bedroom units. The buildings are located in Toronto’s Rustic neighborhood, east of Jane Street just south of Highway 401 at 298 (“**298**”) and 300 (“**300**”) Queens Drive (together, the “**Properties**”). In total, there are 318 units (54 one-bedroom units, 194 two-bedroom units and 70 three-bedroom units). The Co-Op’s targeting plan requires that it maintain a minimum of 175 rent-geared-to-income (“**RGI**”) units and a minimum of 74 units paying market rent (“**Market**”). As at December 1, 2021, the Co-Op had 171 RGI units and projects to reach the minimum number of RGI units by January 1, 2022.
18. The Co-Op has approximately 500 Co-Op members (“**Members**”) and, collectively with non-member tenants, there are approximately 656 adult residents and 220 children, residing at the Co-Op, between the Properties.
19. The Properties are physically adjoined via underground parking. Each of 298 and 300 has its own entrance and laundry facility. 298 houses the Co-Op’s gym and library. 300 has a shared community room. All these common use rooms have been closed to the Members due to the mandated Covid-19 restrictions and are beginning to reopen, beginning with the gym in December 2021, as restrictions are lifted.

ACTIVITIES OF THE INTERIM RECEIVER SINCE THE FIRST REPORT

20. The following represents the more significant financial, operational and maintenance activities of the Interim Receiver since the First Report.

FINANCIAL

21. The August 31, 2021 year end ("**Fiscal 2021**") financial statement audit is currently being completed by Prentice Yates & Clark, Chartered Professional Accountants, the Co-Op's auditors ("**PYC**" or the "**Auditor**"). PYC has advised the Interim Receiver that a projected surplus of \$20,415 is anticipated for Fiscal 2021. This compares to prior years where significant operating losses were incurred in both 2020 (\$121,145) and 2019 (\$99,313).

22. On November 18, 2021, the Interim Receiver and the property manager, Homestarts Incorporated (together, "**Management**"), held the Annual General Meeting ("**AGM**") for the Members to attend via conference call. The Auditor, also in attendance, presented the 2020 audited financial statements and Management presented the approved budget for 2022 (the "**2022 Budget**"). The 2022 Budget showed that without an increase of 1.6% in the housing charges, the Co-Op was unable to cover its budgeted costs. A copy of the 2022 Budget presentation prepared by Management is attached hereto as **Appendix "D"**.

23. Since the Interim Receiver's appointment, it has prioritized reducing housing charge arrears (i.e., rent arrears) which were approximately \$106,000 at the time of its appointment. Since that time, arrears for individuals with amounts greater than \$1,000 have decreased to \$60,735 by November 30, 2021. To facilitate timely monthly rent payments, the Interim Receiver made available to all Members additional payment methods which have allowed for easier and more timely rent payments (i.e. Tenant Pay via bank debit). The Interim Receiver continues to issue Notices to Appear to Members and holds virtual meetings with tenants to resolve their arrears issues, negotiate, and approve payment plans. There are currently eight households on payment plans.

24. Despite the Receiver's best efforts to negotiate payment plans with Members, four household accounts have been sent to the Landlord and Tenant Board for eviction due to continued non-compliance of their payment agreements and excessive arrears.

25. The Interim Receiver continues to monitor the monthly financial performance and financial situation of the Co-Op through a review of the monthly financial statements and bi-monthly arrears reports. In addition to closely monitoring the Co-Op's expenditures and cash flows, the Interim Receiver meets with Management on a regular basis to discuss opportunities and solutions to stabilize the Co-Op.

26. As discussed in the First Report, the capital reserve fund was depleted because of increased spending in 2018 and 2019 totaling just under \$1 million with 60% of these expenditures used for cosmetic unit upgrades as opposed to critical building envelope improvements. The Co-Op's capital reserve fund is projected to be \$398,157 by August 31, 2022.
27. The Co-Op's Building Condition Assessment Reports dated September 17, 2015 and May 29, 2020 (the "**BCA**") identify over \$7 million in required building structure repairs, exterior wall repairs, roofing systems replacement and elevator modernization requiring attention by 2023. The Co-Op currently does not have sufficient funds or funding to address all these issues.
28. The Interim Receiver applied for and recently received approval for funding from the Canada-Ontario Community Housing Initiative ("**COCHI**") in the amount of \$1,172,400 for some of the identified repairs, including replacing both roofs, brick remediation, installation of CO2 monitors and replacement of the garage ramp with heat tracing system.
29. In early 2021 the Interim Receiver arranged a three-month payment plan for the repayment to the City of subsidy overpayments incurred in 2018. The total paid was \$159,422.
30. Recently, the Co-Op has been advised that the 2019 and the 2020 subsidy reconciliations are complete, and the overpayments due back from the Co-Op are \$120,111 and \$119,244 respectively, totaling an additional \$239,355 to be repaid to the City in January (50%) and February (50%) 2022.

OPERATIONAL

31. The Interim Receiver has utilized the City of Toronto "Wait List" to fill vacant units and has reviewed and updated the extensive internal transfer list according to date of request and priority. The Interim Receiver is advised by the City that prior to its appointment, the proper protocol for filling vacancies was not being followed pursuant to the *Social Housing Reform Act* and the Co-Ops bylaws.
32. During 2021, Homestarts conducted a full RGI review ("**2021 RGI Review**"). The results were shared with the City and 61 letters have been sent to households due to non-production of information required to receive subsidy. 11 households have since complied and 50 remain noncompliant. Should these 50 households not produce the required information by December 2021, the market rent cost will be applied to their unit on January 1, 2022. Correspondence received from the auditors (the "**2020 Management Letter**") indicates that their testing for fiscal 2020 showed that several Member files which were reviewed lacked the appropriate documentation to support the Member's RGI status. A copy of the 2020 Management Letter is

attached hereto as **Appendix “E”**. Following the 2021 RGI Review, the Member files are now maintained properly.

33. The Interim Receiver continues to replace any malfunctioning security cameras as needed throughout the Co-Op and has added additional cameras where needed. Underground parking and garage lighting has been upgraded with additional cameras and lighting placed where required for the safety of the Members.
34. Subsequent to the appointment of the Interim Receiver, Blackhawk Security Services, the predecessor security guard provider, advised that it was their belief that there were several vehicles that had been either stolen or abandoned in Co-Op's parking garage. As a result, the Interim Receiver conducted a parking garage audit to identify the ownership of vehicles parked on the premises and to allow for the Co-Op's records to be updated, as an audit had not been conducted in several years. 24 vehicles which did not belong to current Members were found on the premises. The Interim Receiver shared this information with the Toronto Police to identify any stolen vehicles and the abandoned vehicles will be removed from the garage by the end of the year. The results of the parking audit were used to update the new fob entry system. Currently one fob is assigned to each numbered parking space. This will limit access to the parking garage to only Members with fobs.
35. Additional signage has been placed in the guest parking area and rules have been communicated and implemented to the Members. Only registered vehicles can now park in this above-ground lot.
36. Throughout the Covid-19 pandemic and as we return slowly reopen in the City of Toronto, the office continues to be open on a by-appointment-only basis. Given the number of tenants at the Co-Op, appointments are the only way to maintain social distancing in the small office space. The Interim Receiver continues to monitor the situation and office access will be adjusted as needed with the safety of the staff and Members being a priority.
37. The Interim Receiver has added additional security guards to patrol the Co-Op. There are currently two guards between 7 p.m. and 7 a.m., with an overlap hour from a third guard to allow for additional patrolling. Furthermore, a security supervisor attends on Fridays, Saturdays, and statutory holiday evenings to support an additional exterior and interior patrol on these active evenings. At the start of the Interim Receiver's appointment there was no security after 3 a.m. on any day.
38. The Co-Op gym reopened on December 1, 2021. An online booking system has been created to allow for prebooking and social distancing, with a maximum number of Members allowed in the gym at any time.

BUILDING MAINTENANCE

39. As noted in the First Report, the Interim Receiver received a commitment to have the boiler replaced at no charge by the manufacturer. The new boiler was installed on March 15, 2021. At that time, the manufacturer found that the pipes had not been installed properly. The pipes have now been removed and installed correctly. This has virtually eliminated the loss of hot water complaints from tenants.
40. Roof anchors were replaced in both buildings in early 2021.
41. The Elevator ceilings (2 in each building) have been replaced as required to pass safety inspection. The new ceilings are easily transferable to the new elevators to be installed when the modernization of the elevators can be completed.
42. The Interim Receiver has received proposals for new elevators from F. Shaw & Associates Inc., which prepared tender documents on the Interim Receiver's behalf. Five TSSA licensed elevator contractors submitted bids to modernize the four elevators. Once funding is available, this will be a priority at a cost of approximately \$650,000.
43. Ongoing monthly service in the common areas continues with respect to the pest control issues at the Co-Op, and weekly service is ordered for specific units as needed. The Receiver is in the process of reviewing a new contract from Orkin for complete fumigation in both buildings for the second time this year.
44. The Interim Receiver engaged professionals to inspect and reinstall all the air conditioner units ("**AC Unit(s)**") privately owned by members. The AC Units were of concern to the Interim Receiver as many were not properly anchored and posed risks of falling and causing injury. Members who want window AC Units are required to use the service engaged by the Interim Receiver to ensure safe and secure installation. The AC Units are removed by October 15 and reinstalled in early spring.
45. Laundry room drains in both buildings are regularly snaked and cleaned out by plumbers. The laundry machines are owned and operated by Coinamatic Canada Inc., which is responsible for regular servicing of the machines, and addressing complaints and work orders when received by Management.
46. As noted above, the Interim Receiver has confirmed and executed agreements to receive the following funding from COCHI:
 - a) \$1,000,000 for the installation of two new roofs (298 and 300) for the two buildings;

- b) \$90,000 for the repaving of the garage ramp and new heat transfer system;
- c) \$67,400 for the brick remediation repair (75% of approximate cost); and
- d) \$15,000 for new CO2 monitors.

Plans for tendering this work and reviewing a minimum of 3 proposals for each item is underway.

