

# **Approved F24 Operating and Capital Budgets**

for the fiscal year July 1, 2023 to June 30, 2024

Prepared by the Finance Committee & Staff

Recommended by the Board of Directors on March 15, 2023





## Introduction

This is the proposal for our operating and capital budgets for Fiscal 2024 (F24), which begins July 1, 2023 and ends June 30, 2024.

Our Finance Committee prepared this proposed budget, in close collaboration with our staff.

Our Board of Directors reviewed this proposed budget and has recommended it to you, the Members.

**Now, it's your turn. We want to hear from you.**

Our virtual **Community Consultation** will take place virtually on **April 3**, using Zoom. This is the best time for you to ask questions, state concerns, or propose changes.

You can also ask questions, state concerns or propose changes by:

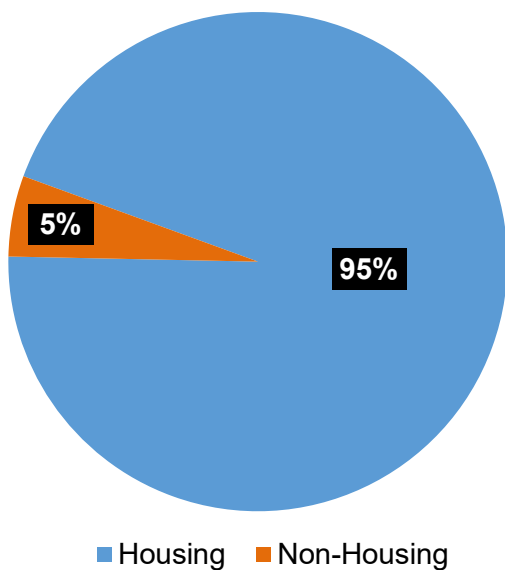
- Sending an email to:
  - ▶ Our Finance Committee: [cmte\\_finance@hughgarner.com](mailto:cmte_finance@hughgarner.com); or
  - ▶ Our Financial Administrator, Linda McCormick: [linda@hughgarner.com](mailto:linda@hughgarner.com);
- Dropping a note in the Internal mail slot in the Lobby;
- Calling the Office at 426-927-0407. Press 3 to leave a message.

After the Community Consultation, a *Budget Q&A* will be distributed to all households, answering questions and addressing concerns brought forward in the Consultation and those raised via email, notes and messages.

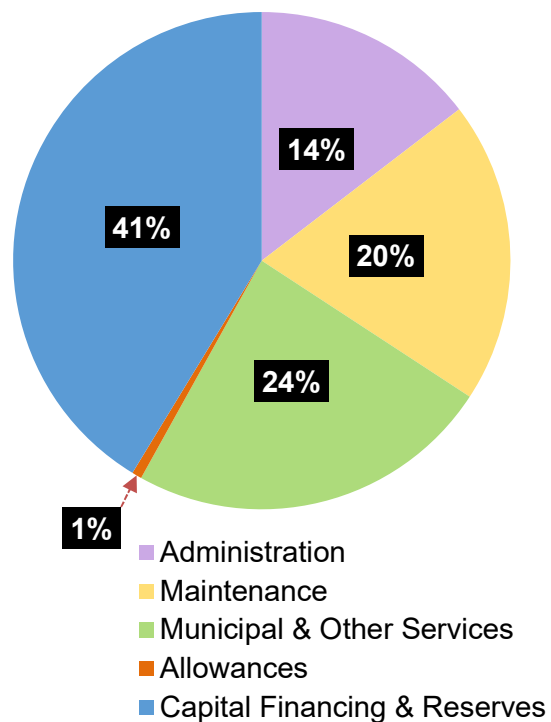
Our virtual **General Members Meeting** will take place **April 12**, also using Zoom. This is when we will discuss and vote on the proposed budgets (See "Decisions To Be Made," page 7.)

Operating Budget Income & Expense Summary						
	Current F23 Budget	Estimated F23 Year-end	F23 Estimated Variance	Proposed F24 Budget	F24 Change Over F23 Budget	F24 Change Over Estimated F23 Year-end
<b>Income</b>						
Housing	2,655,682	2,673,473	17,791	2,745,082	3.4%	2.7%
Non-Housing	<u>150,385</u>	<u>151,050</u>	<u>665</u>	<u>151,430</u>	0.7%	0.3%
<b>Total Income</b>	<b><u>\$2,806,067</u></b>	<b><u>2,824,523</u></b>	<b><u>18,456</u></b>	<b><u>2,896,512</u></b>	3.2%	2.5%
<b>Expenses</b>						
Administration	414,231	396,009	(18,222)	422,403	2.0%	6.7%
Maintenance	538,559	529,790	(8,769)	568,973	5.6%	7.4%
Municipal & Other Services	662,508	661,780	( 728)	690,912	5.6%	4.4%
Allowances	18,000	0	(18,000)	18,000	0.0%	
Capital Financing & Reserves	<u>1,172,769</u>	<u>1,172,769</u>	0	<u>1,196,224</u>	2.0%	2.0%
<b>Total Expenses</b>	<b><u>\$2,806,067</u></b>	<b><u>\$2,760,348</u></b>	<b><u>(\$45,719)</u></b>	<b><u>\$2,896,512</u></b>	3.2%	4.9%
<b>Surplus/(Deficit)</b>	<b>\$ 0</b>	<b>\$64,175</b>	<b>\$64,175</b>	<b>\$ 0</b>		

F24 Income Budget



F24 Expenses Budget



# Budget Highlights

## Operating Budget

Compared to the F23 budget:

- Administrative costs increase by 2 %;
- Maintenance costs increase by 5.65%;
- Municipal and Other Expenses increase by 5.6%;
- Allocation to the Capital Reserve increases by 2%.

## Capital Spending and Reserves

Hugh Garner Co-op has been prudent when it comes to putting money aside for future needs. Over the years anticipating future costs to renew our building and its equipment as they age, we put substantially much more into our capital reserves each year than was required of us by Canada Mortgage and Housing (CMHC).

After we paid off our mortgage, a portion of the money we had once used for that purpose was redirected to our capital reserve.

Our Asset Management Plan (AMP) shows us we need to allocate even more for current and future capital work.

The proposed budget puts \$1,196,244 into the Capital Reserve in F24, \$23,455 more than this year's (F23) contribution. (See Schedule 6, Ref 19, page 18.)

The proposed F24 Capital Budget says we will spend \$1,895,811 from that reserve in the next fiscal year. This means that, again, we anticipate spending *more* money from the reserve than we plan to put into it. This will *lower* the reserve by at least \$699,567 in F24. (See Table 1, page 23.)

For more about our capital plan, the reserve and the proposed Capital Budget, go to the section beginning on page 21.

## Housing Charges

As with every budget, we try to balance operating a business (our Co-op) and maintaining the building (our home) with minimizing the effects of an increase in housing charges on you (our community).

Income from housing charges is our Co-op's largest source of revenue.

**The proposed F24 budget includes a 3.5% housing-charge increase.** To see how that affects your housing charge, look at the table on the back page of this proposal.

To find out how we came to that number, see the Backgrounder, "Facing the future" on page 4.

## Other Income

Work on resurfacing the parking-garage floor is being moved into F24. We are still not able to estimate the effect on **Parking Charges** (see Schedule 7, page 30) while the work is done. Because of that, the stipulation to cover any deficit resulting from lower-than-budgeted parking income again has been added to the proposed motion to approve the operating budget (see page 7).

## Backgrounder: Facing Our Future

**3.5%.** Seems huge, doesn't it? But it's the size that fits our needs for the coming fiscal year.

When we put together the proposed F24 budget, we looked at what we will need to do in the next fiscal year to maintain our home and to operate our business.

Our asset management plan (AMP) recommended a 3% increase in F24. We tried to make it work. We really did. It wasn't the right fit. It fell short of our needs.

That shouldn't be a surprise. The AMP assumed inflation would be between 2% and 2.5%. That would have given our Co-op—our business—a little extra to get ready to take on debt around 2028. (More about that in a bit.)

It was also the amount by which we increased housing charges in the current F23 fiscal year, also recommended by our AMP, with the same assumed range of inflation.

But, you know, reality.

The 2022 inflation rate for Ontario was 6.7%, according to Statistics Canada. Last year, everything cost more than we'd anticipated when we passed the F23 budget last April.

