

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600

FINANCIAL STATEMENTS

DECEMBER 31, 2011

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FINANCIAL STATEMENTS

DECEMBER 31, 2011

INDEX	PAGE
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of General Fund Operations and Fund Balance	3
Schedule of Expenses	4
Statement of Reserve Fund	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 10

INDEPENDENT AUDITOR'S 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, 2011 and the statement of general fund operations and fund balance, statement of reserve fund and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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, 2011 and its financial performance 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

McGovern, Hurley, Cunningham, LLP

**Chartered Accountants
Licensed Public Accountants**

TORONTO, Canada
May 25, 2012

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METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011


Page 2

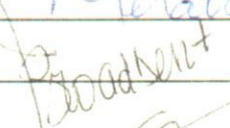
	2011 \$	2010 \$
ASSETS		
CURRENT		
Cash	50,392	12,790
Accounts receivable	<u>955</u>	<u>1,280</u>
	51,347	14,070
RESERVE CASH AND INVESTMENTS (Note 3)	<u>719,118</u>	<u>726,657</u>
	<u>770,465</u>	<u>740,727</u>


LIABILITIES AND FUND BALANCES

CURRENT		
Accounts payable and accrued liabilities	<u>32,471</u>	<u>71,655</u>
FUND BALANCES		
General fund	124,923	71,172
Reserve fund (Note 4)	<u>613,071</u>	<u>597,900</u>
	<u>737,994</u>	<u>669,072</u>
	<u>770,465</u>	<u>740,727</u>

APPROVED ON BEHALF OF THE BOARD:


_____, Director


_____, Director



See accompanying notes to the financial statements.

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600
STATEMENT OF GENERAL FUND OPERATIONS AND FUND BALANCE
 FOR THE YEAR ENDED DECEMBER 31, 2011

Page 3

	2011 <u>Budget</u> \$ (Note 9)	2011 <u>Actual</u> \$	2010 <u>Actual</u> \$
REVENUE			
Owners' assessments	631,740	631,740	592,080
Interest and other income	<u>1,950</u>	<u>2,210</u>	<u>2,960</u>
	633,690	633,950	595,040
Less: Allocations to reserve fund	<u>(189,774)</u>	<u>(189,774)</u>	<u>(182,475)</u>
	<u>443,916</u>	<u>444,176</u>	<u>412,565</u>
EXPENSES (see Schedule of Expenses)			
Utilities and taxes	185,400	159,673	176,529
Repairs and maintenance	91,350	90,151	75,988
Service and maintenance contracts	90,065	77,765	81,469
Administration	<u>74,396</u>	<u>62,836</u>	<u>62,282</u>
	<u>441,211</u>	<u>390,425</u>	<u>396,268</u>
Excess of revenue over expenses for the year	<u>2,705</u>	53,751	16,297
FUND BALANCE , beginning of year		<u>71,172</u>	<u>54,875</u>
FUND BALANCE , end of year		<u>124,923</u>	<u>71,172</u>

See accompanying notes to the financial statements.

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600
SCHEDULE OF EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2011

Page 4

	2011 <u>Budget</u> \$ (Note 9)	2011 <u>Actual</u> \$	2010 <u>Actual</u> \$
UTILITIES AND TAXES			
Hydro	62,000	54,838	55,282
Gas	55,000	43,335	56,599
Cable TV	34,000	32,360	31,775
Water and sewer	28,800	25,858	27,864
Property taxes	2,900	2,815	2,807
Fuel	2,700	467	2,202
	<u>185,400</u>	<u>159,673</u>	<u>176,529</u>
REPAIRS AND MAINTENANCE			
General building maintenance - exterior	30,000	45,083	8,706
General building maintenance - interior	20,000	17,390	28,999
Alarm and security systems	19,350	16,024	16,257
Plumbing	10,000	4,995	15,823
Supplies	8,000	4,391	4,953
Electrical and mechanical	3,000	2,268	1,250
Recreational	1,000	-	-
	<u>91,350</u>	<u>90,151</u>	<u>75,988</u>
SERVICE AND MAINTENANCE CONTRACTS			
HVAC maintenance	33,700	29,365	33,897
Elevators	20,000	19,790	18,573
Insurance	16,635	15,366	14,854
Fire safety	10,000	7,052	7,809
Cleaning - exterior	4,000	3,091	2,169
Compactor	2,080	565	1,520
Grounds	1,500	1,088	1,198
Cleaning - interior	1,400	838	915
Pest control	750	610	534
	<u>90,065</u>	<u>77,765</u>	<u>81,469</u>
ADMINISTRATION			
Wages and benefits	55,096	52,690	49,753
Consultants fee	7,200	1,423	986
Office and general	5,000	3,626	5,936
Audit fee	4,200	4,294	3,990
Legal fee	1,500	-	713
Interest and bank charges	1,400	803	904
	<u>74,396</u>	<u>62,836</u>	<u>62,282</u>

See accompanying notes to the financial statements.

