METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600

FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

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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 statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011 and the statements of general fund operations and fund balance, statements of reserve fund and statements of cash flows for the years ended December 31, 2012 and December 31, 2011, 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 accounting standards 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 these financial statements based on our audits. We conducted our audits 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, the financial statements present fairly, in all material respects, the financial position of Metropolitan Toronto Condominium Corporation No. 600 as at December 31, 2012, December 31, 2011, and January 1, 2011 and its financial performance and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
May 13, 2013

STATEMENTS OF FINANCIAL POSITION

AS AT

	December 31, 2012 $	December 31, 2011 $	January 1, 2011 $
ASSETS			
CURRENT			
Cash	12,822	50,392	12,790
Accounts receivable	980	955	1,280
	13,802	51,347	14,070
RESERVE CASH (Note 3)	1,011,348	719,118	726,657
	1,025,150	770,465	740,727
LIABILITIES AND FUND BALANCES			
CURRENT			
Accounts payable and accrued liabilities	18,792	32,471	71,655
FUND BALANCES			
General fund	83,649	124,923	71,172
Reserve fund (Note 5)	922,709	613,071	597,900
	1,006,358	737,994	669,072
	1,025,150	770,465	740,727

APPROVED ON BEHALF OF THE BOARD:

Signed "Alan Gracan", Director

Signed "Doug Gibson", Director

STATEMENTS OF GENERAL FUND OPERATIONS AND FUND BALANCE

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012 Budget $ (Note 8)	2012 Actual $	2011 Actual $
REVENUE			
Owners' assessments	648,360	648,360	631,740
Interest and other income	2,300	2,725	2,210
	650,660	651,085	633,950
Less: Allocations to reserve fund (Note 5)	197,365	197,365	189,774
	453,295	453,720	444,176
EXPENSES (see Schedule of Expenses)			
Utilities and taxes	173,700	161,237	159,673
Repairs and maintenance	105,550	55,198	90,151
Service and maintenance contracts	88,650	86,558	77,765
Administration	84,370	82,001	62,836
	452,270	384,994	390,425
Excess of revenue over expenses	1,025	68,726	53,751
FUND BALANCE, beginning of year		124,923	71,172
Special assessment (Note 5)		(110,000)	-
FUND BALANCE, end of year		83,649	124,923

See accompanying notes to the financial statements.

SCHEDULE OF EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012 Budget $ (Note 8)	2012 Actual $	2011 Actual $
UTILITIES AND TAXES			
Hydro	60,300	58,269	54,838
Gas	47,000	35,552	43,335
Cable TV	33,000	32,711	32,360
Water and sewer	28,500	27,912	25,858
Fuel	2,000	3,924	467
Property taxes	2,900	2,869	2,815
	173,700	161,237	159,673
REPAIRS AND MAINTENANCE			
Alarm and security systems	18,550	17,351	16,024
General building maintenance - interior	20,000	16,059	17,390
Plumbing	10,000	9,383	4,995
General building maintenance - exterior	45,000	7,404	45,083
Supplies	8,000	4,170	4,391
Electrical and mechanical	3,000	831	2,268
Recreational	1,000	-	-
	105,550	55,198	90,151
SERVICE AND MAINTENANCE CONTRACTS			
HVAC maintenance	29,000	26,261	29,365
Elevators	21,000	21,142	19,790
Insurance	16,000	15,812	15,366
Fire safety	11,000	13,262	7,052
Cleaning - exterior	4,000	4,503	3,091
Grounds	3,500	3,520	1,088
Compactor	2,000	694	565
Pest control	750	686	610
Cleaning - interior	1,400	678	838
	88,650	86,558	77,765
ADMINISTRATION			
Wages and benefits	55,070	51,022	50,319
Consultants fee	18,000	16,556	1,423
Office and general	4,500	8,657	5,997
Audit fee	4,200	4,294	4,294
Interest and bank charges	1,100	993	803
Legal fee	1,500	479	-
	84,370	82,001	62,836

STATEMENTS OF RESERVE FUND

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012 Actual $	2011 Actual $
BALANCE, beginning of year	613,071	597,900
ADD:		
Annual allocation from owners' assessments (Note 5)	197,365	189,774
Interest income	8,500	9,501
	205,865	199,275
DEDUCT:		
Plumbing repair	6,227	195,676
HVAC	-	(11,572)
	6,227	184,104
Special assessment (Note 5)	110,000	-
BALANCE, end of year	922,709	613,071