OTHER MATTERS RE ABDUL-HAQQ AFFIDAVIT

47. The Interim Receiver has reviewed the Abdul-Haqq Affidavit and has identified the following factual inaccuracies contained therein:

- a) *Paragraph 4:* Abdul-Haqq states that she served as President of the Board from mid-2019 until the Interim Receiver's appointment on July 16, 2020. The Corporate Profile Report lists Abdul-Haqq as a Board member and a Vice President since 2011, indicating her lengthy involvement on the Board and with the management of the Co-Op.
- b) *Paragraph 39:* BDO staff attended on July 17, 2020 with its appointment instrument in hand, as is customary when taking possession and control of a debtor's operations.
- c) *Paragraph 41:* BDO and the City Housing staff, including Mr. Mendes, arrived on July 17, 2020 together, meeting in the parking lot before entry. Two representatives of the Interim Receiver's staff, the Interim Receiver's locksmith and three representatives from the City attended to secure the property management office. A representative of Auxilium attended at the premises but remained in his vehicle until invited onto the premises by the Interim Receiver; he was not involved in taking possession and control of the property management office.
- d) *Paragraph 51:* Abdul-Haqq states that at May 31, 2020, the Co-Op had "*over \$390,000.00, after expenses had been paid*". This comment mischaracterizes the Co-Op's financial position because it does not consider the liabilities of the Co-Op including the subsidy overpayments for 2018, 2019 and 2020 and the trade payables.

As at the date of the Interim Receiver's appointment, the Co-Op had roughly the same amount in its operating bank account, \$400,028, before repayment of subsidy overpayments and outstanding payables. While the Co-Op had more than \$400,000 at the time of the Interim Receiver's appointment, the Co-Op was indebted to the City for 2018 and 2019 subsidy overpayments. To date, the full 2018 subsidy overpayment of \$159,422 has been repaid. An additional \$120,111 is owing for 2019 and for 2020 the subsidy overpayment is \$119,244. These overpayments will be paid in January

and February 2022. The total subsidy repayment required since the appointment of the Interim Receiver is \$398,777.

Further, the 2020 financial statements show that at August 31, 2020, trade payables and accrued liabilities (excluding the subsidy overpayments) were \$480,149.97. In addition to these amounts and the mortgage, the Co-Op has ongoing costs of operations.

Contrary to the inference in the Abdul-Haqq Affidavit, the Co-Op does not have surplus operating funds available to fund the Opposing Members' action.

- e) *Paragraph 52:* The audited financial statements were presented to the Members on November 18, 2021 at the AGM. The attendance records show that Ms. Abdul-Haqq was present at the AGM.
 - f) *Paragraph 55:* The Interim Receiver is unaware of any shootings at the Co-Op since its appointment. In April, 2021 an individual who suffered from a gunshot wound travelled onto the Co-Op Properties following his injury where he was picked up by ambulance and taken to the hospital. This victim subsequently succumbed to his injuries. The Interim Receiver was advised by the Toronto Police that this shooting took place elsewhere and the victim arrived at the Co-Op while fleeing the shooter. Management cooperated with the Toronto Police Homicide Unit on this matter, providing video and other required information. The Interim Receiver communicates with the Community Response Unit at Division 12 and has requested additional patrols and open ongoing communication for the safety of the residents.
 - g) *Paragraph 55:* *The security company has extended its hours on site, including patrolling the building several times on weekend evenings. The security company has been employed by the Co-Op for over a year.*
 - h) *Paragraphs 17, 20 and 48:* There are approximately 500 Co-Op members, with over 656 adult residents and 220 children living in the Properties.
48. The Interim Receiver continues to manage the Co-Op with the safety and security of all tenants as its priority.

All of which is respectfully submitted this 10th day of December 2021.

**BDO CANADA LIMITED,
in its capacity as the Court-appointed Interim Receiver of
Upwood Park/Salvador Del Mundo Cooperative Homes Inc., and
not in its personal or corporate capacity**

Per:

Name:

Title:

APPENDIX "E"

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

CITY OF TORONTO

Applicant

- and -

UPWOOD PARK/SALVADOR DEL MUNDO COOPERATIVE HOMES INC.

Respondents

**SUPPLEMENTARY REPORT TO THE SECOND REPORT OF BDO CANADA LIMITED
IN ITS CAPACITY AS INTERIM RECEIVER OF UPWOOD PARK/SALVADOR DEL MUNDO
COOPERATIVE HOMES INC.**

FEBRUARY 18, 2022

Table of Contents

INTRODUCTION AND PURPOSE.....	2
CO-OP'S FINANCIAL STATUS ON JANUARY 31, 2022.....	2

Appendix

Email of M. Spence, Aird & Berlis to A. Landry of Colautti Landry Partners LLP dated February 2, 2022	A
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INTRODUCTION AND PURPOSE

Background and purpose

1. This supplementary report dated February 18, 2022 (the “**Supplementary Report**”) is filed by BDO Canada Limited in its capacity as the Interim Receiver and Manager (“**Interim Receiver**”) of Upwood Park/Salvador Del Mundo Cooperative Homes Inc. (“**Co-op**” or “**Upwood**”) pursuant to section 85(6) of the *Housing Services Act, 2011* (“**HSA**”) as appointed by the City of Toronto and subsequently the Interim Order of J. McEwen of the Ontario Superior Court of Justice (the “**Court**”) dated March 12, 2021.
2. This Supplementary Report has been prepared for the use of this Court and the Co-Op’s stakeholders to provide additional information in connection with the Moving Party’s Factum. Accordingly, the reader is cautioned that this Supplementary Report may not be appropriate for any other purpose.

Co-op’s Financial Status on January 31, 2022

3. At their request, the Interim Receiver provided access to the Co-op’s bank accounts to the opposing tenants legal counsel, Colautti Landry Partners Professional Corporation, (“**CLP**”) for the period beginning July 17, 2020 through December 31, 2021.
4. On February 2, 2022, following a follow-up request from CLP, the Interim Receiver’s legal counsel, Aird & Berlis LLP (“**A&B**”) wrote to CLP by email to confirm the additional upload of the January 2022 bank statements to CLP. A&B’s email to CLP cautioned that the account balance did not reflect actual funds available and included deposits under contract with the Canada-Ontario Community Housing Initiative (“**COCHI Funding**”), numerous uncashed supplier and vendor payments, and approximately \$120,000 of subsidy overpayments due on February 1, 2022. A copy of the A&B email of February 2, 2022 is attached as **Appendix “A”** to this Supplementary Report.
5. Paragraph 45 of the Moving Party’s Factum disregards Ms. Spence’s email advising that the funds in the bank accounts are earmarked for various operating issues and financial obligations.
6. A detailed calculation of amounts that should be deducted from the misrepresented amount in the Moving Party’s Factum at paragraph 45 including, COCHI Funding, issued and uncashed cheques and subsidy overpayments confirmed for 2020 and estimated for 2021, is shown below:

Upwood Park/Salvador Del Mundo - Financial position on January 31, 2022

Balance in Receiver's trust account	\$ 823,497	
Balance in Co-ops account	65,920	
Total account balances		\$ 889,417
Amount payable for 2020 subsidy overpayment	(119,244)	
Estimated amount payable for 2021 subsidy overpayment	(176,280)	
Deposit for COCHI funding - 1/3 of funds (2 roofs)	(300,000)	
Deposit for COCHI funding - 1/3 of funds (brick remediation)	(20,205)	
Deposit for COCHI funding - 1/3 of funds (garage ramp/heat tracing)	(27,000)	
Deposit for COCHI funding - 1/3 of funds (CO Monitors)	(4,500)	
Issued and uncashed cheques- vendor/supplier	(237,057)	
Total funds reserved for repayment/capital projects		(884,286)
Balance of funds available		\$ 5,131

7. Accordingly, there are no surplus funds available from the Co-Op's bank accounts.

All of which is respectfully submitted this 18th day of February 2022.

**BDO CANADA LIMITED,
in its capacity as the Court-appointed Interim Receiver of
Upwood Park/Salvador Del Mundo Cooperative Homes Inc., and
not in its personal or corporate capacity**

Per:



Anna Koroneos, CIRP, LIT
Vice President

APPENDIX “A”

Miranda Spence

From: Miranda Spence
Sent: February 2, 2022 8:44 PM
To: Anita Landry
Cc: Mark Siboni; Raymond Colautti; Patrick Clark; Joann Duddy
Subject: RE: Upwood Park financial disclosure

Hi Anita,

The January 2022 bank statements have now been uploaded to the file sharing site.

Please note that these bank statements include:

1. Approximately \$400,000 in deposits for major repairs pursuant to agreements executed with the Canada-Ontario Community Housing Initiative (COCHI).
2. Approximately \$120,000 due to the City of Toronto for 2020 RGI overpayments- to be paid in February 2022.
3. Numerous uncashed supplier/vendor payments.

Please let us know if you have any questions.

Best,
Miranda

Miranda Spence
Aird & Berlis LLP

T 416.865.3414
E mspence@airdberlis.com

This email is intended only for the individual or entity named in the message. Please let us know if you have received this email in error.
If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

From: Anita Landry <anita@clplaw.net>
Sent: January 28, 2022 11:06 AM
To: Miranda Spence <mspence@airdberlis.com>
Cc: Mark Siboni <Mark.Siboni@toronto.ca>; Raymond Colautti <ray@clplaw.net>; Patrick Clark <patrick@clplaw.net>; Joann Duddy <joann@clplaw.net>
Subject: Upwood Park financial disclosure

CAUTION -- EXTERNAL E-MAIL - Do not click links or open attachments unless you recognize the sender.

Hello Miranda

Thank you for providing the following financial information for Upwood:

1. Scotiabank bank statements for Business Account #44776 00202 14 from June 30, 2020 with a balance of \$390,434.63 to December 29, 2021 with a closing balance of \$46,995.91
2. Scotiabank bank statements for Business Account *****01*4914 dated January 2021 to December 2021 with an unchanged balance of \$3,274.74
3. RBC Business Account Statements Trusteed Deposits from June 30, 2020 with an opening balance of \$0 to December 31, 2021 with a closing balance of \$591,232.53.

Will you please also provide these statements from December 31, 2021 to present?

Thank you and have a good day!
Anita

--



Anita Landry
Managing Partner
400 Erie Street E., Unit 1, Windsor, ON N9A 3X4
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CITY OF TORONTO

and

**UPWOOD PARK/SALVADOR DEL MUNDO COOPERATIVE
HOMES INC.**

Applicant

Respondents

Court File No. CV-21-00658491-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

**SUPPLEMENTARY REPORT TO THE
SECOND REPORT OF BDO CANADA LIMITED
IN ITS CAPACITY AS INTERIM RECEIVER OF
UPWOOD PARK/SALVADOR DEL MUNDO
COOPERATIVE HOMES INC.**

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street
Suite 1800
Toronto, ON M5J 2T9

Kyle B. Plunkett (LSO # 31044N)

Tel (416) 865-3406

Email kplunkett@airdberlis.com

Miranda Spence (LSO # 60621M)

Tel: (416) 865-3414

Email: mspence@airdberlis.com

Fax: (416) 863-1515

Lawyers for the Interim Receiver

APPENDIX "F"

CITATION: *City of Toronto v. Upwood Park et al.*, 2022 ONSC 1229
COURT FILE NO.: CV-21-00658491-00CL
DATE: 2022-03-03

SUPERIOR COURT OF JUSTICE – ONTARIO (COMMERCIAL LIST)

RE: CITY OF TORONTO, Applicant

AND:

UPWOOD PARK/SALVADOR DEL MUNDO CO-OPERATIVE HOMES
INC., Respondent

BEFORE: Penny J.

