METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600

FINANCIAL STATEMENTS

DECEMBER 31, 2014

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DECEMBER 31, 2014

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, 2014 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, 2014 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
June 4, 2015

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

	2014 $	2013 $
ASSETS		
CURRENT		
Cash	15,951	13,879
Accounts receivable	1,214	-
Prepaid expenses (Note 4)	143,000	-
	160,165	13,879
RESERVE CASH (Note 2)	1,029,170	1,249,349
EQUIPMENT (Note 3)	52,422	17,707
	1,241,757	1,280,935
LIABILITIES AND FUND BALANCES		
CURRENT		
Accounts payable and accrued liabilities	31,779	30,715
Government remittances payable	1,503	1,900
	33,282	32,615
FUND BALANCES		
General fund	38,805	129,654
Equipment fund	52,422	17,707
Reserve fund (Note 5)	1,117,248	1,100,959
	1,208,475	1,248,320
	1,241,757	1,280,935

COMMITMENTS (Note 4)

APPROVED ON BEHALF OF THE BOARD:

Signed "Greg Geralde", Director

Signed "Alan Gracan", Director

STATEMENT OF GENERAL FUND OPERATIONS AND FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 Budget $ (Note 8)	2014 Actual $	2013 Actual $
REVENUE			
Owners' assessments	658,380	658,380	655,020
Interest and other income	2,900	1,754	2,971
	661,280	660,134	657,991
Less: Allocations to reserve fund (Note 5)	213,470	213,468	205,260
Allocation to equipment fund	-	41,865	19,674
	213,470	255,333	224,934
	447,810	404,801	433,057
EXPENSES (see Schedule of Expenses)			
Utilities and taxes	188,450	189,736	175,902
Service and maintenance contracts	100,695	97,024	95,723
Administration	72,665	72,744	61,061
Repairs and maintenance	86,000	46,146	54,366
	447,810	405,650	387,052
(Deficiency) excess of revenue over expenses	-	(849)	46,005
FUND BALANCE, beginning of year		129,654	83,649
		128,805	129,654
Transfer to reserve fund		(90,000)	-
FUND BALANCE, end of year		38,805	129,654

See accompanying notes to the financial statements.

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 Budget $ (Note 8)	2014 Actual $	2013 Actual $
UTILITIES AND TAXES			
Hydro	73,000	79,065	75,542
Gas	40,000	37,975	29,482
Water and sewer	35,900	34,394	32,927
Cable TV	34,550	34,359	33,526
Property taxes	3,000	2,863	2,864
Fuel	2,000	1,080	1,561
	188,450	189,736	175,902
REPAIRS AND MAINTENANCE			
Alarm and security systems	18,000	19,274	16,099
Additions and improvements	-	12,239	-
Plumbing	15,000	4,641	9,498
General building maintenance - exterior	14,000	3,717	9,024
Supplies	4,000	3,122	2,840
Recreational	2,000	1,287	45
General building maintenance - interior	30,000	1,155	16,438
Electrical and mechanical	3,000	711	422
	86,000	46,146	54,366
SERVICE AND MAINTENANCE CONTRACTS			
HVAC maintenance	34,200	34,793	35,158
Elevators	28,650	22,994	22,678
Insurance	16,945	16,776	16,355
Fire safety	8,700	11,611	13,809
Cleaning - interior	1,400	4,592	648
Cleaning - exterior	6,000	4,220	5,294
Grounds	2,000	894	223
Pest control	800	635	710
Compactor	2,000	509	848
	100,695	97,024	95,723
ADMINISTRATION			
Wages and benefits	53,865	55,502	51,213
Office and general	6,800	6,516	4,277
Consultants fee	5,000	5,214	236
Audit fee	4,400	4,520	4,294
Interest and bank charges	1,100	992	944
Legal fee	1,500	-	97
	72,665	72,744	61,061

STATEMENT OF EQUIPMENT FUND

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 Actual $	2013 Actual $
BALANCE, beginning of year	17,707	-
ADD: Allocation from operating fund for purchase of equipment	41,865	19,674
DEDUCT: Amortization	7,150	1,967
BALANCE, end of year	52,422	17,707

STATEMENT OF RESERVE FUND

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 Actual $	2013 Actual $
BALANCE, beginning of year	1,100,959	922,709
ADD:		
Annual allocation from owners' assessments (Note 5)	213,468	205,260
Interest income	11,834	10,092
Transfer from operating fund	90,000	-
	315,302	215,352
DEDUCT:		
Recreational repairs	203,177	-
Mechanical repairs	95,836	-
Exterior wall repairs	-	37,102
	299,013	37,102
BALANCE, end of year	1,117,248	1,100,959

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES:		
Owners' assessments for:		
General operations	443,698	450,740
Reserve fund	213,468	205,260
Interest on reserve fund cash	11,834	10,092
Sundry revenue	1,754	2,971
Operating expenses	(404,983)	(373,229)
Reserve fund expenses	(442,013)	(37,102)
Change in cash flows from operating activities	(176,242)	258,732
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(41,865)	(19,674)
Decrease (increase) in reserve cash	220,179	(238,001)
Change in cash flows from investing activities	178,314	(257,675)
Increase in cash	2,072	1,057
Cash, beginning of year	13,879	12,822
Cash, end of year	15,951	13,879

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	5 year straight-line
Gym equipment	7 year straight-line
Sauna	7 year straight-line

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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

	2014 $	2013 $
Cash	23,337	5,350
Business Investment Savings Account	1,005,833	1,243,999
	1,029,170	1,249,349

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	2014 Net	2013 Net
	$	$	$	$
Furniture and fixtures	32,546	7,046	25,500	17,707
Gym equipment	20,117	1,437	18,680	-
Sauna	8,876	634	8,242	-
	61,539	9,117	52,422	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:

2015	$ 104,081
2016	68,976
	$ 173,057

The Corporation entered into an agreement with a company who will perform hallway renovations in 2015 with an estimated cost of $259,900. As at December 31, 2014, a deposit of $143,000 was paid and is included in prepaid expenses on the statement of financial position. The remaining payments under this contract are due in 2015.

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 $213,470 in 2014 (2013 - $205,260); expenditures of $89,760 (2013 - $277,200), and an ending balance at December 31, 2014 of $992,559 (2013 - $859,633). Actual amounts were $213,468 (2013 - $205,260); $299,013 (2013 - $37,102) and $1,117,248 (2013 - $1,100,959), respectively.

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 Act requires that the reserve fund study be updated every three years.

The board of directors approved a special assessment of $198,500 for 2015.

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6. REMUNERATION OF DIRECTORS, OFFICERS AND MANAGEMENT

No remuneration was paid to directors, officers or management during 2014 or 2013 and they had no interest in any transactions of the Corporation.

7. FINANCIAL INSTRUMENTS

Risks and Concentrations:

The Corporation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Corporation's risk exposure and concentrations at December 31, 2014.

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.