We're estimating that our Co-op will be about \$64,000 to the good at the end of June (before auditors' adjustments). That's about 2.3% of the F23 budget.

Good? Well...

We have \$38,000 in "allowances" in that budget for lost income (bad debt, vacancy loss, emergency subsidy) and for contingency.

Allowances are the "in case of emergency, break glass" part of our budgets.

We're estimating we won't use about \$35,710 of that in F23. And that's good. (It's about 55.8% of the estimated retained earning.)

The balance of the estimated retained earning, \$26,880, (44.2%) would be left over from planned expenses, what we estimate we won't use by the end of the fiscal year.

That's to the bone. There's no wiggle room there. There's no "maybe we can find it somewhere."

### **Most budget lines do not increase F24.**

Given inflation, leaving those alone means their purchasing power *will buy less* in the next year. Effectively, leaving them alone is a cut.

Other lines have modest increases or decreases, based on our spending history and needs assessments for the next fiscal year.

Some expense allocations *had* to increase.

The F24 budget increase is driven by:

- Property Taxes (4.5%)
- Garbage Levy (21.2%)
- Insurance (10.7%)
- Natural Gas (30.8%)
- Elevator Servicing (28%)
- Pest Control (20%)

A 3% housing-charge increase left us \$13,000 short.

A 3.5% housing-charge increase covers our estimated needs for the next fiscal year.

It's that simple.

**Even at 3.5%, we don't meet our long-term goals under our AMP.** That's something we must face.

The AMP says we need to get ready to borrow money around 2028.

That's the same year that the current federal rental-assistance program is scheduled to expire. Its continuation or replacement would depend on who is in charge in Ottawa at that time.

Our AMP says raising housing charges a little more than needed to meet operating costs each year for four years would:

- Position us as a good credit risk;
- Let us continue to put some money away for capital needs;
- Allow us to fund a “modest” internal subsidy should the federal rental-assistance end.

The problem is, we’re not doing that.

We haven’t been able to do that:

- **F22:** we raised housing charges 2%, reflecting the social and economic effects of Covid-19 on our membership.
- **F23:** while we raised housing charges 3%, inflation turned out to be 6.7%, not the 2.5% projected by our plan.
- **F24:** 3.5% meets our needs as we deal with the effects of inflation reflected in what we pay government and suppliers. There is no “extra” in that increase.

While there is hope inflation will be lower in the next calendar year, economists say that future inflation would be based on already highly inflated prices.

The AMP notes construction costs “sometime rise faster than the assumed inflation rate.” Most of our Co-op’s materials, parts and supplies are in the “construction” category.

We simply can’t hope things will be better.

We simply can’t go with a lower increase, balancing a budget by cutting...something... just to make a lower increase seem to work.

That’s wishful thinking.

Cuts have to be thought out. Their longer-term effects have to be considered carefully. We have to be able to live with them.

After all, it’s harder to put them back later.

After our experience dealing with our loss of access to the Section 95 RGI program in 2017, we realized it wasn’t enough to plan for our business needs year to year. We had to take a longer term view.

### **The AMP is our multi-year business plan.**

It’s based on an analysis of long-term financial position and an assessment of what is needed to keep our home in good condition.

We had to face the truth: remaining debt free after the mortgage was paid off is a myth. Consider that about half of our operating budgets in the past four years go toward funding capital costs: the big-ticket, long-term items.

The AMP’s recommended 4-year 3%-a-year increases were a more palatable choice than the alternative: a single F27 housing-charge increase of 7%.

That kind of big-jump increase could be devastating to member households that don’t qualify for RGI rental assistance.

It would also put a strain on the limited government-funded rental-assistance fund for those who already qualify.

Worse, it would have come just months before that federal rental-assistance program is scheduled to expire in March 2028.

So we chose to go with smaller, incremental increases over a number of years to soften the effect.

What our AMP did not account for was an event like Covid-19 and what has come after.

In the next year, we have to update the AMP’s financial assumptions to meet current realities.

### **Meanwhile, operating and maintaining our home continues.**

We have bills to pay to run a multi-residential building, just like any other landlord. There is no backstop, no government bailout.

*We are the landlord. We have to make it work.*

Housing charges are 95% of our Co-op’s income. That’s the nature of our business. We have to set the prices needed to keep offering the safe, quality housing we want to live in, that will attract others to want to live here, too.

We aren’t looking to profit on the housing we live in. We’re looking to preserve it.

Continues...

### **We are also looking to preserve our community.**

About 2.1% of our budget is dedicated to “democratic functioning,” as the Agency for Co-operative Housing calls those expenses.

That’s the work of our committees and of our board of directors. That’s for committee and member training in the operation of our Co-op. That’s for food security. That’s for celebrations and social events.

On top of that, we allow for an income loss to fund short-term emergency subsidies for households that don’t qualify for government rental assistance.

Over all, that’s 2.3% of our budget that for-profit landlords don’t deal with.

That part of our budget is our “dividend” for being part of a housing co-op.

It is the investment we make in our membership.

It is also part of the investment we make in our Co-op’s future.

### **Budgets are delicate structures.**

By nature, they are estimates. Budgets are based on assumptions about what the next year will bring.

Budgets are made of dependent parts. Income and expenses must balance.

For F24, 1% is about \$26,550. Cutting income means finding matching cuts in *operating* expenses. That means choosing to do without... something.

What operating expenses could we cut? Pest control? Repairs to appliances or units? How would we make that up in the future?

What in our operating budget is a discretionary expense, something we can survive without?

Could we reduce the contribution to the capital reserve? That would mean having to spend more money from the capital reserve to pay for current and planned expenses. How do we make that up in the future?

It could mean increasing the amount we’ll need to borrow a few years from now. That would make the loan more expensive in future budgets.

So, maybe we put off spending money on some capital projects right now? That doesn’t save anything. That’s just a delay. And inflation (even reasonable inflation) will make that work more expensive in the future.

### **Budgets must fit our needs.**

For F24, the budget that fits requires a 3.5% increase. That’s what it costs to meet the needs of our home and our business.





## Decisions to Be Made

The following motions will be proposed at the virtual **General Members Meeting on Wednesday, April 12:**

- To adopt the F24 operating budget for the fiscal year beginning July 1, 2023, including the housing charge schedule, as presented, with the provision that any deficit resulting from lower than budgeted parking income will be recovered from the Operating Reserve.
- To adopt the F24 capital budget for the fiscal year beginning July 1, 2023, as presented.

These *motions* will be discussed at the members meeting.

They can be changed (amended) at the meeting before we vote on them.

We will *discuss* the proposed F24 budget at a virtual **Community Consultation on Monday, April 3 at 7:00 p.m.**

A Zoom invitation will be sent to you shortly with the Meeting Code, website address and telephone number for the Consultation.

At the top of each schedule, the header tells you what each column means:

① Expenditure Category	② Ref	③ F23 Budget	F23 ④	Variance ⑤	F24 ⑥	Increase ⑦	Increase ⑧
		Budget	Projected Actuals		Proposed Budget	Over F23 Budget	Over Projected Actuals
<b>OUTSIDE SERVICES</b>							
Accessibility Modifications	1	500	500	0	1,500	200.0%	200.0%
Anchor System Service	2	400	400	0	400	0.0%	0.0%

① What we plan to spend money on  
 ② Item reference number  
 ③ The current budget for each item  
 ④ An estimate of our actual F23 spending  
 ⑤ The difference between the F23 budget and the F23 estimate  
 ⑥ What we plan to spend in F24  
 ⑦ The difference between F23 and F24 budgets  
 ⑧ The difference between the F23 spending estimate and the proposed F24 budget

**Some of the schedules may be difficult to read for people with reduced vision.**

**If you need larger print for any of the schedules, please send a request to the Office.**



**Approved F24 Operating Expenses Budget**  
for the fiscal year July 1, 2023 to June 30, 2024.



## Schedule 2A: Administration Expenses

### Administrative Personnel

**Administrative Salaries** [Ref 1], **Benefits** [Ref 4] and **R.S.P. Expenses** [Ref 5] are set out in our Co-op's collective bargaining agreement with Unifor, the union representing our employees.

Changes in payroll affect the cost of **Mandatory Payroll Costs** [Ref 3] and **Benefits** [Ref 4].