COUNSEL: Mark Siboni for the Applicant

Raymond G. Colautti and Anita Landry for Saffia Abdul-Haqq and Masbal
Abokar

Miranda Spence for the Receiver

HEARD: February 22, 2022

ENDORSEMENT

Overview

- [1] This is a motion for an order for advance payment of legal fees of \$46,000 for the purposes of opposing a pending motion by the City of Toronto to extend the appointment of an interim receiver over the business and affairs of the respondent Uptown Park, a cooperative housing enterprise. The applicants, Saffia Abdul-Haqq and Masbal Abokar, are members of the respondent housing co-op who were elected to the co-op’s board of directors at a meeting the validity of which has been challenged by the City.
- [2] Notwithstanding the able and forceful arguments of Mr. Collautti, I am not satisfied the order sought in the present circumstances comes within the “highly exceptional” class of cases in which such orders may be made. The motion is therefore dismissed. There is no order as to costs of the motion.

Background

Regulatory Framework

- [3] Upwood Co-op/Salvador Del Mundo Co-operative Homes Inc. owns two neighbouring residential buildings, with a total of 318 units, located in the City of Toronto. This housing

project is funded and administered in accordance with the *Housing Services Act, 2011*, S.O. 2011, c. 6, Sched. 1.

- [4] Social housing programs are government funded initiatives designed to provide affordable rental accommodation to low-income households. Co-operative non-profit corporations that own residential properties throughout the province act as “housing providers”. These housing providers make their rental units available to individuals and families who are part of low-income households. The government subsidizes the operating costs of the co-op and, in some cases, the rent paid by members.
- [5] The HSA provides a comprehensive administrative mechanism to help municipalities manage their social housing responsibilities. Municipalities that are designated as “service managers” under the HSA and its regulations are able to supervise these housing providers. A housing provider is a person who operates a housing project under the HSA. The City is a service manager and Upwood is a housing provider.
- [6] The HSA includes specific enforcement provisions that grant municipal service managers powers to ensure that these housing projects are properly managed and that the tenants and members in these housing projects have access to the protections and services that they need. In the event that a social housing provider fails to operate a housing project properly, having regard to the normal practices of similar housing providers, a service manager can take certain steps under the HSA to remedy the situation.
- [7] Subsection 85(6) of the HSA provides that the service manager may appoint a receiver over a housing project. The receiver then manages the non-profit housing corporation and acts as a surrogate housing provider. Under ss. 95(2) and 95(3) of the HSA the maximum period that an interim receiver may be appointed over a housing provider is 180 days. That period may be extended on application to the Ontario Superior Court of Justice.

Events Giving Rise to the July 11, 2020 Members’ Meeting

- [8] On June 3, 2020, a member of Upwood sent to the Co-op Board a requisition to convene a meeting so that members of the Co-op could decide whether to terminate Upwood’s existing contract with its property manager. On June 30, 2020, that member prepared and distributed what she described as Notice of a General Members Meeting. The notice suggested that a general members meeting was scheduled to take place on Saturday, July 11, 2020, to secure the approval of the Co-op’s membership, not only to the termination of the property manager’s contract but to the removal of four members of the Board and to hold elections to elect a new Board.
- [9] The City, in conjunction with the Co-operative Housing Federation of Toronto (this is a non-profit organization that provides assistance and advice to co-operative housing providers in Toronto) identified a number of reasons why the scheduled July 11 meeting could not proceed:
 - (1) a requisition to convene a general meeting must be delivered to the Co-op’s office. The Board then has 30 days within which it must call and hold a members’ meeting. If, and only if, the Board refuses to call the meeting, the member who submitted

the requisition can call the meeting themselves. The requisition that was sent to the Board on June 3 was not properly delivered and the meeting was called in contravention of the prescribed protocol;

- (2) the member's requisition identified only one issue for the membership's consideration – the removal of the property manager. Upwood's membership, however, does not have the authority to terminate a property manager's contract;
- (3) the requisition made no reference to the critical issues (that is, concerning the governance structure at Upwood and the removal and replacement of members of the Board) that the subsequent purported notice of the meeting indicated would be considered at the meeting;
- (4) lastly, the purported notice that was circulated for the July 11 meeting called for an in-person meeting. At the time, the City of Toronto was subject to restrictions imposed by provincial order prohibiting in-person gatherings of more than 10 people due to the COVID-19 pandemic. In order to establish a quorum, at least 50 people must be present at a "General Meeting". Even if the proposed in-person meeting was not improperly called, it would be unsafe and illegal.

[10] Mr. Mendes, a housing consultant for the City, along with Ms. Mary Ann Hannant, a co-op advisor at CHFT, advised the Co-op and the Board why the proposed July 11 meeting was improperly convened and could not proceed. As a result, a majority of the Board directed the property manager to alert all the Co-op's members that the notice of meeting did not comply with the provisions of the legislation or the Co-op's organizational by-law and that the July 11 meeting referenced in the notice was cancelled. This communication was circulated to the members of the Co-op on July 3, 2020.

[11] On July 9, 2020, Mr. Mendes and Ms. Hannant attended a meeting of the Co-op's Board convened in accordance with emergency orders put in place by the province of Ontario. Ms. Hannant chaired this meeting and, once again, specifically addressed the deficient notice of meeting to members and the reasons why it was improper.

[12] Notwithstanding the advice and direction of the City, the CFHT and the duly elected Board of the Co-op, on July 11, a group of Upwood's members convened an in-person meeting. Those members present at the July 11 meeting, which included Ms. Abdul-Haqq and Ms. Abokar, took the following actions:

- (i) they purported to remove four members of the existing Board;
- (ii) they purported to hold elections to fill these four vacancies to form a new Board; and
- (iii) they purported to terminate the existing property management company and took immediate action to effect this removal by changing the locks to the Co-op's office.

[13] The steps taken at the purported members' meeting resulted in significant unrest among Upwood's membership. The City and CHFT received numerous emails from members expressing concerns about the improperly convened meeting, the governance issues that

resulted, the lack of property management, and the risk that members' personal information could be improperly accessed.

- [14] The City's concerns about the situation at Upwood were exacerbated by a history of underlying problems with financial controls with which the Co-op had been struggling. This included arrears for housing charges of over \$84,000 and that the Co-op's audited financial statements for the most recent fiscal year, showed (a) an operating loss in the amount of almost \$100,000, and (b) a depletion of Upwood's capital reserve fund as a result of \$400,000 in expenditures in 2018 and an additional expenditure of over \$500,000 in 2019.

Initial Appointment of Receiver

- [15] As a result of these concerns, on July 16, 2020, the City appointed BDO as receiver and manager of Upwood on an interim basis under s. 85(6) of the HSA.

- [16] BDO took a number of initial steps in an effort to preserve and protect the assets of the Co-op, including:

(a) engaging a new property management company to serve the membership, maintain the two buildings, and assist with the day-to-day administration of the Co-op;

(b) conducting a comprehensive review of Upwood's finances;

(c) conducting a comprehensive review of the households in the Co-op to ensure that they met the governing rent-geared-to-income eligibility criteria; and

(d) implementing financial controls in order to rehabilitate Upwood's financial position.

- [17] The initial investigation undertaken by BDO also revealed serious shortcomings in Upwood's financial management of the Co-op:

- Upwood had suffered significant operating losses based on a review of the Co-op's audited financial statements over the previous two years. In 2019 the Co-op experienced operating losses of \$99,313, and in 2020 it suffered operating losses of \$121,145.

- Upwood's capital reserve fund was depleted by expensing \$417,658 in 2018, and \$516,339 in 2019. The review undertaken by BDO showed that 60% of these funds had been used to address cosmetic unit upgrades rather than the requisite building repairs that these funds were to be used for. Building condition assessments prepared in 2015 and 2020 called for the prioritization of repairs to the exterior walls, elevators, and roofing systems which had not been done.

- As of July 31, 2020, member rental arrears were significant. 115 households were delinquent in a total amount of over \$100,000.

- Vacancies had not been filled in a timely manner.

- There were a number of unpaid supplier invoices, dating back to 2019. BDO was required to pay over \$10,000 in unpaid invoices from 2019 and over \$50,000 in invoices that had accrued in 2020 prior to its appointment.
- There were ongoing mechanical issues with recently upgraded boilers that were the result of improper maintenance.
- There were over 100 vehicles that BDO found in the underground parking garage whose owners could not be identified.

Motion to Extend Appointment

- [18] On March 12, 2021, the City brought an application before the Court to extend BDO's appointment. Ms. Abdul-Haqq and Ms. Abokar appeared unrepresented at the March 12, 2021 hearing and requested an adjournment in order to engage legal counsel to assist them in opposing the extension of the Receiver's appointment.
- [19] Justice McEwen adjourned the application to extend the Receiver's appointment but made an interim order extending the appointment of BDO as the Receiver of Upwood pending the return of the application.
- [20] Since March 2021, BDO has, among other things:
- Convened the 2021 Annual General Meeting, at which the 2022 budget was presented and approved.
 - Prioritized reducing housing charge arrears and made available additional payment methods to all members in order to facilitate timely monthly payment of rent.
 - Continued to monitor the monthly financial performance and the financial position of the Co-op.
 - Reviewed the building condition assessment reports that Upwood had commissioned in 2015 and 2020 and identified over \$7 million in required maintenance projects that had to be undertaken to keep the Upwood building in a proper state of repair over the next several years. The projects that would need to be undertaken include ones that involve the repair of structural elements of the building, replacement of the roof, modernization of the elevators, and repair of the exterior walls. These projects would require attention by 2023. To that end, BDO applied for, and secured funding to defray the cost of some of these repairs.
 - Settled outstanding balances owed to the City for subsidy overpayments the Co-op received in 2019 and 2020.
 - Conducted a full review of the rent-geared-to-income units.
 - Maintained the building's security system and added additional security guards to patrol the Co-op.

