METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600

FINANCIAL STATEMENTS

DECEMBER 31, 2019

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600

FINANCIAL STATEMENTS

DECEMBER 31, 2019

INDEX | **PAGE**

McGovern
Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Owners of
Metropolitan Toronto Condominium Corporation No. 600

Opinion

We have audited the financial statements of Metropolitan Toronto Condominium Corporation No. 600 (the "Corporation"), which comprise the statement of financial position as at December 31, 2019, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

251 Consumers Road, Suite 800
Toronto, Ontario
M2J 4R3
mcgovernhurley.com
t. 416-496-1234

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
September 30, 2020

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	2019 $	2018 $
ASSETS		
CURRENT		
Cash	60,130	175,587
Amounts receivable (Note 4)	687,000	120
	747,130	175,707
LONG-TERM RECEIVABLES (Note 4)	138,000	-
RESERVE CASH (Note 2)	1,903,894	1,603,663
EQUIPMENT (Note 3)	15,469	23,940
	2,804,493	1,803,310
LIABILITIES AND FUND BALANCES		
CURRENT		
Accounts payable and accrued liabilities	31,404	73,408
Government remittances payable	1,601	1,604
	33,005	75,012
FUND BALANCES		
General fund	235,941	214,221
Equipment fund	15,469	23,940
Reserve fund (Note 4)	2,520,078	1,490,137
	2,771,488	1,728,298
	2,804,493	1,803,310

COMMITMENTS (Note 7)
SUBSEQUENT EVENT (Note 9)

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, 2019

	2019 Budget $ (Note 6)	2019 Actual $	2018 Actual $
REVENUE			
Owners' assessments	701,280	701,280	694,680
Interest and other income	1,500	1,900	1,945
	702,780	703,180	696,625
Less: Allocations to reserve fund (Note 4)	259,720	259,720	254,557
	443,060	443,460	442,068
EXPENSES (see Schedule of Expenses)			
Utilities and taxes	203,100	173,789	179,906
Service and maintenance contracts	108,500	116,418	84,206
Administration	79,320	78,153	73,913
Repairs and maintenance	52,140	53,380	62,472
	443,060	421,740	400,497
Excess of revenue over expenses	-	21,720	41,571
FUND BALANCE, beginning of year		214,221	172,650
FUND BALANCE, end of year		235,941	214,221

See accompanying notes to the financial statements.

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 Budget $ (Note 6)	2019 Actual $	2018 Actual $
UTILITIES AND TAXES			
Hydro	70,000	54,983	60,437
Water and sewer	49,200	49,106	47,487
Cable TV	42,000	39,401	38,252
Gas	38,300	27,473	30,892
Property taxes	3,100	2,826	2,838
Fuel	500	-	-
	203,100	173,789	179,906
REPAIRS AND MAINTENANCE			
Alarm and security systems	21,000	21,327	20,795
Plumbing	5,000	12,500	1,458
General building maintenance - exterior	6,000	9,259	5,335
General building maintenance - interior	6,000	4,773	29,197
Recreational	3,500	2,261	3,492
Supplies	2,250	1,568	1,549
Electrical and mechanical	6,890	1,415	646
Recreational repair	1,500	277	-
	52,140	53,380	62,472
SERVICE AND MAINTENANCE CONTRACTS			
HVAC maintenance	44,000	42,676	42,255
Insurance	22,000	21,907	20,397
Fire safety	11,000	21,001	11,461
Elevators (recovery)	14,500	12,814	(2,316)
Cleaning - exterior	8,500	12,159	6,467
Cleaning - interior	6,500	3,541	4,214
Compactor	750	1,115	655
Pest control	650	696	637
Grounds	600	509	436
	108,500	116,418	84,206
ADMINISTRATION			
Wages and benefits	61,900	61,316	60,228
Office and general	7,400	6,051	7,733
Consultants fee	4,000	4,973	629
Audit fee	4,520	4,633	4,520
Interest and bank charges	1,000	685	803
Legal fee	500	495	-
	79,320	78,153	73,913

See accompanying notes to the financial statements.

