

**METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

<b>INDEX</b>	<b>PAGE</b>
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of General Fund Operations and Fund Balance	3
Schedule of Expenses	4
Statement of Equipment Fund	5
Statement of Reserve Fund	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 11

## 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, 2017 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, 2017 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 11, 2018

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600  
**STATEMENT OF FINANCIAL POSITION**  
AS AT DECEMBER 31, 2017

Page 2

	2017 \$	2016 \$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	108,590	50,086
Accounts receivable	-	219
	<u>108,590</u>	<u>50,305</u>
<b>RESERVE CASH (Note 2)</b>	1,476,720	1,260,858
<b>EQUIPMENT (Note 3)</b>	<u>36,047</u>	<u>30,948</u>
	<u><u>1,621,357</u></u>	<u><u>1,342,111</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	60,841	51,343
Government remittances payable	<u>1,437</u>	<u>1,955</u>
	<u>62,278</u>	<u>53,298</u>
<b>FUND BALANCES</b>		
General fund	172,650	125,475
Equipment fund	36,047	30,948
Reserve fund (Note 5)	<u>1,350,382</u>	<u>1,132,390</u>
	<u>1,559,079</u>	<u>1,288,813</u>
	<u><u>1,621,357</u></u>	<u><u>1,342,111</u></u>
<b>COMMITMENTS (Note 4)</b>		

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, 2017

Page 3

	2017 Budget \$ (Note 8)	2017 Actual \$	2016 Actual \$
<b>REVENUE</b>			
Owners' assessments	688,140	688,140	674,940
Interest and other income	<u>1,400</u>	<u>4,678</u>	<u>2,114</u>
	689,540	692,818	677,054
Less: Allocations to reserve fund (Note 5)	242,435	242,435	230,890
Allocation to equipment fund	<u>-</u>	<u>17,373</u>	<u>-</u>
	<u>242,435</u>	<u>259,808</u>	<u>230,890</u>
	<u>447,105</u>	<u>433,010</u>	<u>446,164</u>
<b>EXPENSES</b> (see Schedule of Expenses)			
Utilities and taxes	226,200	180,409	185,454
Service and maintenance contracts	95,900	97,390	95,823
Administration	77,555	72,580	66,191
Repairs and maintenance	<u>47,450</u>	<u>35,456</u>	<u>44,490</u>
	<u>447,105</u>	<u>385,835</u>	<u>391,958</u>
Excess of revenue over expenses	<u>-</u>	47,175	54,206
<b>FUND BALANCE</b> , beginning of year		<u>125,475</u>	<u>71,269</u>
<b>FUND BALANCE</b> , end of year		<u>172,650</u>	<u>125,475</u>

See accompanying notes to the financial statements.

**SCHEDULE OF EXPENSES**

FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 <u>Budget</u> \$ (Note 8)	2017 <u>Actual</u> \$	2016 <u>Actual</u> \$
<b>UTILITIES AND TAXES</b>			
Hydro	100,000	64,559	82,034
Water and sewer	40,000	45,720	38,432
Cable TV	37,500	37,320	35,880
Gas	45,000	29,943	26,219
Property taxes	3,000	2,867	2,889
Fuel	700	-	-
	<u>226,200</u>	<u>180,409</u>	<u>185,454</u>
<b>REPAIRS AND MAINTENANCE</b>			
Alarm and security systems	20,500	13,925	27,008
General building maintenance - exterior	8,000	1,832	6,444
General building maintenance - interior	5,000	3,900	3,444
Supplies	2,950	3,367	2,785
Recreational	2,000	2,081	2,013
Electrical and mechanical	3,000	-	1,718
Plumbing	5,000	10,351	1,078
Recreational repair	1,000	-	-
	<u>47,450</u>	<u>35,456</u>	<u>44,490</u>
<b>SERVICE AND MAINTENANCE CONTRACTS</b>			
HVAC maintenance	37,500	40,442	37,929
Insurance	20,000	18,746	18,746
Fire safety	12,000	8,603	16,708
Elevators	14,000	12,074	13,188
Cleaning - interior	4,900	7,663	4,799
Cleaning - exterior	4,900	6,780	3,894
Pest control	800	559	559
Grounds	1,000	527	-
Compactor	800	1,996	-
	<u>95,900</u>	<u>97,390</u>	<u>95,823</u>
<b>ADMINISTRATION</b>			
Wages and benefits	58,835	59,993	51,162
Consultants fee	5,000	1,921	5,006
Audit fee	4,520	5,240	4,520
Office and general	6,800	4,661	4,337
Interest and bank charges	1,400	765	1,020
Legal fee	1,000	-	146
	<u>77,555</u>	<u>72,580</u>	<u>66,191</u>

See accompanying notes to the financial statements.