- Replaced the boiler, AC units, and elevator ceilings.
- Overseen general building maintenance.

[21] On March 24, 2021, the moving parties advised the Receiver they were impecunious and ask that the Receiver use Upwood's operating monies to fund their efforts to oppose the extension of the Receiver's appointment. The Receiver advised these members that Upwood did not have funds available for their initiative and referred them to the City. On November 23, 2021, after engaging legal counsel, Ms. Abdul-Haqq and Ms. Abokar filed their motion seeking \$50,000 (later reduced to \$46,000) from Co-op funds to challenge the extension of the Receiver's appointment.

The Test for Advance Interim Costs

[22] Although framed by the applicants' factum slightly differently, the applicants' motion rests on s. 131 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, and the particular test for advance awards of interim costs laid out by the Supreme Court of Canada in *British Columbia (Minister of Forests) v. Okanagan Indian Band*, 2003 SCC 71, [2003] 3 S.C.R. 371.

[23] Section 131 of the CJA provides that the costs of, and incidental to, a proceeding or a step in a proceeding are in the discretion of the court, and the court may determine by whom and to what extent the costs shall be paid.

[24] In *Okanagan*, the Supreme Court held that the power to order interim costs is inherent in the nature of the equitable jurisdiction as to costs, in the exercise of which the court may determine at its discretion when and by whom costs are to be paid. In the Court's detailed review of the law, however, it emerged that such orders are, "highly unusual" and something that should be permitted "only in very rare cases".

[25] There are several conditions that the case law identifies as relevant to the exercise of this power, all of which must be present for an interim costs order to be granted. First, the party seeking the order must be impecunious to the extent that, without such an order, that party would be deprived of the opportunity to proceed with the case. Second, the claimant must establish a *prima facie* case of sufficient merit to warrant pursuit. And third, there must be special circumstances sufficient to satisfy the court that the case is within the narrow class of cases where this extraordinary exercise of its powers is appropriate: *Okanagan*, at para. 36. One, but not the only, category of special circumstances involves cases of significant public importance or interest.

The Applicants' Argument

[26] The applicants are residents and members of a subsidized housing project. They claim to be impecunious. The City does not challenge that claim.

[27] The applicants want to argue essentially two issues as the basis for denying any further extension of the receivership of the Co-op. First, they argue that s. 85(1) of the *Co-operative Corporations Act*, R.S.O. 1990, c. C.35, requires that every co-operative *shall*

have a board of directors however designated. The applicants wish to argue that the receivership denies the Board the ability to oversee the affairs of the Co-op, contrary to the CCA. Put another way, the applicants argue that there is a conflict between s. 85 of the HSA (permitting the appointment of a receiver to manage the Co-op) and s. 85 of the CCA, requiring there to be a board of the Co-op. They say this conflict raises a significant legal issue which warrants consideration by the court.

- [28] The second issue the applicants wish to raise is the allegation that the actions of the City in seeking to extend the Receiver's mandate unduly interfere with the members' *Charter* protected rights to freedom of expression under s. 2(b), freedom of assembly under s. 2(c) and freedom of association under s. 2(d) of the *Charter*. This issue too, they say, raises important legal questions of public importance.
- [29] Another issue raised on the motion was the Co-op's ability to pay the advance interim costs. Contrary to the claims of the City and the Receiver, the applicants took the position that the Co-op is in possession of sufficient funds to satisfy the applicants' funding request. According to the applicants, the Co-op had a total accumulated surplus of \$255,839 for 2020. Further, the Co-op puts aside over \$190,000 per year into the capital reserve account. Additionally, they point to financial disclosure statements provided by the Receiver which show over \$800,000 in a trust account, held by the Receiver on behalf of the Co-op.

Analysis

Prima Facie Case on the Merits

The Alleged Conflict

- [30] I am unable to agree with the applicants that there is any inconsistency or conflict between s. 85(1) of the CCA and s. 85(6) of the HSA. First, s. 85(1) of the CCA speaks of there *being* a board. It does not speak at all about the exercise of the board's powers, either in general or in relation to various regulatory and other powers exercised by the City. Private corporations are also required to *have* a board of directors, but every day the court appoints monitors, receivers and trustees, whose powers take precedence over the powers of the board.
- [31] Cooperative social housing providers are subject to both Acts. These Acts must be read as a harmonious whole. Cooperatives are entitled to self-governance but when circumstances arise in which the interests of the membership as a whole are being compromised, the City has available to it a panoply of powers and remedies which it may use to intervene in the governance of the cooperative. There is nothing inconsistent between the conferral of governance powers on the board of directors and the City's ability to suspend the board's authority, by various means such as the appointment of an interim receiver, in prescribed circumstances.
- [32] Even if this were not so, s. 180 of the HSA specifically provides that "this Act" prevails over any other Act or regulation in the event of a conflict.

The Charter

- [33] Nothing about the appointment of the interim Receiver infringed in any way the members' freedom of expression, association or assembly. Indeed, under the auspices of BDO, there has been an annual general meeting and the members, including the applicants and those members who support them, have had ample opportunity to advance their concerns and positions. The right to be heard does not mean the right to have legal representation paid for by the opposing party. The applicants have cited no authority for the proposition that the provision of funds to hire a lawyer is an essential component of the freedom of expression.

Other Factors

- [34] Apart from these two specific issues, it is also important to consider what the applicants have not alleged or argued. The applicants have not identified, for example, any specific steps taken by the Receiver, and specifically any financial expenditure, commitment or priority, that they say is improper or unjustified. They have likewise identified no harm or material prejudice arising from the existence or conduct of the interim Receiver. Put another way, on the record as it currently stands, everything the Receiver has done is, on its face, supported by the evidence, necessary and reflective of sound financial management.

Ability to Pay

- [35] As to the issue of the availability of funds to pay for the applicants' costs, the applicants have confused the fact that the Co-op has money in reserve with the conclusion that the Co-op can therefore afford to pay for their costs. The Receiver's investigation has shown that the Board has been seriously deficient in its oversight of the financial affairs of the Co-op. Many residents were not current with their rent obligations, the capital fund was insufficient and had been depleted by non-essential improvements, security was lax and the parking garage, for example, had become burdened with over a hundred vehicles with no known connection to any resident. I accept the Receiver's analysis of future requirements for necessary capital improvements. The funds that the Co-op has are, I find, already spoken for to address priorities which themselves have not been subject to any challenge.
- [36] This conclusion standing alone however, would not necessarily preclude the applicants' request. What the present financial situation shows, nevertheless, is that any contribution to the applicants' costs would have to be recovered either from increases to charges already being levied on the members or by reductions to spending on other crucial matters.
- [37] The issue of ability to pay in such circumstances, therefore, brings us back to the overall question of the exercise of the discretion of the court under the CJA and the applicable constraints arising from the jurisprudence. Do the circumstances warrant the court, in effect, interfering in the spending priorities established by those responsible for the financial management of the Co-op (in this case, by law, the City and the Receiver) or visiting upon the members likely increases in their payment obligations to the Co-op? The

ability of the Co-op to pay for the applicants' costs and the financial consequences of ordering it to do so are, it seems to me, relevant considerations in the overall assessment of the applicants' request and the exercise of the discretion of the court.

- [38] In the context of an assessment of the merits, therefore, a party seeking to advance a weak argument is less likely to be able to justify visiting what amount to adverse financial consequences on the Co-op and its membership at large. I will return to this issue again in my analysis of the final factor – special circumstances.

Special Circumstances

- [39] The applicants have not established special circumstances warranting the extraordinary order they seek. The applicants have not shown any *prima facie* substantive grounds for why the extension of the interim receivership should not be granted. Their arguments are either plainly unmeritorious or no more than vague appeals to general principle.
- [40] Nor have the applicants satisfied me that the issues they wish to raise involve matters of significant public interest. This case is entirely fact driven. The governance vacuum, the lack of sound financial oversight and what the Receiver has done about the lack of financial and management controls are all fact specific issues unique to this particular Co-op at this particular time. I can see no basis for exercising the discretion of the court on the ground of significant public interest.
- [41] As noted earlier, the applicants' request, although modest in the scheme of things, will have a negative impact on the financial condition of the Co-op. It cannot be forgotten, as well, that Ms. Abdul-Haqq was a member of the prior board of directors which seems to have allowed, or at least failed to identify and take steps to correct, many of the financial and management practices that have so occupied the Receiver since its appointment.
- [42] Finally, the timing of the applicants' request has only added to the problem of justifying the need to fund their participation in opposing the extension of the Receiver's appointment. I say this because the applicants only raised the issue of retaining counsel to oppose the extension at the end of the statutory period when the extension was first sought on March 12, 2021. An adjournment was granted to permit this, but along with an interim extension preserving the Receiver's appointment.
- [43] While the applicants raised their wish to receive advance interim costs to fund their opposition (and were turned down) before the end of March 2021, they took almost a year to take steps to seek this relief. The point is not so much to criticize the applicants for delay but that, in the meantime, the Receiver has carried on with its program of financial and management rehabilitation. The list of the Receiver's extensive activities and accomplishments since the first, interim extension is set out in para. 20 above.
- [44] One of Mr. Colautti's points is that, even if the applicants' request to deny the Receiver any further extension was to be dismissed on the return of the motion, there would still be questions about the terms and conditions of the appointment, including a plan laying out the timing and the steps necessary for a return of management authority to a properly elected board of the Co-op. While Mr. Colautti's point is a good one, it is a very different

proposition than opposition to the extension of the Receiver's role at all. And, more importantly, given all that the Receiver has already accomplished, it seems to me that both the City and the Receiver can and will be addressing these questions and that it would be the expectation of the court in any further extension proceeding that they do so in any event. I will come back to this issue in my conclusion.

[45] For the forgoing reasons, I find that the applicants, in addition to failing to raise a *prima facie* case for termination of the Receiver's appointment, have also failed to establish the necessary special circumstances required for the court to order the extraordinary relief they are seeking.

Conclusion

[46] There are three requirements for the applicants to establish an entitlement to advance interim costs:


- (i) impecuniosity;
- (ii) a *prima facie* meritorious case; and
- (iii) special circumstances.

[47] For the reasons set out above, the applicants have failed to establish either the second or third branches of the test. The motion is therefore dismissed.

