

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1831

FINANCIAL STATEMENTS

JANUARY 31, 2018

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1831

FINANCIAL STATEMENTS

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INDEX

	Page
Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Operations and Changes in Fund Balances - Operating Fund	4
Statement of Operations and Changes in Fund Balances - Reserve Fund	5
Statement of Cash Flows	6
Schedule of Building Repairs and Maintenance	7
Notes to Financial Statements	8-11



Chartered Professional
Accountants

INDEPENDENT AUDITORS' REPORT

To the Owners of **Toronto Standard Condominium Corporation No. 1831**

We have audited the accompanying financial statements of **Toronto Standard Condominium Corporation No. 1831**, which comprise the statement of financial position as at January 31, 2018, the statements of operations and changes in fund balances of the operating and reserve funds, and the statement of cash flow for the year then ended, and a summary of significant accounting policies and explanatory information.

Management's Responsibility for the Financial Statements

Management and directors are 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 and directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 of 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 auditors' 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 Corporation'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 Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and directors, 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 **Toronto Standard Condominium Corporation No. 1831** as at January 31, 2018, the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matters

The financial statements of **Toronto Standard Condominium Corporation No. 1831** for the year ended January 30, 2017, were audited by another auditor who expressed an unmodified opinion on those statements on August 30, 2017.

Toronto, Ontario
August, 28, 2018



Chartered Professional Accountants
Licensed Public Accountants

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1831

STATEMENT OF FINANCIAL POSITION

JANUARY 31, 2018

See Accompanying Notes

	2018	2017
	\$	\$
ASSETS		
CURRENT		
Cash	163,446	153,071
Accounts receivable	28,307	15,254
Prepaid expenses and sundry	17,767	15,245
	<u>209,520</u>	<u>183,570</u>
Current reserve fund cash (Note 2)	157,682	113,614
Short-term reserve fund investments (Note 2)	398,523	-
Long-term reserve fund investments (Note 2)	724,052	1,106,451
	<u>1,280,257</u>	<u>1,220,065</u>
	<u>1,489,777</u>	<u>1,403,635</u>
LIABILITIES		
CURRENT		
Accounts payable - operating	91,240	128,453
Accounts payable - reserve	9,048	4,916
	<u>100,288</u>	<u>133,369</u>
FUND BALANCES		
OPERATING FUND	124,208	48,098
RESERVE FUND (Note 3)	1,265,281	1,222,168
	<u>1,389,489</u>	<u>1,270,266</u>
	<u>1,489,777</u>	<u>1,403,635</u>

APPROVED BY THE BOARD:

 Director

 Director

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1831
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES - OPERATING FUND
YEAR ENDED JANUARY 31, 2018

See Accompanying Notes

	2018 Budget (Note 7)	2018 Actual	2017 Actual
	\$	\$	\$
REVENUE			
Common element assessments	1,150,459	1,150,448	1,070,126
Other income (Note 4)	-	25,000	171,250
Sundry	2,200	8,629	3,690
	1,152,659	1,184,077	1,245,066
Less allocations to:			
Reserve fund - annual	(262,192)	(262,192)	(254,555)
OPERATING REVENUE	890,467	921,885	990,511
COMMON EXPENDITURES			
Building repairs and maintenance (Page 7)	383,666	386,220	405,909
Gas	85,000	72,465	65,993
Hydro	185,000	146,847	197,782
Insurance	27,586	27,383	26,715
Landscaping and snow removal	43,000	47,553	44,196
Management fees	54,391	54,391	52,807
Office and general	9,917	11,221	10,060
Professional fees	6,907	13,504	12,140
Water	95,000	86,191	97,355
	890,467	845,775	912,957
EXCESS OF REVENUE OVER EXPENDITURES	-	76,110	77,554
FUND BALANCE, beginning of year		48,098	(29,456)
FUND BALANCE, end of year		124,208	48,098

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1831
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES - RESERVE FUND
YEAR ENDED JANUARY 31, 2018

