

**METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2010**

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## AUDITORS' REPORT

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

We have audited the accompanying financial statements of Metropolitan Toronto Condominium Corporation No. 600, which comprise the statement of financial position as at December 31, 2010 and the statements of operations and fund balance, reserve fund, and cash flows for the year then ended. These financial statements are the responsibility of the corporation's board of directors.

### Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Metropolitan Toronto Condominium Corporation No. 600 as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

**McGOVERN, HURLEY, CUNNINGHAM, LLP**

**Chartered Accountants  
Licensed Public Accountants**

TORONTO, Canada  
May 18, 2011

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METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600  
**STATEMENT OF FINANCIAL POSITION**  
AS AT DECEMBER 31, 2010

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	2010 \$	2009 \$ (Note 9)
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	12,790	11,389
Accounts receivable	<u>1,280</u>	<u>-</u>
	14,070	11,389
<b>RESERVE CASH AND INVESTMENTS (Note 3)</b>	<u>726,657</u>	<u>684,792</u>
	<u>740,727</u>	<u>696,181</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	<u>71,655</u>	<u>50,558</u>
<b>FUND BALANCES</b>		
General fund	71,172	54,875
Reserve fund (Note 4)	<u>597,900</u>	<u>590,748</u>
	<u>669,072</u>	<u>645,623</u>
	<u>740,727</u>	<u>696,181</u>

APPROVED ON BEHALF OF THE BOARD:

  
\_\_\_\_\_, Director

  
\_\_\_\_\_, Director

See accompanying notes to the financial statements.

**STATEMENT OF OPERATIONS AND FUND BALANCE**

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 <u>Budget</u> \$ (Note 8)	2010 <u>Actual</u> \$	2009 <u>Actual</u> \$ (Note 9)
<b>REVENUE</b>			
Owners' assessments	592,080	592,080	592,080
Interest and other income	<u>950</u>	<u>2,960</u>	<u>2,300</u>
	593,030	595,040	594,380
Less: Allocations to reserve fund	<u>(182,475)</u>	<u>(182,475)</u>	<u>(177,160)</u>
	<u>410,555</u>	<u>412,565</u>	<u>417,220</u>
<b>EXPENSES</b> (see Schedule of Expenses)			
Utilities and taxes	191,660	176,529	191,020
Repairs and maintenance	120,900	75,988	54,139
Service and maintenance contracts	77,580	81,469	84,210
Administration	<u>68,268</u>	<u>62,282</u>	<u>64,792</u>
	<u>458,408</u>	<u>396,268</u>	<u>394,161</u>
Excess (deficiency) of revenue over expenses for the year	<u>(47,853)</u>	16,297	23,059
<b>FUND BALANCE</b> , beginning of year		<u>54,875</u>	<u>31,816</u>
<b>FUND BALANCE</b> , end of year		<u>71,172</u>	<u>54,875</u>

See accompanying notes to the financial statements.



**SCHEDULE OF EXPENSES**

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 <u>Budget</u> \$ (Note 8)	2010 <u>Actual</u> \$	2009 <u>Actual</u> \$ (Note 9)
<b>UTILITIES AND TAXES</b>			
Gas	74,000	56,599	79,975
Hydro	53,660	55,282	47,643
Cable TV	32,000	31,775	30,876
Water and sewer	27,000	27,864	23,389
Property taxes	3,000	2,807	2,744
Fuel	2,000	2,202	6,393
	<u>191,660</u>	<u>176,529</u>	<u>191,020</u>
<b>REPAIRS AND MAINTENANCE</b>			
General building maintenance - interior	25,000	28,999	20,747
Alarm and security systems	16,500	16,257	15,481
Plumbing	27,000	15,823	6,564
General building maintenance - exterior	41,500	8,706	2,552
Supplies	7,700	4,953	6,470
Electrical and mechanical	2,200	1,250	2,325
Recreational	1,000	-	-
	<u>120,900</u>	<u>75,988</u>	<u>54,139</u>
<b>SERVICE AND MAINTENANCE CONTRACTS</b>			
HVAC maintenance	29,000	33,897	26,233
Elevators	19,000	18,573	17,485
Insurance	14,000	14,854	13,119
Fire safety	5,500	7,809	20,077
Cleaning - exterior	3,600	2,169	3,266
Compactor	2,080	1,520	1,909
Grounds	2,000	1,198	535
Cleaning - interior	1,400	915	975
Pest control	1,000	534	611
	<u>77,580</u>	<u>81,469</u>	<u>84,210</u>
<b>ADMINISTRATION</b>			
Wages and benefits	51,768	49,753	49,210
Office and general	4,900	5,936	4,644
Audit fee	4,200	3,990	3,990
Consultants fee	4,500	986	5,615
Interest and bank charges	1,400	904	908
Legal fee	1,500	713	425
	<u>68,268</u>	<u>62,282</u>	<u>64,792</u>

See accompanying notes to the financial statements.