[48] As noted earlier, the interim Receiver has been in place since July 2020. Its investigations and work appear to have set Upwood on a path to better management controls and financial health. Even though I have denied the applicants' motion for advance interim costs, the City must still bring on its motion for an extension. It is my expectation that, on the return of that motion, a full, up to date report will be provided to the court from the City and the Receiver outlining all that has been done to date, what remains to be done and, importantly, laying out a timetable and path for the termination of the interim receivership and the return of management authority to a properly elected board of directors of the Co-op.

Costs

[49] I make no order as to costs.



Penny J.

Date: 2022-03-03

APPENDIX "G"

Financial Statements
Upwood Park/Salvador Del Mundo
Co-operative Homes Inc.

North York, Ontario

August 31, 2024

Contents

Independent Auditors' Report.....	3 - 5
Statement of Financial Position.....	6 - 7
Statement of Changes in Net Assets.....	8
Statement of Operations.....	9
Schedule of Expenses.....	10
Statement of Cash Flows.....	11
Notes to Financial Statements.....	12 - 22

Independent Auditors' Report

**To the Members of Upwood Park/Salvador Del Mundo Co-operative Homes Inc. and
to the City of Toronto:**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Upwood Park/Salvador Del Mundo Co-operative Homes Inc. (the Co-operative), which comprise the statement of financial position as at August 31, 2024 and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Upwood Park/Salvador Del Mundo Co-operative Homes Inc. as at August 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with the financial reporting requirements of the Housing Services Act (HSA).

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Upwood Park/Salvador Del Mundo Co-operative Homes Inc. 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.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Upwood Park/Salvador Del Mundo Co-operative Homes Inc. to meet the financial reporting requirements of the HSA. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for members of Upwood Park/Salvador Del Mundo Co-operative Homes Inc. and the City of Toronto and should not be distributed to parties other than the members of Upwood Park/Salvador Del Mundo Co-operative Homes Inc. and the City of Toronto. Our opinion is not modified in respect of this matter.

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 requirements 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.

Independent Auditors' Report - continued

In preparing the financial statements, management is responsible for assessing Upwood Park/Salvador Del Mundo Co-operative Homes Inc.'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 Upwood Park/Salvador Del Mundo Co-operative Homes Inc.'s financial reporting process.

Auditors' 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 auditors' 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 an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. 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 Upwood Park/Salvador Del Mundo Co-operative Homes Inc.'s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditors' Report - continued

- 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 Upwood Park/Salvador Del Mundo Co-operative Homes Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Co-operative 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 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 we identify during our audit.

Toronto, Ontario
December 16, 2024



Chartered Professional Accountants, Licensed Public Accountants

Upwood Park/Salvador Del Mundo Co-operative Homes Inc.

August 31, 2024

Statement of Financial Position	2024	2023
Current Assets		
Cash, Note 3	\$ 1,097,808	\$ 684,214
Temporary investments, Note 3	110,845	239,278
Accounts receivable		
Members (net of allowance 2024 \$308,149, 2023 \$272,578)	38,030	40,705
HST	417,554	375,142
Due from the City of Toronto - Canada-Ontario Community Housing Initiative (COCHI), Note 10	0	442,324
Laundry and other	11,445	14,769
Subsidy for receiver fees	106,852	94,087
Subsidy	223,680	218,810
Prepaid expenses	32,835	32,041
	2,039,049	2,141,370
Capital Assets , Note 5	14,505,069	15,372,237
Reserve Funds , Note 3	445,206	280,507
	16,989,324	17,794,114

Approved by BDO Canada Limited, Court Appointed Receiver of Upwood Park/Salvador Del Mundo Co-operative Homes Inc., in its Capacity as Court Appointed Receiver and not in its Personal or Corporate Capacity

Upwood Park/Salvador Del Mundo Co-operative Homes Inc.

August 31, 2024

Statement of Financial Position	2024	2023
Current Liabilities		
Accounts payable and accrued liabilities	\$ 405,437	\$ 360,479
Capital accounts payable	90,141	602,321
Due to the City of Toronto, Note 4	670,993	843,478
Due to the City of Toronto - COCHI, Note 10	408,205	0
Accrued mortgage interest	38,155	30,110
Members' deposits	241,360	231,383
	1,854,291	2,067,771
Total Current	1,854,291	2,067,771
Deferred Contributions Related to Capital Assets , Note 7	21,000	28,000
SHRRP Deferred Contributions Related to Capital Assets , Note 8	1,465	2,932
SHARP Deferred Contributions Related to Capital Assets , Note 9	778,367	862,038
COCHI Deferred Contributions Related to Capital Assets , Note 10	3,837,626	2,459,295
Mortgages Payable , Note 11	9,857,375	12,007,658
	16,350,124	17,427,694
Total Liabilities	16,350,124	17,427,694
Contingencies , Note 16		
Net Assets , per statement		
Invested in capital assets	9,235	12,313
Externally restricted replacement reserve, Note 12	406,986	242,287
Internally restricted common room reserve, Note 12	38,220	38,220
<i>Unrestricted</i>		
Contributed surplus	4,826	4,826
Accumulated surplus	179,933	68,774
	639,200	366,420
	16,989,324	17,794,114

The notes on pages 12 through 22 form an integral part of these financial statements.

Upwood Park/Salvador Del Mundo Co-operative Homes Inc.

Year ended August 31, 2024

Statement of Changes in Net Assets

2024 2023

	Invested in Capital Assets	Externally Restricted	Internally Restricted	Contributed Surplus	Accumulated Surplus	Total	Total
		Replacement Reserve	Common Room Reserve				
Balance beginning	\$ 12,313	\$ 242,287	\$ 38,220	\$ 4,826	\$ 68,774	\$ 366,420	\$ 307,787
Surplus (deficit)	(2,153,360)	0	0	0	2,261,441	108,081	(63,088)
Reserve funding	0	220,384	0	0	0	220,384	204,476
Reserve investment income, Note 3	0	13,885	0	0	0	13,885	5,539
Transfer to capital assets per City of Toronto - COCHI	0	0	0	0	0	0	53,605
Reserve expenditures, Note 15	0	(69,570)	0	0	0	(69,570)	(141,969)
Membership fees collected	0	0	0	0	0	0	70
Investment in capital assets	2,150,282	0	0	0	(2,150,282)	0	0
<i>Balance, End of Year</i>	9,235	406,986	38,220	4,826	179,933	639,200	366,420

Upwood Park/Salvador Del Mundo Co-operative Homes Inc.

Year ended August 31, 2024

Statement of Operations	2024		2023
	Note 17 Budget	Actual	Actual
Revenues			
Occupancy charges, Note 13	\$ 3,037,932	\$ 3,271,737	\$ 3,196,854
Government subsidies, Note 14	2,684,160	2,471,983	2,236,601
Parking	135,660	136,258	136,140
Laundry	55,200	62,377	60,808
Investment income, Note 3	24,000	49,157	38,267
Locker rentals, gym and other	26,200	37,196	33,225
Amortization of deferred contributions, Note 7	7,000	7,000	7,000
Amortization of SHRRP, SHARP and COCHI, Notes 8, 9 and 10	196,001	196,001	119,268
Total Revenues	6,166,153	6,231,709	5,828,163
Expenses			
Interest on long-term debt	400,077	498,881	387,272
Amortization of capital assets financed with the mortgage	2,128,773	2,128,773	2,132,250
Amortization of other capital assets	7,000	10,078	10,078
Amortization of SHRRP, SHARP and COCHI capital assets	196,001	196,001	119,268
Municipal taxes	318,800	345,579	323,694
Insurance	99,500	100,163	102,380
Salaries and benefits	217,990	209,064	188,557
Materials and services, schedule 1	810,550	906,474	857,613
Utilities, schedule 2	1,089,000	1,118,507	1,083,879
Administrative overhead, schedule 3	379,717	355,571	370,162
Bad debts	80,000	36,538	115,534
Receiver fee (net of subsidy \$240,794, 2023 \$225,754)	0	0	0
Replacement reserve	210,000	220,384	204,476
Contingency (budget only)	40,000	0	0
Total Expenses	5,977,408	6,126,013	5,895,163
Surplus (Deficit) Before Other	188,745	105,696	(67,000)
Other			
Sector support revenue	26,400	26,422	26,454
Sector support interest	(5,041)	(5,041)	(3,913)
Sector support amortization	(20,488)	(21,509)	(21,544)
Cable (net of expense 2024 \$156,021, 2023 \$155,802)	2,558	2,513	2,915
Other Surplus	3,429	2,385	3,912
Surplus (Deficit)	192,174	108,081	(63,088)

Upwood Park/Salvador Del Mundo Co-operative Homes Inc.

Year ended August 31, 2024

Schedule of Expenses	2024		2023
	Note 17		
	Budget	Actual	Actual
Schedule 1 - Materials and Services			
Building maintenance service fees	\$ 65,500	\$ 92,676	\$ 86,343
Building and equipment	183,100	266,222	213,758
Elevator	28,000	14,939	32,927
Electrical systems	25,500	32,826	40,939
Heating and plumbing	103,500	65,569	83,096
Grounds	54,850	63,994	54,180
Unit turnover and painting	31,000	12,986	10,956
Waste removal	4,100	4,728	5,210
Fire and safety systems and security services	315,000	352,534	330,204
	810,550	906,474	857,613
Schedule 2 - Utilities			
Electricity	371,000	359,086	344,284
Fuel	265,000	198,292	246,300
Water and sewage	388,000	487,431	427,523
Solid waste management (net of rebates)	65,000	73,698	65,772
	1,089,000	1,118,507	1,083,879
Schedule 3 - Administrative Overhead			
Management fees, Note 19	236,612	227,865	245,015
Audit and legal	45,820	50,426	46,416
Materials and services	11,110	5,424	10,164
Telecom	16,675	18,941	16,187
Office supplies	12,100	16,231	14,259
Membership fees	32,400	32,400	32,236
Professional services	25,000	4,284	5,885
	379,717	355,571	370,162

Upwood Park/Salvador Del Mundo Co-operative Homes Inc.

