

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600
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YEAR ENDED DECEMBER 31, 2022

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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 organization), which comprise the statement of financial position as at December 31, 2022, and the statements of general fund operations and fund balance and 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 organization as at December 31, 2022, 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 organization 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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:

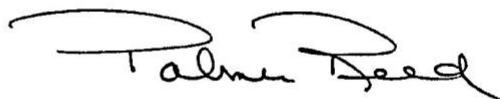
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Independent Auditor's Report to the Owners of Metropolitan Toronto Condominium Corporation No. 600
(continued)

- 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 organization'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 organization'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 organization 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 12, 2023



Chartered Professional Accountants
Licensed Public Accountants

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

| | 2022 | 2021 |
|------------------------------------------|---------------------|---------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 259,364 | \$ 81,999 |
| Accounts receivable | - | 6,061,001 |
| Prepaid expenses | 8,833 | - |
| | <u>268,197</u> | <u>6,143,000</u> |
| Reserve cash (Note 3) | 2,686,876 | 2,232,742 |
| Equipment (Note 4) | 569 | 2,477 |
| | <u>\$ 2,955,642</u> | <u>\$ 8,378,219</u> |
| LIABILITIES | | |
| Current | | |
| Account payables and accrued liabilities | \$ 374,182 | \$ 290,003 |
| Refundable deposits | 500 | 500 |
| Government remittances payable | 2,905 | 2,953 |
| Holdbacks payable | 554,446 | - |
| | <u>932,033</u> | <u>293,456</u> |
| FUND BALANCES | | |
| General fund | 200,909 | 219,234 |
| Equipment fund | 569 | 2,477 |
| Reserve fund | 1,822,131 | 7,863,052 |
| | <u>2,023,609</u> | <u>8,084,763</u> |
| | <u>\$ 2,955,642</u> | <u>\$ 8,378,219</u> |

SUBSEQUENT EVENTS (Note 9)

ON BEHALF OF THE BOARD

 Director
 Director

See notes to financial statements

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600
STATEMENT OF GENERAL FUND OPERATIONS AND FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2022

| | Budget 2022 | Actual 2022 | Actual 2021 |
|-------------------------------------------------|----------------|-------------------|-------------------|
| REVENUES | | | |
| Owner's assessments | \$ 763,740 | \$ 763,740 | \$ 740,580 |
| Interest and other income | 1,500 | 4,894 | 1,850 |
| | 765,240 | 768,634 | 742,430 |
| Less: Allocations to reserve fund (Note 5) | 327,172 | 327,172 | 302,937 |
| | 438,068 | 441,462 | 439,493 |
| EXPENSES | | | |
| Administration | 75,155 | 76,676 | 88,462 |
| Repairs and maintenance | 45,393 | 53,692 | 46,105 |
| Service and maintenance contracts | 111,200 | 124,002 | 120,443 |
| Utilities | 206,320 | 205,417 | 202,913 |
| | 438,068 | 459,787 | 457,923 |
| NET DEFICIENCY OF REVENUES OVER EXPENSES | - | (18,325) | (18,430) |
| Fund balance - beginning of year | - | 219,234 | 237,664 |
| Fund balance - end of year | \$ - | \$ 200,909 | \$ 219,234 |

See notes to financial statements

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600

SCHEDULE OF EXPENSES

(Schedule 1)

YEAR ENDED DECEMBER 31, 2022

| | Budget 2022 | Actual 2022 | Actual 2021 |
|------------------------------------------|------------------|------------------|------------------|
| UTILITIES AND TAXES | | | |
| Cable TV | \$ 33,720 | \$ 33,682 | \$ 38,587 |
| Diesel fuel and equipment | 1,500 | 4,834 | 2,449 |
| Gas | 29,000 | 41,567 | 28,208 |
| Hydro | 74,000 | 64,738 | 69,631 |
| Property taxes | 3,000 | 2,989 | 2,890 |
| Water and sewer | 65,100 | 57,607 | 61,148 |
| | <u>206,320</u> | <u>205,417</u> | <u>202,913</u> |
| REPAIRS AND MAINTENANCE | | | |
| Electrical and mechanical | 5,000 | 2,881 | 597 |
| Exterior repairs | 3,000 | 4,303 | 5,506 |
| Misc repairs - interior | 4,000 | 6,330 | 4,539 |
| Plumbing repairs | 4,043 | 15,960 | 3,860 |
| Rec centre repairs | 1,500 | - | 1,695 |
| Recreational supplies | 500 | 65 | 3,271 |
| Security | 26,000 | 23,022 | 24,820 |
| Supplies | 1,350 | 1,131 | 1,816 |
| | <u>45,393</u> | <u>53,692</u> | <u>46,104</u> |
| SERVICE AND MAINTENANCE CONTRACTS | | | |
| Cleaning services - exterior | 10,700 | - | 6,111 |
| Cleaning services - interior | 3,500 | 2,130 | 8,348 |
| Compactor | 750 | - | - |
| Elevators | 14,500 | 15,221 | 16,039 |
| Fire safety | 8,000 | 29,390 | 19,500 |
| Grounds | 550 | 5,085 | 3,078 |
| HVAC | 40,000 | 39,577 | 36,423 |
| Insurance | 32,000 | 31,633 | 29,735 |
| Pest control | 1,200 | 966 | 1,208 |
| | <u>111,200</u> | <u>124,002</u> | <u>120,442</u> |
| ADMINISTRATION | | | |
| Audit fees | 6,000 | 5,876 | 5,876 |
| Bank charges | 720 | 711 | 735 |
| Legal fees | 1,500 | 5,530 | 6,081 |
| Office expenses | 7,300 | 6,473 | 9,804 |
| Professional fees | 1,385 | 2,571 | 3,531 |
| Wages and benefits | 58,250 | 55,515 | 62,434 |
| | <u>\$ 75,155</u> | <u>\$ 76,676</u> | <u>\$ 88,461</u> |