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600  
**STATEMENT OF EQUIPMENT FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2017

Page 5

	2017 <u>Actual</u> \$	2016 <u>Actual</u> \$
<b>BALANCE</b> , beginning of year	30,948	41,599
<b>ADD:</b> Allocation from operating fund for purchase of equipment	17,373	-
<b>DEDUCT:</b> Amortization	<u>12,274</u>	<u>10,651</u>
<b>BALANCE</b> , end of year	<u>36,047</u>	<u>30,948</u>

See accompanying notes to the financial statements.

**STATEMENT OF RESERVE FUND**

FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 <u>Actual</u> \$	2016 <u>Actual</u> \$
<b>BALANCE</b> , beginning of year	<u>1,132,390</u>	<u>979,673</u>
<b>ADD:</b>		
Annual allocation from owners' assessments (Note 5)	242,435	230,890
Interest income	<u>4,070</u>	<u>4,700</u>
	<u>246,505</u>	<u>235,590</u>
<b>DEDUCT:</b>		
Elevator and mechanical repairs (recovery)	4,816	45,922
Hallway repairs	(12,900)	19,707
Electrical	23,323	14,001
Fire safety	-	3,243
Plumbing repairs	3,205	-
Exterior repairs	10,029	-
Bank charges	<u>40</u>	<u>-</u>
	<u>28,513</u>	<u>82,873</u>
<b>BALANCE</b> , end of year	<u>1,350,382</u>	<u>1,132,390</u>

See accompanying notes to the financial statements.



METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600  
**STATEMENT OF CASH FLOWS**  
 FOR THE YEAR ENDED DECEMBER 31, 2017

Page 7

	2017 \$	2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Owners' assessments for:		
General operations	445,924	444,050
Reserve fund	242,435	230,890
Interest on reserve fund cash	4,070	4,700
Sundry revenue	4,678	2,114
Operating expenses	(324,049)	(368,042)
Reserve fund expenses	<u>(81,319)</u>	<u>(122,779)</u>
Change in cash flows from operating activities	<u>291,739</u>	<u>190,933</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(17,373)	-
Decrease in reserve cash	<u>(215,862)</u>	<u>(291,521)</u>
Change in cash flows from investing activities	<u>(233,235)</u>	<u>(291,521)</u>
(Decrease) increase in cash	58,504	(100,588)
Cash, beginning of year	<u>50,086</u>	<u>150,674</u>
Cash, end of year	<u><u>108,590</u></u>	<u><u>50,086</u></u>

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 charged 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 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**

	2017	2016
	\$	\$
Cash	505,680	293,888
Business Investment Savings Account	<u>971,040</u>	<u>966,970</u>
	<u>1,476,720</u>	<u>1,260,858</u>

The Business Investment Savings Account is with a Canadian Banking institution earning interest at a rate of 0.55% (2016 - 0.35%). Interest is paid monthly.

Continued...

### 3. EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2017 Net</u>	<u>2016 Net</u>
	\$	\$	\$	\$
Furniture and fixtures	45,935	28,085	17,850	12,310
Gym equipment	24,101	10,343	13,758	12,933
Sauna	<u>8,876</u>	<u>4,438</u>	<u>4,438</u>	<u>5,706</u>
	<u>78,912</u>	<u>42,866</u>	<u>36,046</u>	<u>30,949</u>

### 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 approximate the following:

2018	\$ 75,000
2019	51,000
2020	52,000
2021 and thereafter	<u>50,000</u>
	<u>\$ 228,000</u>

### 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 \$240,126 in 2017 (2016 - \$230,890); expenditures of \$853,944 (2016 - \$123,535), and an ending balance at December 31, 2017 of \$477,750 (2016 - \$1,089,611). Actual amounts were \$242,435, (2016 - \$230,890); \$28,513 (2016 - \$82,873) and \$1,350,382 (2016 - \$1,132,390), 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.

Continued...



## **6. REMUNERATION OF DIRECTORS, OFFICERS AND MANAGEMENT**

No remuneration was paid to directors, officers or management during 2017 or 2016 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, 2017.

### **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.