Year ended August 31, 2024

Statement of Cash Flows	2024	2023
Operating Activities		
Surplus (deficit)	\$ 108,081	\$ (63,088)
Non-cash items		
Amortization of deferred contributions	(203,001)	(126,268)
Amortization	2,356,361	2,283,140
Appropriation to replacement reserve	220,384	204,476
	2,481,825	2,298,260
Net change in non-cash working capital	(164,347)	26,677
Cash Provided By Operating Activities	2,317,478	2,324,937
Investing Activities		
Reserve expenditures	(69,570)	(141,969)
Purchase of capital assets	(2,001,374)	(1,700,672)
Increase in investments	(36,266)	(4,830)
Investment income earned in replacement reserve	13,885	5,539
Cash Used In Investing Activities	(2,093,325)	(1,841,932)
Financing Activities		
Principal portion of mortgage payments	(2,150,282)	(2,153,794)
Increase in COCHI funding	2,339,723	1,661,822
Increase in contributed surplus	0	70
Cash Provided By (Used In) Financing Activities	189,441	(491,902)
Net cash increase (decrease) during the year	413,594	(8,897)
Cash position beginning of year	684,214	693,111
Cash Position End of Year	1,097,808	684,214

Upwood Park/Salvador Del Mundo Co-operative Homes Inc.

August 31, 2024

Notes to Financial Statements

Status and Nature of Activities

Upwood Park/Salvador Del Mundo Co-operative Homes Inc. (the Co-operative) was incorporated under the Co-operative Corporations Act on August 2, 1991, as a corporation without share capital to provide subsidized housing. The Co-operative became fully operational on its mortgage interest adjustment date of September 1, 1993. A Board of Directors is elected from the Co-operative's membership which is made up of residents.

The Co-operative claims an exemption from income 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.

In accordance with the Housing Services Act (HSA), the Co-operative receives funding from the City of Toronto and provides subsidized housing to its members and their families. The Co-operative is dependent on this funding for its continued operation.

Note 1

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 HSA and the City of Toronto. This framework requires the financial statements to be prepared in accordance with Canadian accounting standards for Not-for-Profit Organizations subject to the following significant exceptions:

- (a) amortization of capital assets includes amortization of land and is equal to the principal repaid on the mortgage rather than on the useful lives of the related assets;
- (b) capital expenditures may be charged to the 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 net assets rather than to operations;
- (e) long-term debt is not segregated between current and long-term on the statement of financial position;
- (f) the portion of a long-term lease relating to land has been recorded as a capital lease rather than as an operating lease.

Upwood Park/Salvador Del Mundo Co-operative Homes Inc.

August 31, 2024

Note 1 Significant Accounting Policies - continued

Revenue Recognition

Occupancy charges are recognized when due at the beginning of each month. Government subsidies are recognized using the deferral method of accounting for contributions. Restricted contributions for the purchase of capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. All other income is recognized as it is earned.

Laundry revenue is recognized when collected. Collection takes place on a monthly basis.

Parking revenue is recognized at the beginning of the period during which the right to use the space is provided.

Investment income includes interest from cash and fixed income investments, realized gains and losses on the disposal of investments and unrealized gains and losses resulting from the changing value of investments. Revenue is recognized on an accrual basis. Interest from fixed income investments is recognized over the term of these investments using the effective interest method.

Sector support and cable revenues are collected with occupancy charges and are recognized when due at the beginning of each month.

Financial Instruments

(a) Measurement of Financial Instruments

The Co-operative initially measures its financial assets and financial liabilities at fair value. The Co-operative subsequently measures all its financial assets and financial liabilities 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 in income.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable, members' deposits and mortgages payable.

(b) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in surplus. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

Upwood Park/Salvador Del Mundo Co-operative Homes Inc.

August 31, 2024

Note 1 Significant Accounting Policies - continued

Use of Estimates

The preparation of financial statements requires management 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. Actual results could differ from these estimates.

Capital Assets

Capital assets, other than those financed with the original mortgage, are recorded at cost. Amortization is provided on a straight-line basis to amortize assets over their estimated useful lives as follows:

Balcony restoration	25 years
---------------------	----------

Capital Assets - Funded by Social Housing Renovation Retrofit Program (SHRRP)

Appliances	10 years
HVAC system	15 years
Programmable thermostats	7 years
Lighting retrofit	12 years

Capital Assets - Funded by Social Housing Apartment Retrofit Program (SHARP)

Booster pumps	25 years
Boilers and make-up air units	15 years
Parking garage lighting project	15 years

Capital Assets - Funded by Canada-Ontario Community Housing Initiative (COCHI)

Brick masonry	10 years
Garage ramp	20 years
Roof replacement	25 years
Elevator modernization	25 years

No amortization has been recorded on the elevator modernization as the project was completed subsequent to year-end.

Upwood Park/Salvador Del Mundo Co-operative Homes Inc.

August 31, 2024

Note 1 Significant Accounting Policies - continued**SHRRP, SHARP and COCHI Deferred Contributions Related to Capital Assets**

SHRRP, SHARP and COCHI funds received are treated as deferred contributions and are amortized on the same basis as the capital expenditures.

Note 2 Financial Instruments**Risk Management Policy**

The Co-operative is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at August 31, 2024:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a loss.

The Co-operative is subject to concentrations of credit risk through its cash accounts. The Co-operative maintains all of its cash at two Canadian financial institutions. The maximum credit risk is equivalent to the carrying value.

The Co-operative is also subject to concentrations of credit risk through its accounts receivable. Occupancy charges are due on the first day of the month. Accounts receivable represents occupancy charges that are at least one month past due. The credit risk associated with receivables from current members is offset somewhat by the Co-operative holding deposits for each member.

Liquidity Risk

Liquidity risk is the risk that the Co-operative will encounter difficulty in meeting obligations associated with financial liabilities. This risk is reduced due to the fact that the Co-operative has enough cash and investments to meet its short-term obligations.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates. These fluctuations may be significant. The methods and assumptions management uses when assessing market risks have not changed substantially from the prior period and are summarized below:

Interest Rate Risk

The Co-operative does not have any interest bearing investments.

The mortgages bear fixed interest rates.

Upwood Park/Salvador Del Mundo Co-operative Homes Inc.

August 31, 2024

Note 3

Cash, Investments and Reserve Funds

	2024	2023
Cash		
Petty cash	\$ 200	\$ 500
Operating current accounts	1,097,608	683,714
	1,097,808	684,214
Temporary Investments		
Social housing short-term bond	441,073	411,540
Social housing bond	114,978	108,245
	556,051	519,785
	1,653,859	1,203,999
Composed of:		
Cash	1,097,808	684,214
Temporary investments	110,845	239,278
Amount required to fund reserves - restricted	445,206	280,507
	1,653,859	1,203,999
Investment income includes:		
Interest and distributions	39,373	49,423
Unrealized gains (losses)	23,669	(5,617)
	63,042	43,806
Allocated as follows:		
Replacement reserve	13,885	5,539
Operations	49,157	38,267
	63,042	43,806

The average rate of return on cash and investments during the year was 4.4% (2023, 3.6%).

Note 4

Due to the City of Toronto

The Co-operative receives subsidies based on formulae contained in the HSA. Subsidies are adjusted at year-end for variances between actual and estimated amounts. The difference is receivable from (or payable to) the City of Toronto. The current year payable is subject to adjustment. All fiscal years up to and including the period ended August 31, 2022 have been reconciled.

Upwood Park/Salvador Del Mundo Co-operative Homes Inc.

August 31, 2024

Note 5

Capital Assets

			2024	2023
	Cost	Accumulated Amortization	Net	Net
Leasehold interest, Note 6	\$ 45,054,717	\$ (35,197,342)	\$ 9,857,375	\$ 12,007,658
Balcony restoration	251,951	(221,716)	30,235	40,313
SHRRP, SHARP and COCHI assets	5,863,684	(1,246,225)	4,617,459	3,324,266
	51,170,352	(36,665,283)	14,505,069	15,372,237

Expenditures capitalized under the SHRRP, SHARP and COCHI projects at year-end consist of the following:

			2024	2023
	Cost	Accumulated Amortization	Net SHRRP, SHARP and COCHI Assets	Net SHRRP, SHARP and COCHI Assets
Appliances	\$ 224,188	\$ (224,188)	\$ 0	\$ 0
HVAC system	22,000	(20,533)	1,467	2,933
Programmable thermostats	143,177	(143,177)	0	0
Lighting retrofit	207,725	(207,725)	0	0
Booster pumps	115,460	(28,863)	86,597	91,215
Boilers and make-up air unit	941,054	(392,101)	548,953	611,684
Parking garage lighting project	244,830	(102,013)	142,817	159,139
Brick masonry	133,864	(26,773)	107,091	120,478
Roof replacement	2,789,299	(92,977)	2,696,322	1,944,214
Garage ramp	90,000	(7,875)	82,125	86,625
Elevator modernization	952,087	0	952,087	307,978
	5,863,684	(1,246,225)	4,617,459	3,324,266

Note 6

Leasehold Interest

The Co-operative entered into a lease agreement with Colandco Co-operative Homes Inc. leasing land for a term of forty-nine (49) years commencing on the 15th day of June, 1992.

The building and fixtures constructed on the property by the Co-operative are the property of the Co-operative until the term of the lease has expired.

Upwood Park/Salvador Del Mundo Co-operative Homes Inc.

August 31, 2024

Note 6 **Leasehold Interest - continued**

Under the terms of the lease agreement, the following rent was paid:

- i. An initial rental of \$8,295,000
- ii. A continuing rent of:
 - a) the sum of two dollars (\$2) per year, if demanded, during the term;
 - b) the cost of development and construction of the project to be paid to the proper parties;
 - c) all other costs, expenses and charges incurred in and about the development, construction, operation and management of the demised premise.

Note 7 **Deferred Contributions Related to Capital Assets**

In fiscal 1998, the Co-operative received a Modernization Improvement and Regeneration (MI&R) grant of \$175,000 from the Ministry of Municipal Affairs and Housing (MMAH) to cover the cost of balcony restoration. The grant is being deferred and recognized as revenue on the same basis as amortization of the balcony restoration costs.

Changes for the year in the deferred contributions balance consist of the following:

	2024	2023
Deferred contributions, opening balance	\$ 28,000	\$ 35,000
Amortization of contributions	(7,000)	(7,000)
	21,000	28,000

Note 8 **SHRRP Deferred Contributions Related to Capital Assets**

The City of Toronto provided the Co-operative with a grant for the purpose of renovation and retrofit of the Co-operative under SHRRP.

Deferred contributions remaining at year-end:

	2024	2023
Deferred contributions, opening balance	\$ 2,932	\$ 21,768
Amortization of contributions	(1,467)	(18,836)
Deferred contributions, ending balance	1,465	2,932

Note 9 **SHARP Deferred Contributions Related to Capital Assets**

The City of Toronto provided the Co-operative with a grant for various projects under the HVAC retrofit project under the SHARP. These projects include insulation heating plant and DHW piping, replace existing make-up air units, replace existing DHW boilers, booster pump, replace heating boilers and HVAC controls. Funds from the program were only spent on this project for an amount up to \$1,301,252.

