

YORK CONDOMINIUM CORPORATION NO. 323

FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2020

YORK CONDOMINIUM CORPORATION NO. 323

FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2020

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INDEPENDENT AUDITOR'S REPORT**To the Owners of
York Condominium Corporation No. 323****Opinion**

We have audited the financial statements of York Condominium Corporation No. 323, which comprise the statement of financial position as at April 30, 2020, and the statements of reserve fund, operating fund 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 York Condominium Corporation No. 323 as at April 30, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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, 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 and Directors are responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management and Directors are 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 and Directors 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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:

- 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 and the Directors.
- Conclude on the appropriateness of management and the Directors 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.

Tapp & Company LLP

Toronto, Ontario
August 10, 2020Chartered Professional Accountants
Licensed Public Accountants

YORK CONDOMINIUM CORPORATION NO. 323

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2020

ASSETS

	<u>2020</u>	<u>2019</u>
Current		
Operating fund cash	\$ 333,544	\$ 245,689
Owners' assessments receivable	4,201	-
Due from High Park Green Recreation Centre	15,063	17,450
Prepaid expenses	<u>6,529</u>	<u>1,666</u>
	359,337	264,805
Reserve fund cash and investments (Note 2)	<u>2,500,234</u>	<u>2,419,405</u>
	<u>\$ 2,859,571</u>	<u>\$ 2,684,210</u>


LIABILITIES


Current		
Accounts payable and accrued liabilities		
Operating fund	\$ 144,488	\$ 66,350
Reserve fund	<u>-</u>	<u>7,983</u>
	<u>144,488</u>	<u>74,333</u>

FUND BALANCES

Reserve fund (Note 3)	2,525,234	2,425,174
Operating fund	<u>189,849</u>	<u>184,703</u>
	<u>2,715,083</u>	<u>2,609,877</u>
	<u>\$ 2,859,571</u>	<u>\$ 2,684,210</u>

Approved on behalf of the Board:

 Director

 Director

See Notes to Financial Statements

YORK CONDOMINIUM CORPORATION NO. 323

STATEMENT OF RESERVE FUND

YEAR ENDED APRIL 30, 2020

	<u>2020</u>	<u>2019</u>
Revenue		
Allocation from operating fund	\$ 750,300	\$ 737,398
Interest earned	53,808	49,263
Booster pump rebate	-	8,748
Lighting retrofit-garage rebate	<u>2,720</u>	<u>-</u>
	<u>806,828</u>	<u>795,409</u>
Expenses		
Asphalt repairs	6,328	-
Balcony ponding repairs	2,950	-
Booster pump replacement	-	39,946
Door closers	9,622	-
Door hardware - lockers	9,642	-
Exercise equipment	-	3,913
Garage air vent repairs	7,910	-
Garage door repair	-	2,164
Garage lighting retrofit	24,751	8,711
Generator repair	-	1,091
HVAC repairs	-	2,825
Landscaping project	8,345	8,661
Lighting repairs-exit signs/fixtures	20,991	-
Plumbing repairs	-	7,416
Reserve fund study	6,780	847
Sauna/change room renovations	-	10,823
Security equipment	-	2,678
Superintendent suite renovations	14,690	25,706
Tennis court fence repairs	7,628	-
Windows and doors	-	5,709
Windows - corner units	612,131	-
Windows - west elevation	<u>-</u>	<u>331,274</u>
	<u>731,768</u>	<u>451,764</u>
Excess of revenue over expenses	75,060	343,645
Fund Balance, beginning of year	<u>2,425,174</u>	<u>2,081,529</u>
	2,500,234	2,425,174
Transfer from Operating Fund	<u>25,000</u>	<u>-</u>
Fund Balance, end of year	<u>\$ 2,525,234</u>	<u>\$ 2,425,174</u>

See Notes to Financial Statements

YORK CONDOMINIUM CORPORATION NO. 323

STATEMENT OF OPERATING FUND

YEAR ENDED APRIL 30, 2020

	2020 <u>Budget</u> (Note 8)	2020 <u>Actual</u>	2019 <u>Actual</u>
Revenue			
Owners' assessment	\$ 1,907,252	\$ 1,907,253	\$ 1,888,345
Less allocation to reserve fund	<u>(750,300)</u>	<u>(750,300)</u>	<u>(737,398)</u>
	1,156,952	1,156,953	1,150,947
Interest and sundry income	<u>20,359</u>	<u>23,065</u>	<u>22,734</u>
	<u>1,177,311</u>	<u>1,180,018</u>	<u>1,173,681</u>
Expenses (Pages 6 and 7)			
Administration	96,201	85,898	87,388
Contract services	347,849	345,964	333,836
Recreation Centre	45,180	50,021	43,364
Repairs and maintenance	136,600	145,800	157,685
Utilities	445,274	403,185	408,458
Wages and benefits	<u>106,207</u>	<u>119,004</u>	<u>119,578</u>
	<u>1,177,311</u>	<u>1,149,872</u>	<u>1,150,309</u>
Excess of revenue over expenses	<u>\$ -</u>	30,146	23,372
Fund Balance, beginning of year		<u>184,703</u>	<u>161,331</u>
		214,849	184,703
Less transfer to Reserve Fund		<u>(25,000)</u>	<u>-</u>
Fund Balance, end of year		<u>\$ 189,849</u>	<u>\$ 184,703</u>