See notes to financial statements

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600
STATEMENT OF EQUIPMENT FUND
YEAR ENDED DECEMBER 31, 2022

| | 2022 | 2021 |
|-----------------------------|---------------|-----------------|
| Balance, beginning of year | \$ 2,477 | \$ 15,468 |
| Equipment fund amortization | (1,908) | (7,389) |
| Balance, end of year | \$ 569 | \$ 8,079 |

See notes to financial statements

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600**STATEMENT OF RESERVE FUND****YEAR ENDED DECEMBER 31, 2022**

| | 2022 | 2021 |
|--------------------------------------------|---------------------|---------------------|
| Balance, beginning of year | \$ 7,863,052 | \$ 2,130,032 |
| Add: | | |
| Annual allocation from owners' assessments | 327,172 | 302,937 |
| Special assessment | - | 6,061,000 |
| Interest income | 22,403 | 10,026 |
| | 349,575 | 6,373,963 |
| Deduct: | | |
| Interior repairs | 2,040 | 6,486 |
| Mechanical repairs | - | 100,382 |
| Office | 5,939 | 186 |
| Professional services | 368,016 | 19,046 |
| Repairs and maintenance | 6,011,102 | 514,617 |
| Supplies | 3,399 | 226 |
| | 6,390,496 | 640,943 |
| Balance, end of year | \$ 1,822,131 | \$ 7,863,052 |

See notes to financial statements

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED DECEMBER 31, 2022**

| | 2022 | 2021 |
|---------------------------------------------|--------------------|--------------------|
| Cash flows from operating activities | | |
| Cash receipts | \$ 7,179,210 | \$ 1,197,279 |
| Cash paid to suppliers and employees | <u>(6,547,711)</u> | <u>(1,163,634)</u> |
| Cash flows from operating activities | 631,499 | 33,645 |
| Investing activity | | |
| Reserve cash | <u>(454,134)</u> | <u>(44,253)</u> |
| Increase (decrease) in cash flow | 177,365 | (10,608) |
| Cash - beginning of year | <u>81,999</u> | <u>92,607</u> |
| Cash - end of year (Note 3) | <u>\$ 259,364</u> | <u>\$ 81,999</u> |

See notes to financial statements

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

1. PURPOSE OF THE ORGANIZATION

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 organization 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 (ASNPO) 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 |

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 organization 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

YEAR ENDED DECEMBER 31, 2022

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

| | 2022 | 2021 |
|-------------------------------------|----------------------------|----------------------------|
| Cash | \$ 653,795 | \$ 222,064 |
| Business Investment Savings Account | 2,033,081 | 2,010,678 |
| | <u>\$ 2,686,876</u> | <u>\$ 2,232,742</u> |

The Business Investment Savings account is with a Canadian banking Institution earning interest rate of 2.70% (2021 - 0.50%). Interest is paid monthly.

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600**NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2022****4. EQUIPMENT**

| | Cost | Accumulated amortization | 2022 Net book value | 2021 Net book value |
|------------------------|------------------|-----------------------------|---------------------------|---------------------------|
| Gym equipment | \$ 24,101 | \$ 23,532 | \$ 569 | \$ 1,138 |
| Furniture and fixtures | 45,935 | 45,935 | - | 1,339 |
| | <u>\$ 70,036</u> | <u>\$ 69,467</u> | <u>\$ 569</u> | <u>\$ 2,477</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. (the "study"), dated May 29, 2023 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 \$292,150 in 2022 (2021 - \$280,913); expenditures of \$203,009 (2021 - \$510,108), and an ending balance at December 31, 2022 of \$354,003 (2021 - \$261,043). Actual amounts were \$327,172 (2021 - \$302,937); \$6,390,496 (2021 - \$640,943) and \$1,822,131 (2021 - \$7,863,052), 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.

6. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2022.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued charges, government remittances payable, and holdbacks payable.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other risks arising from these financial instruments.

7. Remunerations of Directors, Officers and Management

No remuneration was paid to directors, officers or management during 2022 or 2021 and they had no interest in any transactions of the corporation.

8. Budget Information

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

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

9. SUBSEQUENT EVENT

In May 2023, a statement of claim, which was filed against the Company in April 2022 was settled and the claimant released the Company from further claims. As at December 31, 2021, management had estimated that the liability to the Company resulting from this lawsuit would be \$200,000 and this amount was included in the net deficiency of revenues over expenses for the year ended December 31, 2021. The actual settlement amount was \$325,000. The difference of \$125,000 relative to the estimate has been included in the net deficiency of revenues over expenses for the year ended December 31, 2022.