Upwood Park/Salvador Del Mundo Co-operative Homes Inc.

August 31, 2024

Note 9 SHARP Deferred Contributions Related to Capital Assets - continued

Deferred contributions remaining at year-end:

	2024	2023
Deferred contributions, opening balance	\$ 862,038	\$ 945,709
Amortization of contributions	(83,671)	(83,671)
Deferred contributions, ending balance	778,367	862,038

Note 10 COCHI Deferred Contributions Related to Capital Assets

The Co-operative entered into agreements with the City of Toronto to receive up to \$4,431,725 in funding under the COCHI. The approved projects include brick masonry cladding, roof replacement, parking garage ramp and elevator modernization.

Deferred contributions remaining at year-end:

	2024	2023
Contributions received	\$ 4,373,455	\$ 2,033,732
Contributions receivable/payable	(408,205)	442,324
Deferred contributions	3,965,250	2,476,056
Amortization of contributions	(127,624)	(16,761)
Deferred contributions, ending balance	3,837,626	2,459,295

Note 11 Mortgages Payable

The mortgages, held by Peoples Trust Company, are fully insured by Canada Mortgage and Housing Corporation under Section 6 of the National Housing Act. Details of the mortgages at August 31 are:

Renewed principal balances	- \$11,825,303
Interest rate	- 4.690%
Term and amortization period	- 5 years ending September 1, 2028
Monthly principal and interest payments	- \$221,239

The status of the mortgages is as follows:

	2024	2023
Advances received	\$ 45,518,830	\$ 45,518,830
Principal repaid	(35,197,342)	(33,047,059)
Applied escrow funds	(464,113)	(464,113)
	9,857,375	12,007,658

Upwood Park/Salvador Del Mundo Co-operative Homes Inc.

August 31, 2024

Note 11 Mortgages Payable - continued

Remaining principal payments due are approximately as follows:

2025	\$	2,244,390
2026		2,350,886
2027		2,462,436
2028		2,579,278
2029		220,385

Note 12 Restrictions on Net Assets

The replacement reserve is externally restricted by the City of Toronto. The funds can only be used for capital expenditures.

A common room reserve has been established by the Board of Directors to cover operating costs associated with the common room. All revenues and expenses generated with regards to the common room are to be transferred into the common room reserve.

Note 13 Occupancy Charges

	2024			2023		
	Market	RGI	Total	Market	RGI	Total
	Units	Units		Units	Units	
Gross	\$ 2,348,624	\$ 1,925,944	\$ 4,274,568	\$ 2,225,110	\$ 1,945,093	\$ 4,170,203
RGI subsidy	0	(979,798)	(979,798)	0	(959,489)	(959,489)
Vacancy loss	(11,796)	(11,237)	(23,033)	(506)	(13,354)	(13,860)
	<u>2,336,828</u>	<u>934,909</u>	<u>3,271,737</u>	<u>2,224,604</u>	<u>972,250</u>	<u>3,196,854</u>

Note 14 Government Subsidies

	2024		2023	
	Note 17			
	Budget	Actual	Actual	Actual
Operating	\$ 1,135,369	\$ 1,135,369	\$ 940,064	\$ 940,064
RGI	1,230,636	991,035	972,843	972,843
Municipal taxes	318,155	345,579	323,694	323,694
	<u>2,684,160</u>	<u>2,471,983</u>	<u>2,236,601</u>	<u>2,236,601</u>

Upwood Park/Salvador Del Mundo Co-operative Homes Inc.

August 31, 2024

Note 15 Reserve Expenditures

Expenditures charged to the replacement reserve are as follows:

	2024	2023
Unit turnovers	\$ 35,857	\$ 7,445
Appliances	12,683	15,492
Flooring	8,305	33,603
Masonry restoration engineering	7,350	0
Garage drains	5,375	0
Garage ramp	0	34,607
Boilers and hot water storage tanks	0	24,414
Fire safety equipment	0	17,253
Elevators	0	9,155
	<u>69,570</u>	<u>141,969</u>

Note 16 Contingencies

Receivership

The Co-operative was notified by the City of Toronto, pursuant to subsection 117(1)(a) of the Social Housing Reform Act, certain triggering events had occurred effective July 08, 2003. These included accumulated deficit, high arrears and failure to properly maintain its housing projects. Effective January 1, 2012, the Social Housing Reform Act was replaced by the Housing Services Act.

According to the notice, the City of Toronto may take various actions including the suspension of subsidies, removal and appointment of directors and the seeking of the appointment of a receiver. The City of Toronto directed the Co-operative to perform various actions to remedy the situation including providing notice of meetings so that the City of Toronto could send representatives, developing a preventative maintenance plan for all building components and the submission of an acceptable action plan.

On July 16, 2020, the City of Toronto appointed BDO Canada Limited as interim receiver and manager of the Co-operative. Per the City of Toronto, the Co-operative has experienced significant financial and operational issues and contravened the Housing Services Act, 2011 and therefore the City of Toronto has appointed a receiver and manager under the authority provided under paragraph 6 section 85 of the Housing Services Act, 2011.

Upwood Park/Salvador Del Mundo Co-operative Homes Inc.

August 31, 2024

Note 16 **Contingencies - continued**

Claims

The Co-operative is named a defendant in two slip and fall claims, dated February 19, 2021 and March 20, 2021. The individuals are seeking \$1,000,000 and \$200,000, respectively. Both claims are being handled by the insurance company. Neither the possible outcome nor the amount of possible settlement can be foreseen. Therefore, no provision has been made in the financial statements.

Note 17 **Budget Figures**

The unaudited budget figures are those approved by the Court appointed Receiver. These figures are provided solely for comparative purposes.

Note 18 **Transactions With Members**

Over 80% of the Co-operative's revenue has been derived from or on behalf of members of the Co-operative.

Note 19 **Management Services**

The Co-operative entered into a contract with Pro Edge Management Incorporated to receive management services. The remaining term of the contract is from September 1, 2024 to March 31, 2025. Monthly fees are \$19,218 plus HST.

APPENDIX "H"

**IN THE MATTER OF THE RECEIVERSHIP OF
UPWOOD PARK/SALVADOR DEL MUNDO COOPERATIVE HOMES INC.
RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
JULY 16, 2020 to May 26, 2025**

Receipts	Amount
Rental income - tenants	16,149,771
City of Toronto Subsidy	11,888,790
COCHI funding balance	451,456
Cash in bank	400,028
Savings account BNS	6,464
HST refund	1,329,870
Pending filed HST refund	149,176
Miscellaneous refunds	32,483
Recovery of insurance claim	11,378
Accounts receivable	286,282
Interest	92,660
Total receipts	\$ 30,798,357
Disbursements	
Mortgage	12,500,980
Utilities	5,905,552
Repairs & Maintenance	2,856,405
Property Taxes	1,576,880
Security services	1,475,126
HST paid (ITC)	1,379,816
Property Management	1,120,869
Payroll and benefits	842,756
Insurance	588,214
HST paid on operations	311,746
Purchases	299,464
Consulting fees	188,661
CHFC- Membership	133,724
Equipment lease	90,692
Professional Fees & Disbursements	82,665
Snow removal	71,139
Accounting services	70,112
Operating expenses	66,935
Legal Fees	53,026
Telephone	49,791
Courier	8,962
WSIB	6,646
Postage/Coopies office expenses	5,550
Computer services	4,883
Petty Cash	4,807
Other disbursements	4,039
Bank Charges	2,891
PST paid	1,561
Travel costs	810
Searches	546
Total disbursements	\$ 29,705,248
Total receipt overs disbursements	\$ 1,093,109
Opening Balance July 17, 2020	-
Balance - May 26, 2025	\$ 706,753

APPENDIX "I"

Upwood Park/Salvador Del Mundo Co-operative Homes Inc.
Recommended Pathway to Self-Governance

OVERVIEW

During the term of its appointment as Receiver and Manager over the Housing Project at 298 and 300 Queens Drive, BDO Canada Limited (“BDO” or the “Receiver”) has completed several necessary capital improvement projects, and has improved the financial position of the Housing Project.

BDO, in its capacity as Receiver and Manager of the Housing Project and as an Officer of the Court, the City of Toronto, in its capacity as the Service Manager responsible for monitoring housing provider operations (the “City” or the “Service Manager”), and the Co-operative Housing Federation of Toronto, the non-profit membership organization providing support to its 185 housing co-op members in Toronto, Durham, and York Region (“CHFT”), have worked together to develop a plan that would provide the members of Upwood Park with a pathway to self-governance.

The *Transition Plan* that has been developed has two key components. The first component of the plan is the election of a new Board of Directors. This initial step is necessary to ensure that a properly constituted Board is in place to assume responsibility for managing the Housing Project moving forward, when the Receiver is discharged. The second component of the plan provides for the training of the newly elected Board during a *Transition Period*. The training will include formal curriculum provided by the Co-operative Housing Federation of Toronto on core Board of Director competencies, such a governance and financial controls, that the newly elected Board will be required to complete. The training will also provide opportunities for the newly elected Board familiarize themselves with Housing Project operations through a job shadowing exercise. They would participate in monthly minuted meetings that the Receiver will convene at which key Housing Project issues will be discussed. These issues would include: (i) Housing Administration; (ii) Member Management; (iii) Property Management and Maintenance Matters; and (iv) Finance and Administration.

At the conclusion of the Transition Period, the Receiver would report to the Court to share the result of the planned election, and on the efforts of the newly elected Board to complete the prescribed curriculum and their participation in the job shadowing exercise. After considering the Receiver’s report, the Court will be in a position to determine whether the newly elected Board is prepared to assume stewardship over the Housing Project and the Receivership can be discharged.

The Receiver, the Service Manager, and CHFT recommend that the *Transition Period* run for a period of at least six (6) months following the election.

**Upwood Park/Salvador Del Mundo Co-operative Homes Inc.
Recommended Pathway to Self-Governance**

RECOMMENDED ELECTION PROCESS

The recommended election process is in keeping with the process contemplated by the Co-operative Corporations Act, and the Co-op's recently updated organizational by-law. It is designed to inform the membership about the election process, and to share with them how candidates that are elected to the Board will receive education and practical exposure to the workings of the Co-op before having to take on responsibility for the Co-op's day-to-day operations.

CHFT will support the election process by chairing key meetings with the membership leading up to the election date. Members will have the benefit of accessing the experience and expertise of this sector organization should they have any questions about the process.