**Staff Training** [Ref 7] covers courses attended by staff, mandatory training required by government legislation, and the cost of one staff member attending the annual CHF Canada conference. (This year, the conference is in Ottawa. Next year's conference is in Winnipeg.)

**Computer Systems & Supplies** [Ref 10] Hardware replacement; software licensing and updates; cloud-service subscriptions; web domain registration, hosting and email; software and hardware support. The F24, budget anticipates the replacement of 3 iPads for the Board of Directors.

The cost of member-use computers is not included in this line (See Schedule 2B, Ref 6, page 11). The cost of unit-inspection software is not included in this line. (See Schedule 3A, Ref 15, page 15).

**Financial Services Charges** [Ref 12] includes charges from our credit unions, Interac service costs, and the cost of cheque blanks.

**Office Equipment** [Ref 14] Beginning in F24, the cost of outside shredding services moves to this line.

**Other Office Expenses** [Ref 21] Beginning in F24, the cost of outside shredding services moves from this line to Office Equipment [Ref 14]

### Professional Services

The **Bookkeeping** line [Ref 23] is being retired. For F23, it included an allowance for six months of outside payroll service. In F24, this allocation has been moved to a new line, **Payroll Service** [Ref 27]. The allocation there is for a full year's service.

**Legal—General** [Ref 25] includes general legal consultation and representation in legal proceedings, such as evictions; reviewing new bylaws; and providing legal advice to our Board, members and staff on behalf of our Co-op.

**Legal—Labour** [Ref 26] includes labour-related costs such as arbitration, contract negotiations, and legal advice to our Board on personnel matters.

**HR & Other Professional Services** [Ref 28] includes services for human-resources consulting and other administrative external supports.

## F24 Budget Approved

### Schedule 2A - Administration

<i>Expenditure Category</i>	Ref	<i>F23 Budget</i>	<i>F23 Projected Actuals</i>	<i>Variance</i>	<i>F24 Proposed Budget</i>	<i>Increase Over F23 Budget</i>	<i>Increase Over Projected Actuals</i>
<b>ADMINISTRATIVE PERSONNEL</b>							
Administrative Salaries	1	\$206,859	\$206,568	(\$291)	210,699	1.9%	2.0%
Administrative Overtime	2	\$4,500	\$4,500	\$0	4,500	0.0%	0.0%
Mandatory Payroll Costs	3	\$14,878	\$14,271	(\$607)	15,433	3.7%	8.1%
Benefits	4	\$22,196	\$22,530	\$334	23,431	5.6%	4.0%
R.S.P.	5	\$10,343	\$10,324	(\$19)	10,535	1.9%	2.0%
Temporary Staff	6	\$3,500	\$3,500	\$0	3,500	0.0%	0.0%
Staff Training	7	\$4,500	\$4,500	\$0	5,000	11.1%	11.1%
<b>Sub-total</b>	<b>8</b>	<b>\$266,776</b>	<b>\$266,192</b>	<b>(\$584)</b>	<b>273,099</b>	<b>2.4%</b>	<b>2.6%</b>
<b>OFFICE EXPENSES</b>							
Advertising	9	\$300	\$0	(\$300)	300	0.0%	na
Computer Systems & Supplies	10	\$13,000	\$13,000	\$0	13,000	0.0%	0.0%
Credit Checks	11	\$300	\$814	\$514	300	0.0%	-63.1%
Financial Services Charges	12	\$1,500	\$1,100	(\$400)	1,200	-20.0%	9.1%
Office Equipment Service	14	\$2,000	\$2,500	\$500	3,000	50.0%	20.0%
Office Supplies	15	\$4,000	\$4,000	\$0	4,000	0.0%	0.0%
Photocopying	16	\$8,000	\$7,000	(\$1,000)	8,000	0.0%	14.3%
Postage & Delivery	17	\$700	\$500	(\$200)	600	-14.3%	20.0%
Telecommunications	18	\$6,500	\$7,000	\$500	7,000	7.7%	0.0%
Travel	19	\$500	\$350	(\$150)	500	0.0%	42.9%
Other Common Area Exp	20	\$3,000	\$3,000	\$0	3,000	0.0%	0.0%
Other Office Expenses	21	\$700	\$700	\$0	700	0.0%	0.0%
<b>Sub-total</b>	<b>22</b>	<b>\$40,500</b>	<b>\$39,964</b>	<b>(\$536)</b>	<b>41,600</b>	<b>2.7%</b>	<b>4.1%</b>
<b>PROFESSIONAL SERVICES</b>							
Bookkeeping	23	\$1,300	\$0	(\$1,300)	0	-100.0%	na
Audit	24	\$13,500	\$14,000	\$500	14,500	7.4%	3.6%
Legal -- General	25	\$10,000	\$8,000	(\$2,000)	10,000	0.0%	25.0%
Legal -- Labour	26	\$10,000	\$6,000	(\$4,000)	10,000	0.0%	66.7%
Payroll Services	27	\$0	\$0	\$0	2,800	na	na
HR & Other Prof. Services	28	\$5,000	\$2,500	(\$2,500)	5,000	0.0%	100.0%
<b>Sub-total</b>	<b>29</b>	<b>\$39,800</b>	<b>\$30,500</b>	<b>(\$9,300)</b>	<b>42,300</b>	<b>6.3%</b>	<b>38.7%</b>
<b>Total for Schedule 2A</b>	<b>30</b>	<b>\$347,076</b>	<b>\$336,656</b>	<b>(\$10,420)</b>	<b>356,999</b>	<b>2.9%</b>	<b>6.0%</b>

## Schedule 2B: Administration Expenses, continued

### Committee Expenses

The budget for most committees is \$200, to allow for refreshments at some of their meetings and/or an annual social. Due to its size, the **On-Call Committee** [Ref 18] gets a slightly higher allocation of \$300.

The **Board of Directors** allocation [Ref 3] covers the costs of meals at some Board meetings. The Board usually meets every three weeks. The allocation also includes annual director training and planning sessions.

Some committees also have allocations for activities or projects:

- **Ageing-In-Place Events** [Ref 2] include a community Seniors' Luncheon and a Seniors Day Celebration, Workshops.
- **Computer Projects** [Ref 6] includes the cost of servicing computers and printers for members' use in the Garden Room and Children's Playroom.
- **Gardening Projects** [Ref 10] include common-area ground-level gardening, plants & maintenance by the Gardening Committee. The committee is planning more work in F24 than in the current fiscal year, including the purchase of mulch for all walkway planters.
- **Green Committee Projects** [Ref 12] includes workshops, member education and events, cycling awareness and Spring bike tune-up, Presto Card Raffle and equipment for the Tool Share program.
- **Rooftop Committee Activities** [Ref 21] includes training courses for the committee, and the purchase of growing medium and tools.
- **Social Events** [Ref 25] include activities planned by the Social Committee
- **40<sup>th</sup> Anniversary Celebration** [Ref 26] will take place in May this year. There is no allocation for a special event in the F24 fiscal year.

### Other Expenses

**Donations** [Ref 31] allows for:

- A donation of \$1,086 to Rooftops Canada, as previously directed by the membership [as recommended by our Donations Committee];
- \$3,500 for donations to community groups and initiatives, as recommended by our Donations Committee and approved by our Board under our *Donations Policy*.

**Food Security** [Ref 32] allows our co-op to ensure that all members have food security. In F23, the Social Committee transferred a portion of its budget that would have been used for food at social events to this line. In F24, the budget returns to the original F23 allocation of \$2,200.

**Members Meetings** [Ref 33], including GMM's and Community Consultations, covers the cost of food, door prizes, outside chairing and facilitation, and virtual-meetings services.

**Member Education** [Ref 35] covers the cost of providing training for the membership in general or for individual members as a way to learn more about cooperative concepts and management, to become a resource to the members.