See Notes to Financial Statements

YORK CONDOMINIUM CORPORATION NO. 323

SCHEDULE OF EXPENSES

YEAR ENDED APRIL 30, 2020

	2020 <u>Budget</u> (Note 8)	2020 <u>Actual</u>	2019 <u>Actual</u>
Administration			
Condominium authority fees	\$ 1,818	\$ 1,818	\$ 2,576
Consulting fees	3,000	3,672	4,328
Insurance	62,503	52,503	47,981
Legal and audit fees	7,000	5,272	14,081
Meetings	3,000	2,259	2,955
Office and general	14,080	15,966	15,044
Telephones	4,800	4,408	4,751
	<u>96,201</u>	<u>85,898</u>	<u>87,388</u>
Contract Services			
Access control	1,000	-	-
Cable TV	105,265	105,328	102,251
Carpet cleaning	3,200	3,200	3,100
Elevators	18,240	18,225	13,739
Fire protection	3,580	5,989	6,084
Garage cleaning	3,200	1,808	3,164
Garage doors	660	314	-
Generator	3,204	1,481	6,260
HVAC	32,000	32,002	29,413
Landscaping/snow removal	32,080	32,078	31,152
Management fees	125,720	125,717	122,650
Pest control	3,200	3,769	2,860
Waste disposal	12,000	11,137	8,700
Window washing	4,500	4,916	4,463
	<u>347,849</u>	<u>345,964</u>	<u>333,836</u>
Recreation Centre (Note 4)	<u>45,180</u>	<u>50,021</u>	<u>43,364</u>
Repairs and Maintenance			
Building safety	6,540	11,808	9,067
Common area housekeeping	30,660	29,362	34,407
Electrical	11,000	9,166	6,613
Exterior	9,600	8,978	7,787
General	35,400	45,427	56,570
Mechanical and plumbing	43,400	41,059	43,241
	<u>136,600</u>	<u>145,800</u>	<u>157,685</u>

See Notes to Financial Statements

YORK CONDOMINIUM CORPORATION NO. 323

SCHEDULE OF EXPENSES (CONTINUED)

YEAR ENDED APRIL 30, 2020

	2020 <u>Budget</u> (Note 8)	2020 <u>Actual</u>	2019 <u>Actual</u>
Utilities			
Gas	\$ 83,589	\$ 72,723	\$ 77,050
Hydro	234,286	201,507	213,922
Water	<u>127,399</u>	<u>128,955</u>	<u>117,486</u>
	<u>445,274</u>	<u>403,185</u>	<u>408,458</u>
Wages and Benefits			
Employee benefits	19,213	19,255	18,848
Superintendents	<u>86,994</u>	<u>99,749</u>	<u>100,730</u>
	<u>106,207</u>	<u>119,004</u>	<u>119,578</u>

See Notes to Financial Statements

YORK CONDOMINIUM CORPORATION NO. 323

STATEMENT OF CASH FLOWS

YEAR ENDED APRIL 30, 2020

	<u>2020</u>	<u>2019</u>
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses		
Operating fund	\$ 30,146	\$ 23,372
Reserve fund	<u>75,060</u>	<u>343,645</u>
	105,206	367,017
Changes in working capital		
Owners' assessments receivable	(4,201)	-
Prepaid expenses	(4,863)	758
Due from High Park Green Recreation Centre	2,387	(436)
Accounts payable and accrued liabilities	<u>70,155</u>	<u>(901)</u>
	168,684	366,438
Investing activity		
Reserve fund investments, net	<u>(288,621)</u>	<u>(83,459)</u>
Increase (decrease) in cash	(119,937)	282,979
Cash, beginning of year	<u>864,262</u>	<u>581,283</u>
Cash, end of year	<u>\$ 744,325</u>	<u>\$ 864,262</u>
Comprised of:		
Operating fund cash	\$ 245,689	\$ 245,689
Reserve fund cash	<u>618,573</u>	<u>618,573</u>
	<u>\$ 864,262</u>	<u>\$ 864,262</u>

See Notes to Financial Statements

YORK CONDOMINIUM CORPORATION NO. 323

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2020

NATURE OF OPERATIONS

York Condominium Corporation No. 323 was registered without share capital on April 14, 1977 under the Condominium Act of Ontario and is a non-profit organization that is exempt from income taxes under the Income Tax Act.