An Election Committee will be struck, comprised of representatives of the Court Appointed Receiver, the Service Manager, and CHFT. The Election Committee will, among other things:

- Give information about the election to the members, including educating them on the duties and responsibilities of the Board
- Find candidates
- Discuss qualification issues with candidates
- Making sure the election is carried out in accordance with the proposed process, consistent with the rules provided for in the governing legislation
- Arranging for the ballots to be distributed
- Controlling the ballot boxes

The Election Committee will also arrange for an outside agency to count the votes cast by the membership. These votes will also be counted in open, at the election meeting itself.

The key steps in the election process are set out below. Two timeframes for the election are proposed in the event the Court determines that the recommended process is appropriate. The first proposed election timeframe would begin in short order following the scheduled June 5th hearing of this matter. The second proposed election timeframe would begin in the fall, following members' summer vacation period.

Election Event	Date
Information session led by CHFT explaining the pathway to self-governance, including: <ul style="list-style-type: none">• nomination process• election process• role of an elected board• training they will have access to through the transition process• continuing role of BDO, the Receiver and Manager, during the transition process	July 8
Deadline to submit nominations	July 14
List of eligible candidates distributed to members	July 18
Meet the candidates meeting	July 22
Distribution of Election Meeting package to members	July 23
Advance voting days	July 29, 1-5 pm

**Upwood Park/Salvador Del Mundo Co-operative Homes Inc.
Recommended Pathway to Self-Governance**

Election Event	Date
	July 30, 4-8 pm
Election meeting – votes counted by 3 rd party retained by Election Committee observed by all members attending meeting	August 6
First meeting of the Board and the Receiver	August 13

**Upwood Park/Salvador Del Mundo Co-operative Homes Inc.
Recommended Pathway to Self-Governance**

The Board Curriculum

The proposed pathway to self-governance contemplates the newly elected members of the Board completing a series of training courses presented by CHFT. These training courses relate to core competencies that the members of any elected Board should have, including: (i) Ethical Conduct; (ii) What Makes a Good Board;(iii) What Makes a Good Director; and (iv) Understanding Audited Financial Statements.

Every month following the election, arrangements will be made to present a training session on these core competencies for the benefit of the newly elected Board members, which they will be expected to complete.

The schedules for these training sessions are set out below. As with the recommended election process, two timetables for these training sessions are proposed. The sequence of when courses 1 through 6 will be made available during the *Transition Period* may be subject to change.

	90-min Workshop Name	Core Competencies Addressed	Proposed Dates [Summer]
1.	Ethical Conduct Agreement	<ul style="list-style-type: none"> • Ethics and Integrity • Confidentiality 	August 2025
2.	What Makes a Good Board	<ul style="list-style-type: none"> • Establish Co-op Policy • Hire and Supervise Management 	September 2025
3.	What Makes a Good Board cont.	<ul style="list-style-type: none"> • Accountability and Fairness • Risk Management • Communicate & Inform Co-op Members 	October 2025
4.	What Makes a Good Director	<ul style="list-style-type: none"> • Ethics and Integrity • Confidentiality 	November 2025
5.	What Makes a Good Director cont.	<ul style="list-style-type: none"> • Director Liability • Leadership & Conflict of Interest 	December 2025
6.	Understanding Audited Financial Statements	<ul style="list-style-type: none"> • Understanding Audited Financial Statements • Engaging with Auditors 	January 2026
7.	Succession Planning	<ul style="list-style-type: none"> • Succession Planning 	February 2026
8.	Strategic Planning and Oversight	<ul style="list-style-type: none"> • Strategic Planning and Oversight 	March 2026
9.	Asset Management	<ul style="list-style-type: none"> • Investment Oversight • Asset Protection and Preservation • Capital Reserve Fund Allocation and Forecasting Allocation and Return on Investment • Monitoring Asset Performance 	April 2026
10.	Financial Training	<ul style="list-style-type: none"> • Financial Oversight and Accountability • Budgeting and Forecasting, Approving 	May 2026

**Upwood Park/Salvador Del Mundo Co-operative Homes Inc.
Recommended Pathway to Self-Governance**

		and Monitoring Expenditures	
11.	Understanding Board's Legal Obligations	<ul style="list-style-type: none"> • Regulatory Compliance • Legal Risk Management 	June 2026
12.	AODA Refresher		July 2026
13.	Organizational Bylaw Review		August 2026
14.	End-of-Mortgage		September 2026
* Coaching for chairing monthly board meetings from the discharge of the receivership for a period of 6 months			

The members of the newly elected Board must complete the prescribed courses (Courses 1 through 6 – highlighted in Green) before a recommendation can be presented to the Court that the Receiver be formally discharged. The Receiver, the Service Manager, and CHFT strongly recommend that the members of the newly elected Board complete **all** of the training that CHFT will offer.

Ensuring that the newly elected Board completes the prescribed courses will provide them with tools that will put them in the best possible position to manage the Housing Project once the *Transition Period* comes to a close. It will also help address the concerns about governance at the Co-op that had been identified as a key issue, warranting the Service Manager appointing a Receiver and Manager to manage the affairs of the Co-op in the first instance.

Upwood Park/Salvador Del Mundo Co-operative Homes Inc.
Recommended Pathway to Self-Governance

RECOMMEND TRANSITION PERIOD TRAINING AND COMPETENCY DEVELOPMENT

In addition to completing the prescribed training courses, the Receiver will hold meetings once month during the transition period which the newly elected Board and CHFT will be invited to. During these meetings, the Receiver will review key Housing Project issues that it reviews and addresses in managing the Housing Project's operations.

The issues that may be discussed during these monthly meetings will include:

1. Housing Administration
2. Tenancy Management, including:
 - a. Arrears
 - b. Notices to Appear
 - c. Vacancy Management
 - d. Rent-Geared-to-Income Administration (RGI)
3. Property management and maintenance matters, including:
 - a. Maintenance and Cleaning
 - b. Outstanding Work Orders
 - c. Building Condition Audit/Preventative Maintenance
 - d. Capital expenditures
 - e. Review of capital Reserve Fund Forecast
4. Finance and Administration, including:
 - a. Year-to-date Expenditure and Variance Reports
 - b. Comparing Expenditures and Variances against the Co-op's Operating and Capital Budgets

Attending these meetings will provide opportunities for the newly elected Board to familiarize themselves with Housing Project operations through a job shadowing exercise. Though the Receiver will continue to retain authority to manage the day-to-day operations of the Housing Project pursuant to the Order of the Court during this *Transition Period* and until its discharge, the newly elected Board members will be invited to participate in these meetings and share their views and comments about the issues discussed. The Receiver will consider the views and comments that the elected Board shares with it, in light of and in keeping with its obligations to act in the best interest of the Housing Project and the membership as an Officer of the Court. These meetings will be minuted in the same way any Board of Directors meeting would be minuted.

During these meetings, the Receiver, with input from the newly elected Board, will review and/or develop:

- A plan to implement a competitive practice to hire a property management firm that the newly Elected Board will be expected to follow if and when they choose to engage a new property management company in the future. This would entail the preparation of a tender package. Any Contract included in any tender package must meet the requirements set out in Ontario Regulation 339/01, section 8, in accordance with City of Toronto Guideline 2012-1.
- Plans for the maintenance of key building components, moving forward.

Upwood Park/Salvador Del Mundo Co-operative Homes Inc.
Recommended Pathway to Self-Governance

- Written policies that detail the internal controls that will be in place, and the Housing Provider and its Elected Board will adhere to, once control of the Housing Project is returned to them. These internal controls may include:
 - A policy/practice providing for the collection of arrears from members in respect of any outstanding housing charges;
 - A policy/practice indicating how the Co-op will minimize vacancy loss; and
 - A policy/practice indicating how the Housing Provider will control both its spending and its purchasing activities.

**Upwood Park/Salvador Del Mundo Co-operative Homes Inc.
Recommended Pathway to Self-Governance**

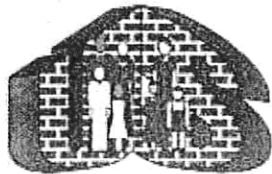
THE *TRANSITION PERIOD* AND THE DISCHARGE OF THE RECEIVER

In order to properly complete the Election Process, and to ensure that the newly elected Board is able to complete the key training and job shadowing exercises described above, the Receiver, the Service Manager, and CHFT recommend that the *Transition Period* last at least six (6) months.

At the conclusion of the *Transition Period*, the Receiver will prepare a report to the Court for its consideration detailing the steps taken by all the interested parties to shepherd the newly elected Board along a pathway to self-governance, along with its recommendation as to whether the Receiver should be discharged, or whether the *Transition Period* should be extended for any reason.

APPENDIX "J"

UPWOOD PARK
SALVADOR DEL MUNDO



CO-OPERATIVE HOMES INC.

**IN-CAMERA MINUTES OF THE BOARD OF DIRECTORS MEETING OF
UPWOOD PARK\SALVADOR DEL MUNDO CO-OPERATIVE HOMES INC.
Meeting held on Thursday, August 27th, 2018 at 7:00 p.m. in Community
Centre at 300 Queens Drive.**

PRESENT:	Lascelles Charlton	President
	Saffia Abdul-Haqq	Vice-President
	Kesha Benjamin	Corporate Secretary
	Faiza Ismail	Treasurer
	Maria Segovia	Director
	Peace Botchway	Director
	Roberto Aguilar	Director
REGRETS:	Masbal Abokar	Director
STAFF:	Gordana Gambelic	Property Manager
	Lisa Ioannou	Housing Administrator
	Sumitha Pushpapalan	Housing Administrator
	Geoffrey ????	300 BLD Superintendent

ITEM

ACTION REQUIRED

1.



CITY OF TORONTO

Applicant

-and-

**UPWOOD PARK/SALVADOR DEL MUNDO COOPERATIVE
HOMES INC.**

Respondent

Court File No. CV-21-00658491-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

**RESPONDING MOTION RECORD OF THE
RECEIVER, BDO CANADA LIMITED (NON-PARTY)**

AIRD & BERLIS LLP

Barristers and Solicitors
Brookfield Place
181 Bay Street
Suite 1800
Toronto, ON M5J 2T9

Miranda Spence (60621M)

Tel: 416-865-3414
Email: mspence@airdberlis.com

Tel: 416-863-1515

Lawyers for BDO Canada Limited, in its capacity as
interim receiver of Upwood Park/Salvador Del Mundo
Cooperative Homes Inc.