**Membership Dues** [Ref 36] includes dues for CHF Canada and the Co-operative Housing Federation of Toronto (CHFT).

**Misc. Member Expense** [Ref 37] This line includes the Cider Social (\$700)

F24 Budget Approved

Schedule 2B - Administration

Expenditure Category	Ref	F23	F23	Variance	F24	Increase	Increase
		Budget	Projected Actuals		Proposed Budget	Over F23 Budget	Over Projected Actuals
<b>COMMITTEE EXPENSE</b>			estimated				
Aging-In-Place Committee	1	\$200	\$200	\$0	200	0.0%	0.0%
Aging-In-Place Events	2	\$600	\$600	\$0	650	8.3%	8.3%
Board of Directors	3	\$4,000	\$3,500	(\$500)	4,000	0.0%	14.3%
By-Laws Review	4	\$200	\$200	\$0	200	0.0%	na
Computer Group	5	\$200	\$0	(\$200)	200	0.0%	na
Computer Projects	6	\$800	\$1,622	\$822	800	0.0%	-50.7%
Donations Committee	7	\$200	\$200	\$0	200	0.0%	0.0%
Finance Committee	8	\$200	\$200	\$0	200	0.0%	0.0%
Gardening Committee	9	\$200	\$200	\$0	200	0.0%	0.0%
Gardening Projects	10	\$1,500	\$1,500	\$0	2,400	60.0%	60.0%
Green Committee	11	\$200	\$181	(\$19)	200	0.0%	10.5%
Green Com - Projects	12	\$2,600	\$2,000	(\$600)	2,200	-15.4%	10.0%
Member Relations Committee	13	\$200	\$0	(\$200)	200	0.0%	na
Membership Committee	14	\$200	\$200	\$0	200	0.0%	0.0%
New Member Orientation	15	\$600	\$130	(\$470)	600	0.0%	361.5%
Newsletter Committee	16	\$200	\$0	(\$200)	200	0.0%	na
Newsletter Production	17	\$250	\$100	(\$150)	250	0.0%	150.0%
On Call Committee	18	\$300	\$300	\$0	300	0.0%	0.0%
Political Education & Activities Committee	19	\$200	\$0	(\$200)	200	0.0%	na
RoofTop Committee	20	\$200	\$200	\$0	200	na	0.0%
RoofTop Com Activities	21	\$2,100	\$2,000	(\$100)	2,200	4.8%	10.0%
Safety and Security	22	\$200	\$200	\$0	200	0.0%	na
Smokeless Working Group	23	\$0	\$0	\$0	0	na	na
Social Committee	24	\$200	\$200	\$0	200	0.0%	0.0%
Social Events	25	\$5,000	\$4,800	(\$200)	5,200	4.0%	8.3%
40th Anniv Celebration	26	\$4,000	\$4,000	\$0	0	na	na
Committee Training	28	\$2,000	\$600	(\$1,400)	2,000	0.0%	233.3%
<b>Sub-Total</b>	29	<b>\$26,550</b>	<b>\$23,133</b>	<b>(\$3,417)</b>	<b>23,400</b>	<b>-11.9%</b>	<b>1.2%</b>
<b>OTHER ADMINISTRATIVE EXPENSES</b>							
Child Care	30	\$700	\$50	(\$650)	350	-50.0%	600.0%
Donations	31	\$4,586	\$4,586	\$0	4,586	0.0%	0.0%
Food Security	32	\$2,200	\$2,400	\$200	2,200	0.0%	-8.3%
Members Meetings	33	\$6,000	\$6,000	\$0	6,000	0.0%	0.0%
CHFC AGM/Conference	34	\$2,500	\$2,500	\$0	4,000	60.0%	60.0%
Member Education	35	\$2,000	\$300	(\$1,700)	2,000	0.0%	na
Membership Dues	36	\$19,619	\$19,384	(\$235)	19,868	1.3%	2.5%
Misc Member Expense	37	\$3,000	\$1,000	(\$2,000)	3,000	0.0%	200.0%
<b>Sub-total</b>	38	<b>\$40,605</b>	<b>\$36,220</b>	<b>(\$4,385)</b>	<b>42,004</b>	<b>3.4%</b>	<b>16.0%</b>
<b>Schedule 2A</b>	39	<b>\$347,076</b>	<b>\$336,656</b>	<b>(\$10,420)</b>	<b>356,999</b>	<b>2.9%</b>	<b>6.0%</b>
<b>Schedule 2B</b>	40	<b>\$67,155</b>	<b>\$59,353</b>	<b>(\$7,802)</b>	<b>65,404</b>	<b>-2.6%</b>	<b>10.2%</b>
<b>Grand Total for Schedule 2</b>		<b>\$414,231</b>	<b>\$396,009</b>	<b>(\$18,222)</b>	<b>422,403</b>	<b>2.0%</b>	<b>6.7%</b>

## Schedule 3A: Maintenance Expenses

### Maintenance Personnel

**Maintenance Salaries** [Ref 1], **Mandatory Payroll Costs** [Ref 3], **Benefits** [Ref 4] and **R.S.P Expenses** [Ref 5] are set out in our Co-op's collective bargaining agreement with Unifor, the union representing our employees.

Each budget balances our Co-op's expected need for maintenance-staff overtime with the use of temporary labour to get work done. For F24, we are budgeting more for temporary staff and less for maintenance-staff overtime. The total of these two lines (\$10,000) is the same total expenditure budgeted for these two lines in F23.

Changes in payroll affect the cost of **Mandatory Payroll Costs** [Ref 3] and **Benefits** [Ref 4].

**Staff Training** [Ref 10] covers courses attended by staff, including mandatory training for maintenance staff required by government legislation.

The allocation for **Snow Squad** [Ref 8] is what we pay certain members for clearing snow from walkways around our building that are not covered by our Snow Clearing service contract [page 17, Ref 21] when staff is not onsite.

### Maintenance Administration

**Maintenance Consulting** [Ref 14] includes the cost for consultants to assist planning the next stages of capital work around our Co-op's building and property.

**Misc. Maintenance Admin** [Ref 15] includes the maintenance worker's and On-Call cell phones and annual unit-inspection software licensing cost.

### Materials and Supplies

**Building Materials** [Ref 20] any repair materials needed in common areas (not in units).

**Grounds Supplies** [Ref 23] leaf bags, hoses and general grounds supplies as needed.

**Paint Supplies** [Ref 24] includes paint for member units and common areas.

**Plumbing Supplies** [Ref 25] general plumbing supplies for repairs and replacements.

**Units – General Materials** [Ref 27] materials needed for general unit repairs.

**Misc. Maintenance Materials** [Ref 28] increase in F24 because of continued common-area mat replacements.



F24 Budget Approved

**Schedule 3A - Maintenance**

<b>Expenditure Category</b>	Ref	<b>F23 Budget</b>	<b>F23 Projected Actuals</b>	<b>Variance</b>	<b>F24 Proposed Budget</b>	<b>Increase Over F23 Budget</b>	<b>Increase Over Projected Actuals</b>
<b>MAINTENANCE PERSONNEL</b>							
Maintenance Salaries	1	\$135,603	\$133,428	(\$2,175)	138,685	2.3%	3.9%
Maintenance Overtime	2	\$4,500	\$1,000	(\$3,500)	3,000	-33.3%	200.0%
Mandatory Payroll Costs	3	\$11,396	\$13,500	\$2,104	13,689	20.1%	1.4%
Benefits	4	\$25,815	\$24,073	(\$1,742)	27,573	6.8%	14.5%
R.R.S.P.	5	\$8,161	\$7,534	(\$627)	8,595	5.3%	14.1%
Clothing Allowance	6	\$1,000	\$600	(\$400)	1,000	0.0%	66.7%
Temporary Staff/casual	7	\$5,500	\$13,000	\$7,500	7,000	27.3%	-46.2%
Snow Squad	8	\$1,500	\$500	(\$1,000)	1,500	0.0%	200.0%
On Call Honorariums	9	\$30,403	\$29,500	(\$903)	30,403	0.0%	3.1%
Staff Training	10	\$1,500	\$400	(\$1,100)	1,500	0.0%	275.0%
<b>Sub-Total</b>	11	<b>\$225,377</b>	<b>\$223,535</b>	<b>(\$1,842)</b>	<b>232,946</b>	<b>3.4%</b>	<b>4.2%</b>
<b>MAINTENANCE ADMIN.</b>							
Maintenance Consulting	14	\$7,500	\$8,000	\$500	7,500	0.0%	-6.3%
Misc Maint Admin	15	\$3,000	\$4,200	\$1,200	3,500	16.7%	-16.7%
<b>Sub-total</b>	16	<b>\$10,500</b>	<b>\$12,200</b>	<b>\$1,700</b>	<b>11,000</b>	<b>4.8%</b>	<b>-9.8%</b>
<b>MATERIALS AND SUPPLIES</b>							
Appliance Parts	19	\$1,200	\$1,000	(\$200)	1,200	0.0%	20.0%
Building Materials	20	\$5,000	\$5,000	\$0	5,500	10.0%	10.0%
Cleaning Supplies	21	\$10,000	\$9,000	(\$1,000)	10,000	0.0%	11.1%
Electrical Supplies	22	\$13,000	\$5,000	(\$8,000)	13,000	0.0%	160.0%
Grounds Supplies	23	\$750	\$750	\$0	750	0.0%	0.0%
Paint Supplies	24	\$10,000	\$2,500	(\$7,500)	8,000	-20.0%	220.0%
Plumbing Supplies	25	\$10,000	\$10,000	\$0	11,000	10.0%	10.0%
Ice Melter & Sand	26	\$2,700	\$1,900	(\$800)	2,700	0.0%	42.1%
Units- General Materials	27	\$10,000	\$10,000	\$0	10,000	0.0%	0.0%
Misc Maintenance Materials	28	\$2,000	\$2,000	\$0	3,000	50.0%	50.0%
<b>Sub-total</b>	29	<b>\$64,650</b>	<b>\$47,150</b>	<b>(\$17,500)</b>	<b>65,150</b>	<b>0.8%</b>	<b>38.2%</b>
<b>Schedule 3A</b>	31	<b>\$300,527</b>	<b>\$282,885</b>	<b>(\$17,642)</b>	<b>309,096</b>	<b>2.9%</b>	<b>9.3%</b>

