

**METROPOLITAN TORONTO
CONDOMINIUM CORPORATION NO. 600
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600
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YEAR ENDED DECEMBER 31, 2021

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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, 2021, 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, 2021, and the results of its operations and 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 ethical requirements that are relevant to our audit of the financial statements in Canada, and 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 to 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.

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 the 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 judgment and maintain professional skepticism throughout the audit. We also:

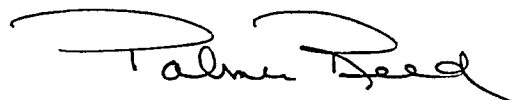
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Independent Auditor's Report to the Owners of Metropolitan Toronto Condominium Corporation No. 600
(continued)

- 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 risk 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.

Toronto, Ontario
June 13, 2022



**Chartered Professional Accountants
Licensed Public Accountants**


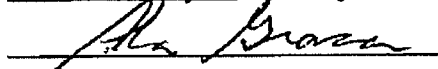
METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	2021	2020
ASSETS		
Current		
Cash	\$ 81,999	\$ 92,607
Accounts receivable (Note 5)	6,061,001	140,441
	6,143,000	233,048
Reserve cash (Note 3)	2,232,742	2,188,489
Equipment (Note 4)	2,477	8,080
	<u>\$ 8,378,219</u>	<u>\$ 2,429,617</u>
LIABILITIES		
Current		
Account payables and accrued liabilities	\$ 290,003	\$ 51,237
Refundable deposits	500	250
Government remittances payable	2,953	2,355
	<u>293,456</u>	<u>53,842</u>
FUND BALANCES		
General fund	219,234	237,664
Equipment fund	2,477	8,079
Reserve fund	7,863,052	2,130,032
	<u>8,084,763</u>	<u>2,375,775</u>
	<u>\$ 8,378,219</u>	<u>\$ 2,429,617</u>

COMMITMENTS AND CONTINGENCIES (Note 6)

SUBSEQUENT EVENTS (Note 10)

On behalf of the Board

 Director
 Director

The attached notes form an integral part of these financial statements.

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600
STATEMENT OF GENERAL FUND OPERATIONS AND FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget 2021	Actual 2021	Actual 2020
Revenues			
Owner's assessments	\$ 740,580	\$ 740,580	\$ 714,240
Interest and other income	1,500	1,850	1,900
	742,080	742,430	716,140
Less: Allocations to reserve fund (<i>Note 5</i>)	302,937	302,937	280,498
	439,143	439,493	435,642
Expenses			
Administration	76,250	88,462	76,682
Repairs and maintenance	47,843	46,105	40,983
Service and maintenance contracts	109,050	120,443	105,768
Utilities	206,000	202,913	210,487
	439,143	457,923	433,920
Net excess (deficiency) of revenues over expenses	-	(18,430)	1,722
Fund balance - beginning of year	-	237,664	235,942
Fund balance - end of year	\$ -	\$ 219,234	\$ 237,664

The attached notes form an integral part of these financial statements.

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600

SCHEDULE OF EXPENSES

(Schedule 1)

YEAR ENDED DECEMBER 31, 2021

	Budget 2021	Actual 2021	Actual 2020
UTILITIES AND TAXES			
Hydro	\$ 81,000	\$ 69,631	\$ 89,179
Water and sewer	54,000	61,148	54,206
Cable TV	42,000	38,587	40,383
Gas	25,500	28,208	23,882
Property taxes	3,000	2,890	2,837
Diesel fuel and equipment	500	2,449	-
	<u>206,000</u>	<u>202,913</u>	<u>210,487</u>
REPAIRS AND MAINTENANCE			
Security	22,000	24,820	22,085
Plumbing repairs	5,043	3,860	6,768
Exterior repairs	6,000	5,506	360
Misc repairs - interior	5,000	4,539	5,860
Recreational supplies	2,200	3,271	2,651
Supplies	1,100	1,816	1,016
Electrical and mechanical	5,000	597	2,241
Rec centre repairs	1,500	1,695	2
	<u>47,843</u>	<u>46,104</u>	<u>40,983</u>
SERVICE AND MAINTENANCE CONTRACTS			
HVAC	40,000	36,423	36,950
Insurance	28,000	29,735	26,568
Fire safety	8,000	19,500	9,134
Elevators	16,000	16,039	16,684
Cleaning services(exterior)	12,000	6,111	11,427
Cleaning services(interior)	3,500	8,348	2,886
Compactor	750	-	1,105
Pest control	800	1,208	1,014
Grounds	-	3,078	-
	<u>109,050</u>	<u>120,442</u>	<u>105,768</u>
ADMINISTRATION			
Wages and benefits	60,400	62,434	58,827
Office expenses	5,600	9,804	6,433
Professional fees	1,500	3,531	338
Audit fees	4,850	5,876	5,226
Bank charges	900	735	898
Legal fees	3,000	6,081	4,960
	<u>\$ 76,250</u>	<u>\$ 88,461</u>	<u>\$ 76,682</u>

The attached notes form an integral part of these financial statements.

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600
STATEMENT OF EQUIPMENT FUND
YEAR ENDED DECEMBER 31, 2021

	2021	2020
Balance, beginning of year	\$ 8,079	\$ 15,468
Equipment fund amortization	<u>(5,602)</u>	<u>(7,389)</u>
Balance, end of year	<u>\$ 2,477</u>	<u>\$ 8,079</u>

The attached notes form an integral part of these financial statements.