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES:		
Owners' contributions for:		
General operations	450,970	442,291
Reserve fund	197,365	189,774
Interest on reserve fund cash	8,500	9,501
Sundry revenue	2,725	2,210
Operating expenses	(398,673)	(429,609)
Reserve fund expenses	(6,227)	(184,104)
Change in cash flows from operating activities	254,660	30,063
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in reserve cash	(292,230)	7,539
(Decrease) increase in cash	(37,570)	37,602
Cash, beginning of year	50,392	12,790
Cash, end of year	12,822	50,392

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. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (see Note 2). The policies set out below were consistently applied to all the periods presented unless otherwise noted below. Outlined below are those policies considered particularly significant.

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 contribution 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 5. Only major repairs and replacements must be charged to the reserve fund with the exception of the costs of reserve fund studies which may be changed to repairs and maintenance of 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.

Revenue Recognition:

Owners assessments are recognized as revenue in the statement of operations 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.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments:

Measurement of financial instruments

The Corporation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market. Financial assets measured at amortized cost include cash, accounts receivable and reserve cash. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

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

Measurement Uncertainty:

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions about future events that affect the reported amounts of revenues and expenditures during the reporting period. Significant estimates include the valuation of accounts receivable. The Company regularly reviews its estimates and assumptions; however, actual results could differ from those estimates and these differences could be material.

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2. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING

Canadian Accounting Standards for Not-for-Profit Organizations:

Effective January 1, 2011, the Corporation adopted the requirements of Part III of the Canadian Institute of Chartered Accountants ("CICA") Accounting Handbook and has adopted Canadian accounting standards for not-for-profit organizations. This framework is in accordance with Canadian generally accepted accounting principles. These are the first financial statements prepared in accordance with the new framework which has been applied retrospectively. The accounting policies set out in the significant accounting policies note have been applied in preparing the financial statements for the year ended December 31, 2012, the comparative information presented in these financial statements for the year ended December 31, 2011 and in the preparation of the opening statement of financial position at January 1, 2011, which is the Corporation's date of transition.

The Company previously issued financial statements for the year ended December 31, 2011 using generally accepted accounting principles prescribed by the CICA Handbook – Accounting XFI. The adoption of Canadian accounting standards for not-for-profit organizations had no impact on the previously reported assets, liabilities and net assets of the Corporation, and accordingly, no adjustments have been recorded in the comparative statement of financial position, statement of general fund operations and fund balances, statement of reserve fund and the statement of cash flows. Certain of the Corporation's presentation and disclosures included in these financial statements reflect the new presentation and disclosure requirements of Canadian accounting standards for not-for-profit organizations.

3. RESERVE CASH

	December 31, 2012 $	December 31, 2011 $	January 1, 2011 $
Cash	7,452	23,721	761
Business Investment Savings Account	1,003,896	695,397	725,896
	1,011,348	719,118	726,657

The Business Investment Savings Account is with a Canadian Banking institution earning interest at a rate of 1%. Interest is paid monthly.

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4. 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 total amount of future commitments relating to these long term contracts are as follows:

2013	100,359
2014	99,962
2015	102,921
2016 and thereafter	65,977
	$ 369,219

5. 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 for the year ended December 31, 2012. The Corporation's plan for contributions to the reserve fund for 2012 was $197,365 (December 31, 2011 - $189,774). Actual annual contributions were $197,365 (2011 - $189,774).

The Board has accepted the recommendations of the November 8, 2012 Building Sciences Inc. study which suggest an annual contribution of $205,260 in 2013.

The Board approved of a special assessment of $110,000 to be transferred to the reserve fund from the general fund surplus during the year ended December 31, 2012.

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.

6. REMUNERATION OF DIRECTORS, OFFICERS AND MANAGEMENT

No remuneration was paid to directors or officers during 2012 or 2011 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.

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7. FINANCIAL INSTRUMENTS

Risks and Concentrations:

The Company is exposed to various risks through its financial instruments. The following analysis provides a measure of the Company's risk exposure and concentrations at December 31, 2012.

Liquidity Risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is not exposed to significant liquidity risk.

Credit Risk:

The Corporation is exposed to credit risks on its accounts receivable from owners. This risk is mitigated by the necessity to pay owners' assessment and special levy fees as required by the Condominium Act.

Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is not exposed to significant interest rate risk.

8. BUDGET INFORMATION

The budgeted amounts presented for comparison purposes are unaudited and are approved by the directors.