## Schedule 3B: Maintenance Expenses, continued

### Outside Services

- **Anchor System Service & Inspections** [Ref 2] This year's cost reflects the annual roof anchor inspections.
- **Appliance Servicing** [Ref 3] increases in F24 to reflect the rising cost of repairing ranges and refrigerators.
- **Compactor Bin & Servicing** [Ref 7] is the cost of regular maintenance of the garbage compactor, bin repairs and garbage-chute cleaning.
- **Elevator Servicing** [Ref 10] increases in F24 to pay for government-required load testing conducted every 5 years.
- **Emergency Generator** [Ref 11] is for required testing and service of the generator.
- **Green Roof Maintenance** [Ref 15] F24 includes the seasonal opening and closing of the Green Roof's irrigation system and pump; continued professional maintenance (4 visits) by and consultation with our service provider. It also includes a contingency for repairs and replacements.
- **Makeup Air System** [Ref 16] The Make-Up Air Unit is expected to be replaced in the F24 capital budget (see Schedule A, 11.1.2, page 26). The allocation here reflects monthly maintenance and servicing of the system.
- **Pest Control** [Ref 18] is projected to be 100% overbudget in F23 due to issues with rodents, which we're told are under control. For F24, the budget increases by 20% over F23's budget to add a margin for price increases and the unexpected.
- **Snow Clearing** [Ref 21] includes the shared cost with the neighboring condo for clearing the North driveway. It also includes the plowing of our main driveway and the Fire Pad in the park, at the south-east end of our building, which we are required to maintain as stable firefighter access to our property. Service costs are affected by the amount of precipitation and the severity of winter weather. (See Snow Squad, page 15, Ref 8.)
- **Window Cleaning** [Ref 23] covers the cost of the annual cleaning of all inaccessible exterior windows.
- **Misc. Maintenance Service** [Ref 24] The line includes seasonal common-area mat installation and replacement, as needed.

### Security & Life Safety

- **Fire and Security Systems** [Ref 29] increases to reflect the rising cost of repairs, monthly inspections and system monitoring. This line includes fire-department firetruck charges for false fire alarms. In F24, we begin a required replacement cycle of hoses in fire cabinets, and of smoke detectors in units and common areas, as required by the *Ontario Fire Code*.

F24 Budget Approved

**Schedule 3B - Maintenance**

<i>Expenditure Category</i>		<i>F23 Budget</i>	<i>F23 Projected Actuals</i>	<i>Variance</i>	<i>F24 Proposed Budget</i>	<i>Increase Over F23 Budget</i>	<i>Increase Over Projected Actuals</i>
	Ref						
<b>OUTSIDE SERVICES</b>							
Accessibility Modifications	1	1,500	1,500	0	1,500	0.0%	0.0%
Anchor System Service	2	600	600	0	600	0.0%	0.0%
Appliance Servicing	3	1,500	1,500	0	2,000	33.3%	33.3%
Boiler & H2O Service	4	13,827	10,000	(3,827)	13,827	0.0%	38.3%
Carpet Cleaning	5	5,000	5,000	0	5,000	0.0%	0.0%
Cleaning Services	6	4,000	2,000	(2,000)	4,000	0.0%	100.0%
Compactor Service	7	4,000	4,000	0	4,000	0.0%	0.0%
Drywall	8	8,000	8,000	0	8,000	0.0%	0.0%
Electrical Contractor	9	17,000	17,000	0	17,000	0.0%	0.0%
Elevator Servicing	10	18,755	18,755	0	24,000	28.0%	28.0%
Emergency Generator	11	5,000	500	(4,500)	5,000	0.0%	900.0%
Flooring	12	10,000	4,000	(6,000)	10,000	0.0%	150.0%
Grounds Service	13	5,000	5,000	0	5,000	0.0%	0.0%
Glass Replacement	14	2,000	1,000	(1,000)	2,000	0.0%	100.0%
Green Roof Maintenance	15	5,500	5,500	0	6,550	19.1%	19.1%
Makeup Air System	16	5,000	5,000	0	5,000	0.0%	0.0%
Painting Service	17	15,000	15,000	0	15,000	0.0%	0.0%
Pest Control	18	25,000	50,000	25,000	30,000	20.0%	-40.0%
Plumbing Service	19	25,000	32,000	7,000	25,000	0.0%	-21.9%
Screen Contractor	20	2,000	2,000	0	2,000	0.0%	0.0%
Snow clearing	21	8,000	5,500	(2,500)	8,000	0.0%	45.5%
Welding	22	2,500	0	(2,500)	2,500	0.0%	na
Window Cleaning	23	11,500	11,000	(500)	11,550	0.4%	5.0%
Misc. Maintenance Service	24	4,500	4,500	0	4,500	0.0%	0.0%
<b>Sub-total</b>	25	<b>200,182</b>	<b>209,355</b>	<b>9,173</b>	<b>212,027</b>	5.9%	1.3%
<b>SECURITY &amp; LIFE SAFETY</b>							
Access Cards & Hardware	27	500	200	(300)	500	0.0%	150.0%
Building Security	28	11,000	11,000	0	11,000	0.0%	0.0%
Fire & Security Systems	29	20,000	21,000	1,000	30,000	50.0%	42.9%
Vandalism	31	350	350	0	350	0.0%	0.0%
<b>Sub-total</b>	32	<b>31,850</b>	<b>32,550</b>	<b>700</b>	<b>41,850</b>	31.4%	28.6%
<b>EQUIPMENT</b>							
Equipment Servicing	34	2,000	1,000	(1,000)	2,000	0.0%	100.0%
Tool & Equipment Purchase	35	4,000	4,000	0	4,000	0.0%	0.0%
<b>Sub-total</b>	38	<b>6,000</b>	<b>5,000</b>	<b>(1,000)</b>	<b>6,000</b>	0.0%	20.0%
<b>Schedule 3A</b>	39	300,527	282,885	(17,642)	309,096	2.9%	9.3%
<b>Schedule 3B</b>	40	238,032	246,905	8,873	259,877	9.2%	5.3%
<b>Grand Total for Schedule 3</b>	41	<b>538,559</b>	<b>529,790</b>	<b>(8,769)</b>	<b>568,973</b>	5.6%	7.4%

## Schedule 4: Municipal and Other Services Expenses

- **TV & Internet Expense** [Ref 1] the minor variance is due to a slight reduction in the HST rebate. The price of the bulk TV and Internet service is fixed until September 2025.
- The **Garbage Levy** [Ref 2] rate charged by the City of Toronto increases annually. The F24 budget reflects this increase, based on our projected actual for F23 and our outgoing volume of trash. (This does not include recycled and composted materials, which the City picks up without additional charge.)
- **Property Taxes** [Ref 8] fluctuate based on rates set by the City of Toronto and the property evaluation set by MPAC. That evaluation is usually updated every four years. The Ontario Government has decided to delay the update due to Covid through 2023.  
Taxes increase 5.5% for the last six months of F23 (January to June) based on the City's 2023 budget. F24 allows for a 3% tax increase in it's last 6 months of that fiscal year (without a change in the MPAC valuation).
- **Water & Sewage** [Ref 10] F23 projections include a 3% increase in the last six months of the current fiscal year (January to June). F24 provides for another 3% increase in the last six months of F24.