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600
STATEMENT OF EQUIPMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 Actual $	2018 Actual $
BALANCE, beginning of year	23,940	36,047
DEDUCT: Amortization	8,471	12,107
BALANCE, end of year	15,469	23,940

See accompanying notes to the financial statements.

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600
STATEMENT OF RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 Actual $	2018 Actual $
BALANCE, beginning of year	1,490,137	1,350,382
ADD:		
Annual allocation from owners' assessments (Note 4)	259,720	254,557
Special assessment (Note 4)	825,000	-
Interest income	13,582	8,905
	1,098,302	263,462
DEDUCT:		
Elevator and mechanical repairs	28,553	61,534
Building repairs	18,690	18,656
Professional services	12,095	-
Plumbing repairs	7,881	35,252
Hallway repairs	1,102	6,739
Bank charges	40	-
Electrical	-	1,526
	68,361	123,707
BALANCE, end of year	2,520,078	1,490,137

See accompanying notes to the financial statements.

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES:		
Owners' assessments for:		
General operations	441,680	440,003
Reserve fund	259,720	254,557
Interest on reserve fund cash	13,582	8,905
Sundry revenue	1,900	1,945
Operating expenses	(418,797)	(429,508)
Reserve fund expenses	(113,311)	(81,962)
Change in cash flows from operating activities	184,774	193,940
CASH FLOWS USED IN INVESTING ACTIVITIES		
(Increase) in reserve cash	(300,231)	(126,943)
Change in cash flows used in investing activities	(300,231)	(126,943)
Increase in cash	(115,457)	66,997
Cash, beginning of year	175,587	108,590
Cash, end of year	60,130	175,587

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 4. 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

Continued...

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition:

Owners assessments are recognized as revenue in the statement of general fund 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

	2019 $	2018 $
Cash	910,367	623,718
Business Investment Savings Account	993,527	979,945
	1,903,894	1,603,663

The Business Investment Savings Account is with a Canadian Banking institution earning interest at a rate of 1.30% (2018 - 1.50%). Interest is paid monthly.

Continued...

3. EQUIPMENT

	Cost	Accumulated Amortization	2019 Net	2018 Net
	$	$	$	$
Furniture and fixtures	45,936	39,241	6,695	10,455
Gym equipment	24,101	17,229	6,872	10,315
Sauna	8,876	6,974	1,902	3,170
	78,913	63,444	15,469	23,940

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 May 24, 2019 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 $259,720 in 2019 (2018 - $249,731); expenditures of $1,428,000 (2018 - $457,048), and an ending balance at December 31, 2019 of $304,221 (2018 - $271,368). Actual amounts were $259,720, (2018 - $254,557); $68,361 (2018 - $123,707) and $2,520,078 (2018 - $1,490,137), 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.

In 2019, the board of directors approved a special assessment of $15,000 per unit, for a total of $825,000 (2018 - $Nil). Each unitholder may pay their portion by making one payment on January 15, 2020 or in 15 monthly installments commencing January 15, 2020. As at December 31, 2019, $687,000 (2018 - $nil) was included in amounts receivable and $138,000 (2018 - $nil) in long-term receivables, related to this assessment.

5. REMUNERATION OF DIRECTORS, OFFICERS AND MANAGEMENT

No remuneration was paid to directors, officers or management during 2019 or 2018 and they had no interest in any transactions of the Corporation.

6. BUDGET INFORMATION

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

Continued...

7. 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 approximate the following:

2020	$ 697,200
2021	52,000
2022	4,100
	$ 753,300

In 2019, the Corporation entered into an agreement with a construction company to replace the window and sliding doors of the condominium. The estimated cost has not yet been determined.

8. 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, 2019.

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.

9. SUBSEQUENT EVENT

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans and self-imposed quarantine periods, have caused material disruption to businesses globally resulting in an economic slowdown. The Corporation cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Corporation.