See Accompanying Notes

	2018	2017
	\$	\$
REVENUE		
Allocations from owners' assessments - annual	262,192	254,555
Interest earned	16,345	14,612
	<u>278,537</u>	<u>269,167</u>
EXPENDITURES		
Building repairs	76,135	-
Exterior repairs	-	28,816
Electrical	56,027	2,575
Fire system repairs	9,105	1,357
Landscaping maintenance	-	7,063
HVAC repairs	-	1,977
Plumbing and water leaks	56,076	1,949
Reserve fund study	3,955	-
Interior decorating	-	91,247
Elevator	11,294	-
Interior repairs	-	12,013
Security equipment repairs/replacement	-	1,379
Windows and doors	22,832	4,786
	<u>235,424</u>	<u>153,162</u>
EXCESS OF REVENUE OVER EXPENDITURES	43,113	116,005
FUND BALANCE, beginning of year	1,222,168	1,106,163
FUND BALANCE, end of year	<u>1,265,281</u>	<u>1,222,168</u>

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1831

STATEMENT OF CASH FLOWS YEAR ENDED JANUARY 31, 2018

See Accompanying Notes

	2018	2017
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenses		
Operating fund	76,110	77,554
Reserve fund	43,113	116,005
	<u>119,223</u>	<u>193,559</u>
Changes in working capital		
Accounts receivable	(13,054)	(1,604)
Prepaid expenses and sundry	(2,523)	2,038
Accounts payable - operating	(37,211)	(42,431)
Accounts payable - reserve	4,132	(17,972)
	<u>(48,656)</u>	<u>(59,969)</u>
INVESTING ACTIVITIES		
Maturity of investments - operating fund	-	101,273
Purchase of investments - reserve fund	(16,124)	(15,972)
	<u>(16,124)</u>	<u>85,301</u>
INCREASE IN CASH	54,443	218,891
CASH, beginning of year	266,685	47,794
CASH, end of year	<u>321,128</u>	<u>266,685</u>
CASH REPRESENTED BY:		
Operating fund cash	163,446	153,071
Reserve fund cash (Note 2)	157,682	113,614
	<u>321,128</u>	<u>266,685</u>

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1831

SCHEDULE OF BUILDING REPAIRS AND MAINTENANCE

YEAR ENDED JANUARY 31, 2018

See Accompanying Notes

	2018 Budget (Note 7)	2018 Actual	2017 Actual
	\$	\$	\$
Cleaning supplies	82,842	83,041	80,429
Electrical repairs	7,000	8,346	8,261
Elevator	16,355	18,036	15,534
Fire protection and safety	8,890	10,893	17,805
Garage and parking lot maintenance	4,000	2,605	5,105
General building repairs	30,705	27,557	26,793
HVAC maintenance	16,294	19,697	15,148
Pest control	1,085	1,301	697
Plumbing repairs	8,000	7,372	20,265
Security	170,315	169,909	174,559
Waste disposal	26,680	24,863	30,691
Windows	11,500	12,600	10,622
	383,666	386,220	405,909

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1831

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 2018

NATURE OF OPERATIONS

Toronto Standard Condominium Corporation No. 1831 ("the Corporation") was registered without share capital under the laws of the *Condominium Act of Ontario* (the "Act") on February 2, 2007. The Corporation was formed to manage and maintain, on behalf of the owners, the common elements of the 162 residential units known as Broadview Lofts, 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

(a) BASIS OF ACCOUNTING

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) FUND ACCOUNTING

The Corporation follows the restricted fund method of accounting for contributions.

The statement of operations and changes in fund balances - operating fund reports owners' assessments, budgeted allocations of those assessments to other funds and expenses related to the operation and maintenance of the common elements of the Corporation.

The statement of operations and changes in fund balances - reserve fund reports the portion of owners' assessments allocated to it and expenses for the major repair and replacement of the common elements and assets of the Corporation. The basis of determining the reserve fund requirements is explained in Note 3. All major repairs and replacements must be charged to the reserve fund; minor repairs and replacements must be charged to expenses in the statement of operations and changes in fund balances - operating fund. The Corporation segregates amounts accumulated for the purpose of financing future charges to the reserve fund in bank and investment accounts that must be used solely to finance such charges. Interest earned on these amounts is included in the reserve fund.

(c) COMMON ELEMENTS

The common elements of the Corporation are owned proportionately by the unit owners and consequently are not reflected as assets in these financial statements.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1831

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) REVENUE RECOGNITION

Owners' assessments are recognized as revenue in the statement of operations and changes in fund balances - operating fund 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.

(e) RESERVE FUND

A reserve fund has been established, as required by the Condominium Act, 1998, to finance future major repairs and replacements of common elements. Only major repairs and replacements are charged to this fund.