## Schedule 5: Allowances

The **Contingency Allowance** [Ref 13] is a financial cushion. It gives a little flexibility when there's a difference between a budget's expectation and actual financial performance. It puts a little room into the overall budget if spending is higher than expected or income is lower than expected.

There is no change from the F23 budget allocation for this allowance.

**Bad Debt Allowance** [Ref 14] is defined as "allowance for doubtful accounts." The F23 amount was recommended by our Co-op's auditors. The allocation accounts for debts that will be hard to collect, such as arrears of members who have moved out. In such cases, a bad-debt expense would occur if the moved-out member were unsuccessfully pursued either through a collection agency, a tribunal or a court. Even when written off as a bad debt, money owed to our Co-op remains collectable.

There is no change from the F23 budget allocation for this allowance.

## Schedule 6: Capital Financing and Reserves

The **Operating Reserve** [Ref 17] is intended to provide a cash-flow cushion of two months' housing-charge income. It was established in 2014, using money from retained earnings. It has not increased since. Interest realized from this reserve is part of Operating Income (see Interest Earned, page 31, Ref 9, ).

The proposed **Capital Reserve Allocation** [Ref 19] has been increased to \$1,196,769 in an effort to maintain a healthy balance in the Capital Reserve.

Our Asset Management Plan (AMP) says we should be raising our capital contribution by 2% annually. That advice was based on an assumed inflation rate of 2% to 2.5%.

For more information about the capital reserve, see Table 1 (page 23). For the proposed F24 capital spending, see Schedule A (pages 25 & 27). Interest realized from this reserve goes into this reserve.

F24 Budget Approved

**Schedule 4 - Municipal & Other**

<b>Expenditure Category</b>	<b>Ref</b>	<b>F23</b>	<b>F23</b>	<b>Variance</b>	<b>F24</b>	<b>Increase</b>	<b>Increase</b>
		<b>Budget</b>	<b>Projected Actuals</b>		<b>Proposed Budget</b>	<b>Over F23 Budget</b>	<b>Over Projected Actuals</b>
TV & Internet Expense	1	106,146	105,023	(1,123)	106,507	0.3%	1.4%
Garbage Levy	2	15,693	17,415	1,722	19,017	21.2%	9.2%
Third Party Pickups	3	2,400	1,800	(600)	2,400	0.0%	33.3%
Electricity	4	60,693	52,247	(8,446)	57,471	-5.3%	10.0%
Gas	5	57,606	70,395	12,789	75,322	30.8%	7.0%
Insurance	6	70,046	70,167	121	77,556	10.7%	10.5%
Parking Garage Expense	7	34,305	40,487	6,182	36,950	7.7%	-8.7%
Property Taxes	8	186,263	186,794	531	194,670	4.5%	4.2%
Vacant Unit Hydro	9	300	250	(50)	300	0.0%	20.0%
Water & Sewage	10	129,056	117,202	(11,854)	120,719	-6.5%	3.0%
<b>GRAND TOTAL</b>	<b>12</b>	<b>662,508</b>	<b>661,780</b>	<b>-728</b>	<b>690,912</b>	<b>4.3%</b>	<b>4.4%</b>

**Schedule 5 - Allowances**

<b>Expenditure Category</b>	<b>Ref</b>	<b>F23</b>	<b>F23</b>	<b>Variance</b>	<b>F24</b>	<b>Increase</b>	<b>Increase</b>
		<b>Budget</b>	<b>Projected Actuals</b>		<b>Proposed Budget</b>	<b>Over F23 Budget</b>	<b>Over Projected Actuals</b>
Contingency Allowance	13	13,000	0	(13,000)	13,000	0.0%	na
Bad Debt Allowance	14	5,000	0	(5,000)	5,000	0.0%	na
<b>GRAND TOTAL</b>	<b>15</b>	<b>18,000</b>	<b>0</b>	<b>(18,000)</b>	<b>18,000</b>	<b>0.0%</b>	<b>na</b>

**Schedule 6 - Capital Financing & Reserves**

<b>Expenditure Category</b>	<b>Ref</b>	<b>F23</b>	<b>F23</b>	<b>Variance</b>	<b>F24</b>	<b>Increase</b>	<b>Increase</b>
		<b>Budget</b>	<b>Projected Actuals</b>		<b>Proposed Budget</b>	<b>Over F23 Budget</b>	<b>Over Projected Actuals</b>
Operating Reserve	17	0	0	0	0	na	na
Capital Reserve	19	1,172,769	1,172,769	0	1,196,224	2.00%	2.0%
<b>GRAND TOTAL</b>	<b>20</b>	<b>1,172,769</b>	<b>1,172,769</b>	<b>0</b>	<b>1,196,224</b>	<b>2.0%</b>	<b>2.0%</b>

**Backgrounder:****What is the difference between Capital Expenses and Operating Costs?**

To get started, consider this example: If you buy a car, that is a capital purchase. When you put gas in it, that's an operating cost. Replacing the windshield wipers is an operating cost. Replacing the engine to prolong the life of your car is a capital expense.

The two key differences between Capital Expenses and Operating Costs are financial impact and duration.

Our **Operating Budget** includes expenses that are related to the "day to day" running of our Co-op for the 12-month period making up the fiscal year. In F24, that funds materials and activities that will support our Co-op's operation between July 1, 2023 and June 30, 2024.

We include the contributions to the Capital Reserve in the operating budget because that's where the funding comes from.

Our **Capital Budget** includes expenses planned for that same 12-month period. That Capital Plan represents one year in a **35-year plan** for the physical health of our property. We are moving through that 35-year timeline as every day passes. Capital spending is an investment in our immediate and long-term future. The Building Condition Assessment (BCA) is a snapshot of our building—its many systems and elements—as it ages. The Asset Management Plan (AMP) is our long-term financial plan balancing both capital and operating needs to assure our Co-op's financial health. We work with our staff and consultants to review and update both the BCA and the AMP periodically to better inform managing of our building and preparing financially for our future needs.

**Why do we budget separately for Capital and Operating Expenses?**

Some capital expenses, like window replacement, may be necessary only once every 25 years. Other systems, like fire safety, need various components replaced more often because of wear-and-tear, to improve efficiency, or to meet changes in regulatory requirements or technology.

With dozens of components needing renewal or replacement—sometimes more than once over the life of our building—capital spending is more varied and complex than operating spending. Implementing and paying for these projects starts before any given fiscal year and often spills into the next.

**Capital Expense**

- Holds long-term value or future benefit for the organization
- Reported as an asset (see the AMP)
- Reported on the balance sheet (see our Statement of Financial Position in the Audit)
- Recognized as an asset over its useful life of many years
- Usually higher dollar amounts

**Operating Expense**

- Holds short-term value and little to no future benefit for the company
- Reported as an expense
- Reported on the income statement (see Statement of Operations in the Audit)
- Expensed immediately and not depreciated over any useful life
- Usually smaller dollar amount

Adapted from *Investopedia*, November 21, 2022, Sean Ross

**Approved F24 Capital Budget**  
for the fiscal year July 1, 2023 to June 30, 2024.



## Table 1: Summary of Capital Reserve

The Capital Reserve balance on June 30, 2022 was \$2,537,584.

Our Co-op expects to add contributions from retained earnings of the current fiscal year (F23). That is estimated at \$64,175. We won't know the actual amount until fiscal year-end

Since July 1, 2023, our Co-op has carried out capital projects using capital-reserve money. This spending reduced the amount in the reserve.

Our Co-op currently expects to use \$1,281,873 from the reserve by June 30, 2023. This means that we will spend \$109,104 *more* from the reserve in F23 than we plan to put into it in the fiscal year. (This *might* be offset by the retained earning.)

