

**METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2006**

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**FINANCIAL STATEMENTS**

**DECEMBER 31, 2006**

<b>INDEX</b>	<b>PAGE</b>
Auditors' Report	1
Statement of Financial Position	2
Statement of General Fund Operations and Fund Balance	3
Statement of Reserve Fund Operations and Fund Balance	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 7



**AUDITORS' REPORT**

To the Owners of  
**Metropolitan Toronto Condominium Corporation No. 600**

We have audited the statement of financial position of Metropolitan Toronto Condominium Corporation No. 600 as at December 31, 2006 and the statements of general fund operations and fund balance, reserve fund operations and fund balance and cash flows for the year then ended. These financial statements are the responsibility of the corporation's board of directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**McGOVERN, HURLEY, CUNNINGHAM, LLP**

A handwritten signature in cursive script that reads 'McGovern, Hurley, Cunningham, LLP'.

**Chartered Accountants  
Licensed Public Accountants**

TORONTO, Canada  
May 7, 2007

**STATEMENT OF FINANCIAL POSITION**

AS AT DECEMBER 31, 2006

	2006 \$	2005 \$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash - general fund	77,145	105,462
- reserve fund	21,610	20,245
Reserve fund investment (Note 3)	<u>288,197</u>	<u>351,089</u>
	<u>386,952</u>	<u>476,796</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	<u>129,004</u>	<u>31,161</u>
<b>FUND BALANCES</b>		
Reserve fund (Note 4)	200,888	401,434
General fund	<u>57,060</u>	<u>44,201</u>
	<u>257,948</u>	<u>445,635</u>
	<u>386,952</u>	<u>476,796</u>

APPROVED ON BEHALF OF THE BOARD:

\_\_\_\_\_, "W. HOLDER", Director

\_\_\_\_\_, "G. GERALDE", Director

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600  
**STATEMENT OF GENERAL FUND OPERATIONS AND FUND BALANCE**  
 FOR THE YEAR ENDED DECEMBER 31, 2006

Page 3

	2006 <u>Budget</u> \$ (Note 7)	2006 <u>Actual</u> \$	2005 <u>Actual</u> \$
<b>REVENUE</b>			
Owners' contribution	525,660	525,660	502,500
Less: Contribution to the reserve fund	<u>(129,000)</u>	<u>(129,000)</u>	<u>(108,000)</u>
	<u>396,660</u>	<u>396,660</u>	<u>394,500</u>
<b>COMMON EXPENSES</b>			
Utilities and taxes	212,425	153,882	178,613
On-site personnel	42,590	45,144	41,282
Repairs and maintenance			
- Electrical	44,100	49,974	42,672
- Interior	37,750	32,567	33,453
- Exterior	23,850	32,124	22,973
- Plumbing	10,000	30,184	3,886
- Locks and security	14,580	17,871	13,549
Insurance	12,800	12,360	11,968
Professional fees	11,020	7,519	9,873
Office expenses	<u>5,000</u>	<u>5,248</u>	<u>6,119</u>
	414,115	386,873	364,388
Less: Sundry revenue	<u>(1,400)</u>	<u>(3,072)</u>	<u>(625)</u>
	<u>412,715</u>	<u>383,801</u>	<u>365,013</u>
Excess (deficiency) of revenue over expenses for the year	<u>(16,055)</u>	12,859	29,487
Fund balance, beginning of year		<u>44,201</u>	<u>51,714</u>
		57,060	81,201
Special transfer to the reserve fund		<u>-</u>	<u>(37,000)</u>
Fund balance, end of year		<u>57,060</u>	<u>44,201</u>

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600  
**STATEMENT OF RESERVE FUND OPERATIONS AND FUND BALANCE**  
 FOR THE YEAR ENDED DECEMBER 31, 2006