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600
STATEMENT OF RESERVE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

Page 5

	2011 <u>Actual</u> \$	2010 <u>Actual</u> \$
BALANCE , beginning of year	<u>597,900</u>	<u>590,748</u>
ADD		
Allocation from owners' assessments		
Annual	189,774	182,475
Interest and other income	<u>9,501</u>	<u>7,945</u>
	<u>199,275</u>	<u>190,420</u>
DEDUCT		
Plumbing repair (Note 4)	195,676	-
HVAC (Note 4)	(11,572)	179,126
Repairs and maintenance - exterior	<u>-</u>	<u>4,142</u>
	<u>184,104</u>	<u>183,268</u>
BALANCE , end of year	<u><u>613,071</u></u>	<u><u>597,900</u></u>

See accompanying notes to the financial statements.

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2011

Page 6

	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Owners' contribution for:		
General operations	442,291	408,325
Reserve fund	189,774	182,475
Sundry revenue	2,210	2,960
Interest on reserve fund investments	9,501	7,945
Operating expenses	(429,609)	(375,171)
Reserve fund expenses	(184,104)	(183,268)
	30,063	43,266
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in reserve cash and investments	7,539	(41,865)
Increase in cash during the year	37,602	1,401
Cash, beginning of year	12,790	11,389
Cash, end of year	50,392	12,790

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 general fund 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.

Continued...

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Future Accounting Policies:

The Accounting Standards Board has approved a new framework of financial reporting for not-for-profit organizations that is based on Accounting Standards for Private Enterprises and incorporates the 4400 series of standards which is also known as Part III GAAP. These new standards will be effective for the December 31, 2012 year end. The December 31, 2011 comparative figures and transition date, balances as at January 1, 2011, will be restated in accordance with Part III GAAP. The Organization does not expect any material adjustments to the financial statements as a result of the adoption of Part III GAAP.

3. RESERVE CASH AND INVESTMENTS

	<u>2011</u>	<u>2010</u>
	\$	\$
Cash	23,721	761
Business Investment Savings Account	<u>695,397</u>	<u>725,896</u>
	<u>719,118</u>	<u>726,657</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 to finance 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 contributions to the reserve fund for 2011 was \$189,774 (2010; \$182,475).

Any evaluation of the adequacy of the reserve fund is based upon assumptions as to future interest and inflation rates and estimates of the life expectancy of the building components and their replacement costs. These factors are subject to change over time and the changes may be material; accordingly the Condominium Act requires that the reserve fund study be updated every three years.

During the year ended December 31, 2011, the Corporation repaired piping throughout the building for water rising for an aggregate cost of \$195,676. An Energy Recovery Program Credit of \$11,572 was received by the Corporation for the boiler unit replacements completed in the prior year.

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5. COMMITMENTS

The Corporation is committed to various long term contracts for maintenance of machinery and equipment, premise and building security, cable services and other general maintenance. The long term contracts expire at various dates until December 2016. The total amount of future commitments relating to these long term contracts are as follows:

2012	98,739
2013	100,359
2014	99,962
2015	102,921
2016 and beyond	<u>65,977</u>
	<u>467,958</u>

6. REMUNERATION OF DIRECTORS, OFFICERS, AND MANAGEMENT

No remuneration was paid to directors or officers during 2011 or 2010 and they had no interest in any transactions of the Corporation. Management, in addition to fees is reimbursed for certain administrative costs and collects fees from owners, purchasers, and others for issuing lien notices and status certificates. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount established and agreed to by the related parties.

7. FINANCIAL INSTRUMENTS

Fair Value:

Canadian generally accepted accounting principles require that the Corporation disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the statement of financial position date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for cash, reserve cash and investments, accounts receivable and accounts payable and accrued liabilities on the statement of financial position approximate fair value because of the limited term of these instruments.

The Corporation's cash, reserve cash and investments, and accounts receivable are classified as loans and receivables which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities which are measured at amortized cost.

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.

Continued...

8. CAPITAL DISCLOSURES

The Corporation's capital is made up of net assets. The Corporation's capital management objectives consist of 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.

9. BUDGET INFORMATION

The budget figures as presented for comparative purposes are unaudited and are those approved by the board of directors.