The F24 capital budget proposes spending \$1,895,811. This means in the next fiscal year, we anticipate spending \$699,042 *more* from the reserve than the \$1,196,769 the F24 operating budget will put into that reserve.

The AMP, our Asset Management Plan, shows us that we will continue to have major capital projects to fund in the foreseeable future. Some examples over the next 8 years are:

- Exterior concrete-wall repairs
- Roofing replacement, repairs, and refurbishment
- Siding replacement (steel panels, bricks)
- Fire-alarm Systems remediation

It also forecasts the need to borrow funds for capital replacements and upgrades after 2028.

Our AMP says we should be raising our capital contribution by at least 2% annually. That advice is based on an assumed inflation rate of 2% to 2.5%.

## Table 2: Summary of Operating Reserve

The Operating Reserve is cash our Co-op set aside as working capital, used to manage cash flow. When set up in 2014, it was equal to two months of housing charges. It has not increased since then.

Given housing-charge increases since then, this would leave the operating reserve with the equivalent of just over 1½ months' housing-charge Income. The recommended business best practice is from one to three months' housing-charge income.

The proposed motion to approve the F24 operating budget has a provision to cover any deficit resulting from lower-than-budgeted parking income with funds from this reserve.



F24 Capital Budget

Table 1	
Capital Reserve	
2022-2023	
Fund Balance at June 30, 2022 (from Audit)	<b>\$ 2,537,584</b>
Add:	
Contribution from operations F23	1,172,769
Projected reserve fund investment interest	27,797
CMHC Grants	0
Projected operating surplus year ended June 30, 2023	64,175
	<u>1,264,741</u>
	<b>3,802,325</b>
Deduct: Projected expenses to June 30, 2023	<u>1,281,873</u>
<b>Projected capital reserve fund balance at June 30, 2023</b>	<b>\$ 2,520,452</b>
2023-2024	
Add: Operations contribution F24	1,196,224
	<u>1,196,224</u>
Add: Projected interest on reserve fund balance (2.0% on \$2,000,000 estimated)	<u>40,000</u>
	<u>1,236,224</u>
	<b>3,756,676</b>
Deduct: Projected expenses to June 30, 2024	1,895,811
<b>Projected capital reserve fund balance at June 30, 2024</b>	<b>\$ 1,860,865</b>

Table 2	
Operating Reserve	
Fund Balance at June 30, 2022 (Accumulated Surplus from Audit)	\$ 374,402
Add:	
Contribution from operations F23	0
Contribution from operations F24	0
<b>Projected operating reserve fund balance at June 30, 2024</b>	<u>374,402</u>

## Schedule A: Proposed F24 Capital Budget

"Capital expenditures" include the purchase, replacement, or major repair of building structures, systems and equipment that bring them to a "like-new condition."

Capital work is done based on building-condition assessments, state-of-repairs reports, unit and building inspections, and advice from contractors and independent consultants.

In F22 we started using our Asset Management Plan (AMP) to guide our capital planning. The categories and reference numbers in the Capital Spending Plan reflect the AMP.

The F23 amount for **Garbage Enclosure** [Ref 4.3.x] (\$25,000) will not be spent in the current fiscal year. It has been delayed until changes to the main Garbage Room are completed. The F24 shows a revised budget \$25,971, to reflect inflation. This figure continues as a placeholder. A final budget proposal will be brought to the membership for approval when plans are completed.

### PARKING GARAGE:

**Garage Concrete-Topping Repairs** [Ref 5.2.4] Keeping the garage floor in good condition preserves the concrete slab and lengthens its lifespan. It also protects the roof/ceiling of P2 below.

In F23, we plan to spend only on preliminary work for this project (\$13,064). The project itself is now expected to be carried out in F24. The allocation is the F23 budget carried forward to F24 and increased for inflation. These numbers are placeholders. A final budget proposal will be brought to the membership when plans are completed.

Work on **Garage Updates & Painting** [ref 5.3.1] have been put on hold. The allowance for F23 will not be used. Instead, an allowance has been included in F24, updated for inflation.

### ROOFING:

**Green Roof Landscaping Structures** [7.1.10] are aging. The F24 includes an allowance for repairs.

### BUILDING ENVELOPE:

**Insulated Glazing Units** (windows) [Ref 8.2.3] is an allowance recommended by the AMP in case some insulated thermal-pane windows fail during the year.

**Exterior Sealant Repairs** [Reg 8.5.2.] allows for replacement of caulking that seals our building from moisture entering the walls.

### BUILDING INTERIOR:

**Garbage & Moving Room Finishes** [Ref 9.3.8] project will begin with tendering the work in the current fiscal year. The allocation show in the table is a placeholder. A final budget proposal will be brought to the membership for approval when tendering is completed.

**Units Interiors** includes our continuing program of replacing **Kitchens** [Ref 9.4.1, 9.4.5 and 11.1.4] and **Bathrooms** [Ref 9.4.4 and 11.1.4]. It also includes money for general refurbishment of **Units** [Ref 9.4.6].

The **AODA Allowance** increases in F24 to reflect both inflation and greater demand for unit changes to accommodate physical needs.

CAPITAL SPENDING PLAN

	<b>Total of Items below</b>	<b>\$1,555,520</b>	<b>\$1,281,873</b>	<b>\$1,895,811</b>
<b>Ref</b>	<b>BCA and AMP Components</b>	<b>F23 Bud</b>	<b>F23 Proj</b>	<b>F24 Bud</b>
0.0.0	NW Courtyard	2,460	0	0
4.3.x	Garbage Enclosure (Waste Mngmt Prj)	25,000	0	25,971
<b>5</b>	<b>PARKING GARAGE</b>			
5.2.4	Garage Concrete Topping Repairs	551,356	13,064	562,198
5.3.1	Garage Updates & Painting	44,828		45,709
	Garage Entrance Improvements	0	0	6,060
<b>7</b>	<b>ROOFING</b>			
7.1.10	Green Roof - Landscaping Structures	0	0	1,050
<b>8</b>	<b>BUILDING ENVELOPE</b>			
8.2.3	Insulated Glazing Units	5,100	5,000	4,328
8.5.2	Exterior Sealant Repairs			18,066
<b>9</b>	<b>BUILDING INTERIOR</b>			
9.1.6	Parking Garage Lobbies	10,000	10,000	
9.2.7	Laundry Room Painting			2,886
9.3.8	Garbage & Moving Rm (see 4.3.x)	81,500	81,500	
<b>9.4</b>	<b>Unit Interiors</b>			
9.4.1	Unit Kitchens	135,000	194,000	135,000
9.4.4	Unit Bathrooms	135,000	76,000	135,000
9.4.5	Unit Appliances	25,000	25,000	25,000
9.4.6	Unit Interiors	45,000	30,000	45,000
9.4.7	AODA Allowance	5,100	5,000	10,000
	<b>see next page for part 2</b>			

## Schedule A: Proposed F24 Capital Budget, continued

### ELEVATORS:

Recent inspections have shown rust in the elevator pits. The F24 capital budget includes an allowance of \$11,000 for **Elevator Pit Equipment** [10.2.1] to deal with this. F24 also includes money to replace all **Elevator Door Operators** [\$60,000] (See also Schedule 3b, Elevator Servicing, Ref 10, page 17.)

### MECHANICAL EQUIPMENT:

The **Make-Up Air Unit** [Ref 11.1.2] is our building's main ventilation system. It brings pressurized fresh air inside. The current unit, installed in 2000, is now at end-of-life and must be replaced.

The F24 allocation shows a budget of \$577,136 as a placeholder, based on the AMP.

Investigations show that the project will cost more. We've learned it takes up to a year to get the equipment after it is ordered.

A final budget proposal will be brought to the membership for approval when plans are completed.

### Domestic Water System:

- **Domestic Recirculation Piping & Drains** [Ref 11.2.4] has an allowance of \$30,000 for F24.

The plumbing in our building is over 40 years old. It is being replaced as needed. There have been increasing issues with drainage pipes requiring replacement.

Planning for the future, we will look at options for and the cost of replacing plumbing runs (supply and drainage). We carry forward money in F24 **Consulting** [Ref 13.1.3] to do this.