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600**STATEMENT OF RESERVE FUND****YEAR ENDED DECEMBER 31, 2021**

	2021	2020
Balance, beginning of year	\$ 2,130,032	\$ 2,520,075
Add:		
Annual allocation from owners' assessments	302,937	280,498
Special assessment	6,061,000	-
Interest income	10,026	7,145
	6,373,963	287,643
Deduct:		
Bank charges	-	22
Elevator and mechanical repairs	100,382	27,253
Interior repairs	6,486	4,588
Office	186	300
Professional services	19,046	46,839
Repairs and maintenance	514,617	597,803
Supplies	226	881
	640,943	677,686
Balance, end of year	\$ 7,863,052	\$ 2,130,032

The attached notes form an integral part of these financial statements.

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021	2020
Cash flows from operating activities		
Cash receipts	\$ 1,197,279	\$ 1,689,946
Cash paid to suppliers and employees	(1,163,634)	(1,372,874)
Cash flows from operating activities	33,645	317,072
Investing activity		
Reserve cash	(44,253)	(284,595)
Increase (decrease) in cash flow	(10,608)	32,477
Cash - beginning of year	92,607	60,130
Cash - end of year (Note 3)	\$ 81,999	\$ 92,607

The attached notes form an integral part of these financial statements.

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

1. Purpose of the corporation

Metropolitan Toronto Condominium Corporation No. 600 (the "Corporation") is a not-for-profit organization incorporated provincially under the Condominium Act of Ontario. As a registered charity the corporation is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The corporation operates to manage and maintain, on behalf of the owners, the common elements of 54 residential and 1 commercial unit located in the City of Toronto.

2. Summary of significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFP) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

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 Equipment Fund was established to account for the acquisition of equipment and the related amortization.

The Reserve Fund reports the assessments from owners and expenditures for major repairs and replacement costs of the common elements and assets. The basis of 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 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 the amounts accumulated for the purpose of financing future charges to the reserve fund in special accounts, for use only to finance such charges.

Equipment

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

Gym equipment	7 years	straight-line method
Furniture and fixtures	5 years	straight-line method
Sauna	7 years	straight-line method

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 this requirement are expensed. The corporation regularly reviews its equipment to eliminate obsolete items.

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.

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METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

2. Summary of significant accounting policies *(continued)*

Revenue recognition

Owner assessments are recognized as revenue in the statement of the general fund operations monthly based on the budget distributed to owners each year. Special assessments are recognized as revenue when they are assessed by 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 conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. Reserve Cash

	<u>2021</u>	<u>2020</u>
Cash	\$ 222,064	\$ 187,838
Business Investment Savings Account	2,010,678	2,000,652
	<u>\$ 2,232,742</u>	<u>\$ 2,188,490</u>

The Business Investment Savings account is with a Canadian banking Institution earning interest rate of 0.50% (2020 - 0.50%). Interest is paid monthly.

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600**NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2021****4. Equipment**

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Gym equipment	\$ 24,101	\$ 22,963	\$ 1,138	\$ 3,429
Furniture and fixtures	45,935	44,596	1,339	4,017
Sauna	8,876	8,876	-	634
	<u>\$ 78,912</u>	<u>\$ 76,435</u>	<u>\$ 2,477</u>	<u>\$ 8,080</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 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 \$280,913 in 2021 (2020 - \$270,109); expenditures of \$510,108 (2020 - \$93,636), and an ending balance at December 31, 2021 of \$261,043 (2020 - \$485,600). Actual amounts were \$302,937, (2020 - \$280,498); \$675,022 (2020 - \$677,686) and \$7,863,052 (2020 - \$2,130,032), 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 2021, the board of directors approved a special assessment of \$110,000 per residential unit and \$121,000 for the commercial unit, for a total of \$6,061,000. Each unitholder may pay their portion by making five bi-monthly installments commencing April 1, 2022. As at December 31, 2021, \$6,061,000 (2020 - \$0) was included in amounts receivable.

6. Commitments and Contingencies

The Corporation began a project to replace the window systems for all the residential units in 2020. As work started, hidden damage was discovered. The project was put on hold while the extent of additional work was assessed. In 2021 the project was re-tendered with new specifications. The final cost of this project is expected to be \$7,929,000 and work is expected to be complete in 2022.

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

7. Financial instruments

The corporation is exposed to various risks through its financial instruments. The following analysis provides information about the Corporation's risk exposure and concentrations as of December 31, 2021.

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.

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.

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. Remunerations of Directors, Officers and Management

No remuneration was paid to directors, officers or management during 2021 or 2020 and they had no interest in any transactions of the corporation.

9. Budget Information

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

10. Subsequent event

In April 2022, a company that was previously contracted to replace the Corporation's window systems prior to the re-tendering of the project, filed a statement of claim against the Corporation for breach of contract. The amount of the claim is \$726,593. The Corporation is contesting this claim and, in management's estimation, approximately \$200,000 is expected to be owed. A provision of \$200,000 has been accrued in accounts payable as of December 31, 2021. However, the actual outcome cannot be determined at this time.