METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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UHY McGovern Hurley LLP
Chartered Professional 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, 2016 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, 2016 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

UHY McGovern Hurley LLP

UHY McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
June 7, 2017

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

	2016 $	2015 $
ASSETS		
CURRENT		
Cash	50,086	150,674
Accounts receivable	219	219
Prepaid expenses	-	9,600
	50,305	160,493
RESERVE CASH (Note 2)	1,260,858	969,337
EQUIPMENT (Note 3)	30,948	41,599
	1,342,111	1,171,429
LIABILITIES AND FUND BALANCES		
CURRENT		
Accounts payable and accrued liabilities	51,343	77,095
Government remittances payable	1,955	1,793
	53,298	78,888
FUND BALANCES		
General fund	125,475	71,269
Equipment fund	30,948	41,599
Reserve fund (Note 5)	1,132,390	979,673
	1,288,813	1,092,541
	1,342,111	1,171,429

COMMITMENTS (Note 4)

APPROVED ON BEHALF OF THE BOARD:

Geraldo, Director

Director

STATEMENT OF GENERAL FUND OPERATIONS AND FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 Budget $ (Note 8)	2016 Actual $	2015 Actual $
REVENUE			
Owners' assessments	674,940	674,940	658,380
Interest and other income	2,100	2,114	2,300
	677,040	677,054	660,680
Less: Allocations to reserve fund (Note 5)	230,890	230,890	222,009
	446,150	446,164	438,671
EXPENSES (see Schedule of Expenses)			
Utilities and taxes	226,620	185,454	198,111
Service and maintenance contracts	92,770	95,823	97,711
Administration	75,610	66,191	76,480
Repairs and maintenance	51,150	44,490	33,905
	446,150	391,958	406,207
Excess of revenue over expenses	-	54,206	32,464
FUND BALANCE, beginning of year		71,269	38,805
FUND BALANCE, end of year		125,475	71,269

See accompanying notes to the financial statements.

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 Budget $ (Note 8)	2016 Actual $	2015 Actual $
UTILITIES AND TAXES			
Hydro	99,120	82,034	83,521
Water and sewer	34,000	38,432	32,960
Cable TV	37,000	35,880	35,273
Gas	51,500	26,219	43,082
Property taxes	3,000	2,889	2,879
Fuel	2,000	-	396
	226,620	185,454	198,111
REPAIRS AND MAINTENANCE			
Alarm and security systems	18,050	27,008	16,882
General building maintenance - exterior	8,000	6,444	3,832
General building maintenance - interior	8,000	3,444	3,105
Supplies	3,600	2,785	3,562
Recreational	2,500	2,013	1,231
Electrical and mechanical	3,000	1,718	458
Plumbing	8,000	1,078	4,835
	51,150	44,490	33,905
SERVICE AND MAINTENANCE CONTRACTS			
HVAC maintenance	35,620	37,929	35,919
Insurance	18,500	18,746	17,554
Fire safety	10,000	16,708	10,151
Elevators	13,500	13,188	21,168
Cleaning - interior	5,350	4,799	5,293
Cleaning - exterior	5,000	3,894	5,727
Pest control	800	559	610
Grounds	2,000	-	-
Compactor	2,000	-	1,289
	92,770	95,823	97,711
ADMINISTRATION			
Wages and benefits	57,150	51,162	61,899
Consultants fee	5,000	5,006	259
Audit fee	4,700	4,520	4,520
Office and general	6,560	4,337	8,157
Interest and bank charges	1,200	1,020	1,256
Legal fee	1,000	146	389
	75,610	66,191	76,480

See accompanying notes to the financial statements.

STATEMENT OF EQUIPMENT FUND

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 Actual $	2015 Actual $
BALANCE, beginning of year	41,599	52,422
DEDUCT: Amortization	10,651	10,823
BALANCE, end of year	30,948	41,599

STATEMENT OF RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 Actual $	2015 Actual $
BALANCE, beginning of year	979,673	1,117,248
ADD:		
Annual allocation from owners' assessments (Note 5)	230,890	222,009
Special assessment (Note 5)	-	198,500
Interest income	4,700	6,437
	235,590	426,946
DEDUCT:		
Elevator and mechanical repairs	45,922	265,408
Hallway repairs	19,707	294,079
Electrical	14,001	-
Fire safety	3,243	5,034
	82,873	564,521
BALANCE, end of year	1,132,390	979,673

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES:		
Owners' assessments for:		
General operations	444,050	437,366
Reserve fund	230,890	222,009
Special assessment	-	198,500
Interest on reserve fund cash	4,700	6,437
Sundry revenue	2,114	2,300
Operating expenses	(368,042)	(414,052)
Reserve fund expenses	(122,779)	(377,670)
Change in cash flows from operating activities	190,933	74,890
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in reserve cash	(291,521)	59,833
Change in cash flows from investing activities	(291,521)	59,833
(Decrease) increase in cash	(100,588)	134,723
Cash, beginning of year	150,674	15,951
Cash, end of year	50,086	150,674

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 years straight-line
Gym equipment	7 years straight-line
Sauna	7 years 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

	2016 $	2015 $
Cash	293,888	7,067
Business Investment Savings Account	966,970	962,270
	1,260,858	969,337

The Business Investment Savings Account is with a Canadian Banking institution earning interest at a rate of 0.35% (2015 - 0.25%). Interest is paid monthly.

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3. EQUIPMENT

	Cost $	Accumulated Amortization $	2016 Net $	2015 Net $
Furniture and fixtures	32,546	20,236	12,310	18,819
Gym equipment	20,117	7,185	12,932	15,806
Sauna	8,876	3,170	5,706	6,974
	61,539	30,591	30,948	41,599

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:

2017	$ 89,415
2018	55,704
2019	49,481
2020	50,664
2021 and thereafter	48,099
	$ 293,363

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 May 31, 2016 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 $230,890 in 2015 (2015 - $222,009); expenditures of $123,535 (2015 - $643,904), and an ending balance at December 31, 2016 of $1,089,611 (2015 - $578,480). Actual amounts were $230,890, (2015 - $222,009); $82,873 (2015 - $564,521) and $1,132,390 (2015 - $979,673), 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. On June 1, 2016 an updated reserve fund study was approved by the board of directors.

The board of directors approved a special assessment of $Nil for 2016 (2015 - $198,500).

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6. REMUNERATION OF DIRECTORS, OFFICERS AND MANAGEMENT

No remuneration was paid to directors, officers or management during 2016 or 2015 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, 2016.

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.