### ELECTRICAL EQUIPMENT:

The engineers working on the emergency-generator replacement have advised our staff that the **Main Switchgear** [Ref 12.1.2], which channels electricity into and throughout our building, must be replaced. While not a surprise (the equipment is 40 years old), the need to replace it is about 9 years earlier than anticipated by our Building Condition Assessment.

The F24 capital budget has an allowance of \$180,395 as a placeholder for this work. Once the needs assessment, engineering and plans for the work are completed, a final budget proposal will be brought to the membership for approval.

CAPITAL SPENDING PLAN

Ref	BCA and AMP Components	F23 Bud	F23 Proj	F24 Bud
	<b>Table is continued from previous pages</b>			
10	<b>ELEVATORS</b>			
10.2.1	Elevator Pit Equipment		0	11,000
10.2.2	Elevator Door Operators			60,000
11	<b>MECHANICAL EQUIPMENT</b>			
11.1.2	Make Up Air Unit	366,000	0	577,136
11.1.4	In Suite Exhaust Fans	11,763	10,000	11,994
11.2	Domestic Water System			
11.2.1	Boilers		2,396	
11.2.4	Domestic Recirculation Piping & Drain	30,000	7,500	30,000
11.3.1	Fire Pump	48,569	48,569	
12	<b>ELECTRICAL EQUIPMENT</b>			
12.1.2	Main Switchgear			180,395
12.4.2	Fire Alarm System Repairs	8,844	8,844	9,018
12.4.4	Emergency Generator	0	765,000	
13	<b>MISCELLANEOUS ALLOWANCES</b>			
13.1.3	Consulting -- Replacement Options for Plumb	25,000	0	0
	CONTINGENCY AND FEES	0		
<b>Ref</b>	<b>Component</b>	<b>F23 Bud</b>	<b>F23 Proj</b>	<b>F24 Bud</b>



**Approved F24 Operating Income Budget**  
for the fiscal year July 1, 2023 to June 30, 2024.



## Schedule 7: Operating Income Budget

### Housing Income

Our largest single source of revenue is **Housing Charges** [Ref 1]. The proposed F24 budget increases housing-charge revenue by 3.5%. This covers operational needs, including an increase to the capital-reserve allocation.

Our Co-op is able to provide rent-geared-to-income (RGI) **Subsidy** [Ref 4] for some households. This is made possible by money received from two levels of government:

- The federal government, through FCHI-2, provides a fixed pool of money to assist up to 60 households. This rental-assistance program expires in 2028.
- The City of Toronto, provides reduced housing charges for certain households under the Rent Supplement Program. The use of these subsidies is restricted by the City's program's guidelines.

The F24 budget includes an allowance for **Emergency Subsidy** [Ref 5] established by our *Housing-Charge Subsidy By-Law*. It is a short-term emergency subsidy not funded by a government program. It is included in our budget as a *reduction* of our Co-op's income.

**TV & Internet Income** [Ref 2] does not change in F24. It reflects the cost to our Co-op. The contract was approved by the membership in August 2020. It began on October 1, 2020. This is a 5-year contract, ending September 2025.

### Other Sources

**Parking Charges** [Ref 13] are collected from people parking cars in our garage.

There are two classifications: Members and Externals (people from the neighbourhood using parking spots in our garage) Externals pay more than Members do.

Parking rates do not increase in F24. Members pay \$70/month. Externals pay \$110/month. The Bike-up fee also stays the same (\$3.00/spot/month).

The Garage Concrete Topping repairs (see Capital Budget, ref 5.4.4, page 25) will limit the number of parking spots available while the work is being done. This will reduce parking income.

We are not able to quantify the amount yet. The proposed F24 budget proposes covering any deficit at yearend resulting from lower-than-budgeted parking income with funds from the Operating Reserve (see Table 2, page 22; and the proposed motion, page 7).

**Application Fees** [Ref 7] are paid by new applicants to offset credit-check costs.

**Interest Earned** [Ref 9] is based on unreserved funds we have in the bank, including investments. This is estimated conservatively.

**Laundry Revenue** [Ref 10] is our Co-op's share of Laundry Room charges collected by Coinamatic, our Laundry Room's operator.

The current contract with Coinamatic is at an end. We are looking into either renewing it or changing providers. This may affect the share of revenue our Co-op receives.



F24 Approved Budget

**Schedule 7**  
**Operating Income Budget**  
**INCOME & EXPENSE SUMMARY**

INCOME		F23 Budget	F23 Projected Actuals	Variance	F24 Proposed Budget	Increase Over F23 Budget	Increase Over Projected Actuals
<b>Revenue</b>							
Housing Charges	1	2,569,548	2,077,143	(492,405)	2,658,948	3.5%	28.0%
TV & Internet Income	2	106,134	106,120	(14)	106,134	0.0%	0.0%
Vacancy Loss	3	-10,000	-2,195	7,805	-10,000	0.0%	355.6%
CMHC & Rent Supp Subsidy	4	0	492,405	492,405	0	na	-100.0%
Emergency Subsidy	5	-10,000	-88	9,912	-10,000	0.0%	11263.6%
Net Housing Charges	6	2,655,682	2,673,473	17,791	2,745,082	3.4%	2.7%
<b>Other Revenue</b>							
Application fees	7	160	640	480	160	0.0%	-75.0%
Admin. Charges	8	1,500	1,763	263	1,500	0.0%	na
Interest Earned	9	20,000	20,000	0	21,328	6.6%	6.6%
Laundry Revenue	10	43,317	43,435	118	43,435	0.3%	0.0%
Mtce. Charges	11	400	0	(400)	0	-100.0%	na
OCHAP Admin. Fee	12	0	0	0	0		na
Parking Charges	13	85,008	83,942	(1,066)	85,008	0.0%	1.3%
Misc Income	14	0	1,271	1,271	0	na	-100.0%
Total Non-Rental Revenue	15	150,385	151,050	665	151,431	0.7%	0.3%
<b>TOTAL INCOME</b>	<b>16</b>	<b>2,806,067</b>	<b>2,824,435</b>	<b>18,368</b>	<b>2,896,513</b>	<b>3.2%</b>	<b>2.6%</b>

**Schedule 1  
Proposed Housing Charges**

Unit Size	Base F23 Housing Charge	Goes up by 3.5%	Base F24 Housing Charge	Add TV & Internet	<b>Total F24 Housing Charge</b>	Compare to Total F23 Housing Charge
1-Bedroom	1,010	35	1,045	49	<b>\$1,094</b>	\$1,059
2-Bedroom	1,183	41	1,224	49	<b>\$1,273</b>	\$1,232
2-Bedroom + yard	1,244	44	1,288	49	<b>\$1,337</b>	\$1,293
2-Bedroom + yard + 1½ baths	1,269	44	1,313	49	<b>\$1,362</b>	\$1,318
3-Bedroom	1,413	49	1,462	49	<b>\$1,511</b>	\$1,462
3-Bedroom + yard	1,500	53	1,553	49	<b>\$1,602</b>	\$1,549
4 Bedroom	1,651	58	1,709	49	<b>\$1,758</b>	\$1,700

**F24 Housing-Charge  
Income Calculation**

	Number of Units	Base F24 HC	Annual Total by Unit Size
1-Bedroom	78	1,045	978,120
2-Bedroom	48	1,224	705,024
2-Bedroom + yard	6	1,288	92,736
2-Bedroom + yard + 1½ baths	2	1,313	31,512
3-Bedroom	24	1,462	421,056
3-Bedroom + yard	22	1,533	409,992
4 Bedroom	<u>1</u>	1,709	<u>20,508</u>
	<u>181</u>		<u>\$2,658,948</u>

**Optional Additional  
Monthly Charges**

Member Parking	\$70
External Parking	\$110
Member Bike-up	\$3

→ See Schedule 7, Ref 1, page 31

**Sources of Housing-Charge Income**

<b>\$2,658,949</b>	Average Monthly		Annually
<b>F24 Budget</b>	81.35%	\$180,246	Members' Payments \$2,162,948
	15.42%	\$34,167	CMHC Rental Assistance \$410,000
	3.61%	\$8,000	Municipal Rent Supplement \$96,000
<b>\$221,579</b>	<u>-0.38%</u>	<u>-\$833</u>	Internal Subsidy Allowance <u>-\$10,000</u>
<b>Monthly</b>	100.00%	<u>\$221,579</u>	<b>TOTALS</b> <u>2,658,948</u>