**STATEMENT OF RESERVE FUND**

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 <u>Budget</u> \$ (Note 8)	2010 <u>Actual</u> \$	2009 <u>Actual</u> \$ (Note 9)
<b>BALANCE</b> , beginning of year		<u>590,748</u>	<u>501,735</u>
<b>ADD</b>			
Allocation from owners' assessments			
Annual	-	182,475	177,160
Interest and other income	<u>-</u>	<u>7,945</u>	<u>15,255</u>
	<u>-</u>	<u>190,420</u>	<u>192,415</u>
<b>DEDUCT</b>			
HVAC (Note 4)	-	179,126	-
Repairs and maintenance - exterior	-	4,142	85,604
Fire safety	<u>-</u>	<u>-</u>	<u>17,798</u>
	<u>-</u>	<u>183,268</u>	<u>103,402</u>
<b>BALANCE</b> , end of year		<u><u>597,900</u></u>	<u><u>590,748</u></u>

See accompanying notes to the financial statements.

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 \$	2009 \$ (Note 9)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Owners' contribution for:		
General operations	409,605	414,920
Reserve fund	182,475	177,160
Sundry revenue	2,960	2,300
Interest on reserve fund investments	7,945	15,255
Operating expenses	(396,268)	(394,161)
Reserve fund expenses	<u>(183,268)</u>	<u>(103,402)</u>
	23,449	112,072
Changes in other non-cash operating activities	<u>19,817</u>	<u>(21,013)</u>
	<u>43,266</u>	<u>91,059</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase) in reserve cash and investments	<u>(41,865)</u>	<u>(177,501)</u>
Increase (decrease) in cash during the year	1,401	(86,442)
Cash, beginning of year	<u>11,389</u>	<u>97,831</u>
Cash, end of year	<u><u>12,790</u></u>	<u><u>11,389</u></u>

See accompanying notes to the financial statements.



**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.

**Revenue Recognition:**

Owners assessments are recognized as revenue in the statement of operations and fund balance monthly based on the budget distributed to owners each year. Special assessments are recognized as revenue when they become payable by the owners to the Corporation. Interest and other revenue are recognized as revenue of the related fund when earned.

**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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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Future Accounting Policies:

The Accounting Standards Board ("AcSB") has approved a new framework of financial reporting for not-for-profit organizations that is based on Accounting Standards for Private Enterprises ("ASPE") and incorporates the 4400 series of standards. Not-for-profit organizations also have the option of adopting International Financial Reporting Standards ("IFRS"). The new standards are effective January 1, 2012 with early adoption permitted. An opening balance sheet will be required for the December 31, 2012 fiscal year. The Organization is currently assessing these alternate standards and does not expect to adopt IFRS.

**3. RESERVE CASH AND INVESTMENTS**

	<u>2010</u>	<u>2009</u>
	\$	\$
		(Note 9)
Cash	761	1,842
Business Investment Savings Account	<u>725,896</u>	<u>682,950</u>
	<u>726,657</u>	<u>684,792</u>

The Business Investment Savings Account is with a Canadian Banking institution earning interest at a rate of 1.25%. Interest is paid monthly.

**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 and assets.

The directors have used the comprehensive reserve fund study of Building Sciences Inc. dated November 16, 2009 and such 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 contribution to the reserve fund for 2010 was \$182,475 (2009 - \$177,160). The study projected a balance of \$163,899 as at December 31, 2010

During the year, the Corporation replaced all boiler units for an aggregate cost of \$179,126. An Energy Recovery Program Credit of \$11,572 was received by the Corporation subsequent to the year end.

**5. REMUNERATION OF DIRECTORS AND OFFICERS**

No remuneration was paid to Directors or Officers during the year and they had no interest in any transactions of the Corporation.

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**6. FINANCIAL INSTRUMENTS**

The Corporation's financial instruments consist of cash, investments, accounts receivable, prepaid expenses, accounts payable and accrued liabilities and deposits. 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 and that the fair values of the financial instruments approximate their carrying value.

**7. CAPITAL DISCLOSURES**

The Corporation's capital is made up of net assets. The Corporation's capital management objectives consist in ensuring that it continues as a going concern in order to fulfil its mission. The Corporation manages its capital structure by establishing and monitoring its annual budgets to maintain a satisfactory level of capital.

The Corporation manages the reserve fund, created and allocated for major repairs and the replacement of common portions, for which the Condominium Act, 1998 requires a contribution from the co-owners based on a reserve fund study. The Corporation has complied with the requirements respecting these restricted contributions.

**8. BUDGET INFORMATION**

The budget figures as presented for comparative purposes are unaudited and are those approved by the board of directors on December 20, 2009. They have been reclassified to conform with the financial statement presentation adopted.

**9. COMPARATIVE FIGURES**

Certain accounts in the prior year's financial statements have been reclassified for comparative purposes to conform with the presentation in the current year's financial statements.