Page 4

	2006 <u>Budget</u> \$ (Note 7)	2006 <u>Actual</u> \$	2005 <u>Actual</u> \$
<b>REVENUE</b>			
Owners' contribution to the reserve fund	129,000	129,000	108,000
Owner's special assessment	-	156,000	70,245
Interest	<u>-</u>	<u>8,237</u>	<u>2,986</u>
	129,000	293,237	181,231
<b>MAJOR REPAIRS AND REPLACEMENTS</b>			
Garage reconstruction	-	493,783	-
External building maintenance (recovered)	<u>-</u>	<u>-</u>	<u>(9,943)</u>
	<u>-</u>	<u>493,783</u>	<u>(9,943)</u>
Excess (deficiency) of revenue over expenses for the year	<u>129,000</u>	(200,546)	191,174
Fund balance, beginning of year		<u>401,434</u>	<u>173,260</u>
		200,888	364,434
Special transfer from the general fund		<u>-</u>	<u>37,000</u>
Fund balance, end of year		<u>200,888</u>	<u>401,434</u>

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 2006

	2006 \$	2005 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Owners' contribution for:		
General operations	396,660	394,500
Reserve fund	129,000	108,000
Special assessment	156,000	70,245
Interest on reserve fund investments	8,237	2,986
Common expenses	(383,801)	(365,013)
Major repairs and replacements	<u>(493,783)</u>	<u>9,943</u>
	(187,687)	220,661
Changes in other non-cash operating activities	<u>97,843</u>	<u>(51,739)</u>
Increase (decrease) in cash	(89,844)	168,922
Cash, beginning of year	<u>476,796</u>	<u>307,874</u>
Cash, end of year	<u>386,952</u>	<u>476,796</u>
Comprised of:		
General fund	77,145	105,462
Reserve fund	21,610	20,245
Reserve fund investment	<u>288,197</u>	<u>351,089</u>
	<u>386,952</u>	<u>476,796</u>

## **1. PURPOSE OF THE ORGANIZATION**

Metropolitan Toronto Condominium Corporation No. 600 (the "Corporation") was registered without share capital in 1983 under the laws of the Condominium Act of Ontario ("the Act"). The Corporation was formed to manage and maintain, on behalf of the owners, the common elements of 54 residential units and 1 commercial unit located in the City of Toronto in the Municipality of Metropolitan Toronto. For Canadian income tax purposes the Corporation qualifies as a not-for-profit organization which is exempt from income tax under the Income Tax Act.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Fund Accounting:**

The Corporation follows the restricted fund method of accounting for contributions.

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

The reserve fund reports the contributions from owners and expenditures for major repair and replacement costs of the common elements and assets. The basis for determining the reserve fund's requirements is explained in Note 4. Only major repairs and replacements of the common elements are charged directly to this reserve fund with the exception of the costs of reserve fund studies which may be charged to the reserve fund. Minor repairs and replacements are charged to repairs and maintenance of the general fund. The Corporation segregates amounts accumulated for the purpose of financing future charges to the reserve fund in special accounts, for use only to finance such charges. Interest earned on these amounts is credited directly to the reserve fund.

### **Use of Estimates:**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions 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 related reported amounts of revenues and expenses during the reporting period. Actual results could differ from those reported. Management believes that the estimates are reasonable.

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**3. RESERVE FUND INVESTMENT**

The reserve fund investment is comprised of a term deposit of \$288,197 maturing June 20, 2007, earning interest at a rate of 3.75%. Interest is paid on maturity.

**4. RESERVE FUND**

The Corporation, as required by the Condominium Act, 1998, has established a reserve for financing future major repairs and replacements of the common elements.

The directors have used the comprehensive reserve fund study of Building Sciences Inc. dated April 2003 and such other information as was available to them in evaluating the adequacy of annual contributions to the reserve fund for major repairs and maintenance. The Corporation's plan for contributions to the reserve fund for 2006 was \$129,000 and the plan for expenditures from the reserve fund for 2006 was \$214,322. The study projected a reserve fund balance on December 31, 2006 of \$36,111.

The reserve is evaluated on the basis of expected repair and replacement costs and life expectancy of the common elements of the Corporation. Such evaluation is based on numerous assumptions as to future events.

**5. REMUNERATION OF DIRECTORS AND OFFICERS**

No remuneration was paid to Directors or Officers during the year.

**6. FINANCIAL INSTRUMENTS**

Unless otherwise noted, it is the board's opinion that the Corporation is not exposed to significant interest rate, currency or credit risks arising from its financial instruments.

**7. BUDGET INFORMATION**

The budget figures as presented for comparison purposes are unaudited and are approved by the board of directors. They have been reclassified to conform with the financial statement presentation.