(f) INVESTMENTS

Investments are purchased to be held to maturity and accordingly are recorded at amortized cost plus transaction costs and accrued interest, calculated using the effective interest rate method

(g) CONTRIBUTED SERVICES

Directors and owners volunteer their time to assist in the Corporation's activities. While these services benefit the Corporation considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

(h) MEASUREMENT OF FINANCIAL INSTRUMENTS

The Corporation initially measures its financial assets and liabilities at fair value. The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include accounts receivable. Financial liabilities measured at amortized cost include accounts payable. The Corporation has not designated any financial asset or liability to be measured at fair value.

(i) USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. The assets and liabilities which require management to make significant estimates and assumptions in determining carrying value include accounts receivable and accounts payable.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1831

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 2018

2. RESERVE FUND CASH AND INVESTMENTS

Reserve fund cash consists of cash held in a TD Canada Trust bank account, TD Securities Term Deposit Investments and RBC Securities Term Deposit Investments. The accounts are interest bearing, earning variable rate interest.

Reserve fund investments consist of Guaranteed Investment Certificates that mature from March 2018 to November 2020, earning interest at rates between 1.35% and 2.50%.

3. RESERVE FUND

The Corporation, as required by the *Condominium Act*, 1998 ("the Act"), has established a reserve fund for financing future major repairs and replacements of the common elements and assets.

The directors have used the report of Eden Engineering & Design Inc. dated December 2015 and such other information that was available to them in evaluating the adequacy of annual contributions to the reserve fund. The Corporation's plan for contribution to the reserve fund for 2017/2018 was \$262,192 and the plan for expenditures from the reserve fund for 2017/2018 was \$170,545. Actual amounts were \$262,192 and \$235,424 respectively. The plan calls for annual increases to the reserve fund contribution of 3.0% until 2024/2025, 10.0% until 2038/2039 and an increase of 6.0% thereafter.

The study estimated a closing balance in the reserve fund of \$1,967,928 for the year ended January 31, 2018 compared to the actual balance of \$1,265,281.

The reserve is evaluated on the basis of expected repair and replacement costs and life expectancy of the common elements and assets of the Corporation. Such evaluation is based on numerous assumptions as to future events. These factors are subject to change over time and the changes may be material; accordingly, the *Condominium Act* requires that reserve fund studies be updated every three years.

During the year, the Corporation approved a Class 1 comprehensive reserve fund study of Building Sciences Inc. The proposed funding plan will be implemented beginning February 1, 2018.

4. COMMITMENTS

The Corporation, in the normal course of operations, has contracts for various operating services, including property management services, cleaning supplies, security services, and landscaping services. All contracts have short-term cancellation clauses.

On June 24, 2016, the Corporation entered into a tieback, easement and air access rights agreement with the owner of the lands and premises known as 77-79 East Don Roadway and 677 Queen Street East, located in the City of Toronto.

The Corporation received \$196,250 in respect of this agreement to date and can receive a further \$25,000 on June 15, 2018 in respect of air rights and crane swing use.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1831

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 2018

5. **RELATED PARTY TRANSACTIONS**

During the year, the directors did not receive any remuneration.

6. **FINANCIAL INSTRUMENTS**

INTEREST RATE RISK

Unless otherwise noted, it is the Board's opinion that the Corporation is not exposed to significant interest rate risks arising from its financial instruments. The Corporation does not use derivative financial instruments to reduce its exposure to interest rate risk.

CREDIT RISK

Credit risk is the potential for financial loss should a counter-party in a transaction fail to meet its obligations. The Corporation places its operating and reserve cash with high quality institutions and believes its exposure is not significant. The Corporation's credit risk from owners' assessments receivable is also not significant given the ability of the Corporation to place a lien on a unit for outstanding fees and limited financial exposure in a multi-unit condominium.

LIQUIDITY RISK

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they become due. The Corporation manages this risk by establishing budgets and funding plans and by levying sufficient owners' assessments to fund its operating expenses, debt payments and the necessary contributions to the reserve and other funds. Cash is held in an interest bearing account which provides a rate of return as well as liquidity.

7. **BUDGET INFORMATION**

The budget figures shown in these financial statements are compiled solely by the Corporation and are not susceptible to audit examination. No opinion on these figures is expressed or implied by the Corporation's auditors.

8. **COMPARATIVE FIGURES**

Certain reclassifications for the year ended January 31, 2017 have been made for the purposes of comparability.