METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600

FINANCIAL STATEMENTS

DECEMBER 31, 2013

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McGovern, Hurley, Cunningham, LLP
Chartered Accountants

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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 statement of financial position as at December 31, 2013 and the statement of general fund operations and fund balance, statement of equipment fund, 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 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 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, the financial statements present fairly, in all material respects, the financial position of Metropolitan Toronto Condominium Corporation No. 600 as at December 31, 2013 and its financial performance and its cash flows for the year then ended 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 28, 2014

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013

	2013 $	2012 $
ASSETS		
CURRENT		
Cash	13,879	12,822
Accounts receivable	-	980
	13,879	13,802
RESERVE CASH (Note 2)	1,249,349	1,011,348
EQUIPMENT (Note 3)	17,707	-
	1,280,935	1,025,150
LIABILITIES AND FUND BALANCES		
CURRENT		
Accounts payable and accrued liabilities	30,715	17,791
Government remittances payable	1,900	1,001
	32,615	18,792
FUND BALANCES		
General fund	129,654	83,649
Equipment fund	17,707	-
Reserve fund (Note 5)	1,100,959	922,709
	1,248,320	1,006,358
	1,280,935	1,025,150

APPROVED ON BEHALF OF THE BOARD:

Signed "Doug Gibson", Director

Signed "Alan Gracan", Director

STATEMENT OF GENERAL FUND OPERATIONS AND FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2013

	2013 Budget $ (Note 8)	2013 Actual $	2012 Actual $
REVENUE			
Owners' assessments	655,020	655,020	648,360
Interest and other income	2,300	2,971	2,725
	657,320	657,991	651,085
Less: Allocations to reserve fund (Note 5)	205,260	205,260	197,365
Allocation to equipment fund	-	19,674	-
	205,260	224,934	197,365
	452,060	433,057	453,720
EXPENSES (see Schedule of Expenses)			
Utilities and taxes	177,060	175,902	161,237
Repairs and maintenance	100,920	54,366	55,198
Service and maintenance contracts	100,600	95,723	86,558
Administration	73,480	61,061	82,001
	452,060	387,052	384,994
Excess of revenue over expenses	-	46,005	68,726
FUND BALANCE, beginning of year		83,649	124,923
Special assessment (Note 5)		-	(110,000)
FUND BALANCE, end of year		129,654	83,649

See accompanying notes to the financial statements.

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2013

	2013 Budget $ (Note 8)	2013 Actual $	2012 Actual $
UTILITIES AND TAXES			
Hydro	60,500	75,542	58,269
Cable TV	32,960	33,526	32,711
Water and sewer	31,600	32,927	27,912
Gas	47,000	29,482	35,552
Property taxes	3,000	2,864	2,869
Fuel	2,000	1,561	3,924
	177,060	175,902	161,237
REPAIRS AND MAINTENANCE			
General building maintenance - interior	20,000	16,438	16,059
Alarm and security systems	17,520	16,099	17,351
Plumbing	18,000	9,498	9,383
General building maintenance - exterior	30,000	9,024	7,404
Supplies	5,000	2,840	4,170
Electrical and mechanical	3,000	422	831
Recreational	7,400	45	-
	100,920	54,366	55,198
SERVICE AND MAINTENANCE CONTRACTS			
HVAC maintenance	33,300	35,158	26,261
Elevators	31,500	22,678	21,142
Insurance	16,300	16,355	15,812
Fire safety	8,700	13,809	13,262
Cleaning - exterior	4,600	5,294	4,503
Compactor	2,000	848	694
Pest control	800	710	686
Cleaning - interior	1,400	648	678
Grounds	2,000	223	3,520
	100,600	95,723	86,558
ADMINISTRATION			
Wages and benefits	54,480	51,213	51,022
Audit fee	4,400	4,294	4,294
Office and general	7,000	4,277	8,657
Interest and bank charges	1,100	944	993
Consultants fee	5,000	236	16,556
Legal fee	1,500	97	479
	73,480	61,061	82,001

STATEMENT OF EQUIPMENT FUND

FOR THE YEAR ENDED DECEMBER 31, 2013

	2013 Actual $	2012 Actual $
BALANCE, beginning of year	-	-
ADD:		
Allocation from operating fund for purchase of equipment	19,674	-
DEDUCT:		
Amortization	1,967	-
BALANCE, end of year	17,707	-

STATEMENT OF RESERVE FUND

FOR THE YEAR ENDED DECEMBER 31, 2013

	2013 Actual $	2012 Actual $
BALANCE, beginning of year	922,709	613,071
ADD:		
Annual allocation from owners' assessments (Note 5)	205,260	197,365
Interest income	10,092	8,500
	215,352	205,865
DEDUCT:		
Exterior wall repairs	37,102	-
Plumbing repair	-	6,227
	37,102	6,227
Special assessment (Note 5)	-	110,000
BALANCE, end of year	1,100,959	922,709

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

	2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES:		
Owners' assessments for:		
General operations	450,740	450,970
Reserve fund	205,260	197,365
Interest on reserve fund cash	10,092	8,500
Sundry revenue	2,971	2,725
Operating expenses	(373,229)	(398,673)
Reserve fund expenses	(37,102)	(6,227)
Change in cash flows from operating activities	258,732	254,660
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(19,674)	-
(Increase) in reserve cash	(238,001)	(292,230)
Change in cash flows from investing activities	(257,675)	(292,230)
Increase (decrease) in cash	1,057	(37,570)
Cash, beginning of year	12,822	50,392
Cash, end of year	13,879	12,822

See accompanying notes to the financial statements.

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. 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 fund accounting.

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

The reserve fund reports the assessments 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.

The equipment fund was established to account for the acquisition of equipment and the related amortization.

Equipment:

Units and any real property directly associated with the units, which were purchased by unit holders initially from the developer, are not recognized as capital assets of the Corporation since they are owned by the unit owners.

Real property purchases made after the date of registration are recognized as capital assets of the Corporation when the Corporation has paid for them as the owner, they can be disposed of at the discretion of the board, or where required, with the approval of the owners, and any consideration received can be retained by the Corporation. Purchases which do not meet these criteria are expensed.

Equipment are stated at acquisition cost. Amortization is provided as follows:

Furniture and fixtures	20% diminishing balance

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. The Company regularly reviews its estimates and assumptions; however, actual results could differ from those estimates and these differences could be material.

2. RESERVE CASH

	2013 $	2012 $
Cash	5,350	7,452
Business Investment Savings Account	1,243,999	1,003,896
	1,249,349	1,011,348

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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3. EQUIPMENT

	Cost	Accumulated Amortization	2013 Net	2012 Net
	$	$	$	$
Furniture and fixtures	19,674	1,967	17,707	-

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:

2014	$ 101,122
2015	104,081
2016	66,557
	$ 271,760

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 8, 2012 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 Board has accepted the recommendations of the study which suggests an annual contribution of $205,260 in 2013 (2012 - $197,365); expenditures of $277,200 (2012 - $153,147), and an ending balance at December 31, 2013 of $859,633 (2012 - $283,973). Actual amounts were $205,260 (2012 - $197,365); $37,102 (2012 - $6,227) and $1,100,959 (2012 - $922,709), respectively. The 2012 comparative amounts are from the previous reserve fund study of Building Sciences Inc. dated November 16, 2009.

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.

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6. REMUNERATION OF DIRECTORS, OFFICERS AND MANAGEMENT

No remuneration was paid to directors, officers or management during 2013 or 2012 and they had no interest in any transactions of the Corporation.

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, 2013.

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.