The purpose of the Corporation is to manage and maintain the common elements (as defined in the Corporation's Declaration and By-laws) and to provide common services for the benefits of 193 residential units in a high rise building and 9 townhouses, located in the City of Toronto.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are as follows:

Common elements

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

Fund accounting

Reserve fund

The Corporation is required by the Condominium Act of Ontario to establish a reserve fund to be used solely for the purpose of major repair and replacement of common elements and assets of the Corporation.

The Corporation allocates to the reserve fund amounts that, calculated from expected repair and replacement costs and life expectancies of the common elements and assets of the Corporation, are reasonably expected to provide sufficient funds to repair and replace the common elements and assets. Revenue and costs related to such major repairs and replacements are accounted for in the Statement of Reserve Fund.

Operating fund

Revenue and expenses for the general operations of the Corporation are reported in the Statement of Operating Fund.

Common elements – recreation centre

The recreational facilities are owned jointly by the unit owners of the Corporation in conjunction with the unit owners of York Condominium Corporation No. 435. As such, the assets of the recreation centre are not reflected in these financial statements.

The operations of the recreation centre are governed by a committee comprised of members representing both Corporations and are accounted for as a separate entity. The Corporation's payments to the recreation centre are budgeted and accounted for in the Statement of Operating Fund and are adjusted to reflect the Corporation's share of the recreation centre's surplus or deficit.

YORK CONDOMINIUM CORPORATION NO. 323

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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. Changes in fair value and the resultant impairment loss are recognized at each reporting date.

Financial assets measured at amortized cost include operating fund cash, owners' assessments receivable, prepaid expenses, due from High Park Green Recreation Centre and reserve fund cash and investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Corporation has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

Revenue Recognition

Owners' assessments are recognized as revenue based on the budget distributed to owners each year. Interest and other revenue are recognized as revenue of the related fund when earned.

Contributed services

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

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organization requires the Corporation's management and Directors to make estimates and assumptions that affect the reported amount of assets, liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the year. These estimated and assumptions are reviewed periodically and adjustments are reported in the year in which they become known.

YORK CONDOMINIUM CORPORATION NO. 323

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2020

2. RESERVE FUND CASH AND INVESTMENTS

Description	Maturity	Interest Rate %	2020	2019
Cash			\$ 410,781	\$ 618,573
G.I.C.'S				
B2B Bank	July 29, 2019	1.76	-	100,000
General Bank of Canada	July 29, 2020	1.86	100,000	100,000
ADS Bank Canada	July 30, 2020	2.16	97,000	-
Concentra Financial Services	August 27, 2020	2.25	100,000	100,000
Manulife Trust	November 27, 2020	1.90	97,000	97,000
Presidents Choice Bank	March 8, 2021	1.65	97,000	-
Bank of Montreal	April 29, 2021	1.61	97,000	-
HSBC Bank	April 29, 2021	1.76	97,000	-
Home Trust Company	May 26, 2021	2.40	100,000	100,000
Equitable Bank	September 30, 2021	1.80	100,000	100,000
Canadian Western Bank	October 19, 2021	1.88	100,000	100,000
Sun Life Financial Trust	January 4, 2022	2.00	100,000	100,000
Canadian Tire Bank	March 22, 2022	2.00	100,000	100,000
VersaBank	June 9, 2022	2.15	100,000	100,000
ICICI Bank Canada	June 27, 2022	2.15	100,000	100,000
Manulife Bank	November 28, 2022	2.50	97,000	97,000
Scotia Mortgage Corp.	June 19, 2023	2.80	97,000	97,000
HomeEquity Bank	September 5, 2023	2.99	97,000	97,000
National Trust Company	September 5, 2023	2.85	97,000	97,000
Montreal Trust Company	November 7, 2023	3.35	97,000	97,000
Royal Bank of Canada	November 7, 2023	3.35	97,000	97,000
Bank of Nova Scotia	January 31, 2024	3.50	97,000	97,000
Interest receivable			<u>25,453</u>	<u>24,832</u>
			<u>\$ 2,500,234</u>	<u>\$ 2,419,405</u>

3. RESERVE FUND

The Directors have used the Class 1 report of R and C Engineering Inc. dated August 29, 2019 and such other information as was available to them to evaluate the adequacy of the reserve fund. That report proposed allocations of \$750,300 for 2020, expenditures of \$885,355 and a year-end balance as at April 30, 2020 of \$2,262,978. Actual amounts were allocations of \$750,300, expenditures of \$731,768 and a year-end balance of \$2,525,174. Reserve fund allocations are proposed to increase annually by 1.25% thereafter.

YORK CONDOMINIUM CORPORATION NO. 323

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2020

3. RESERVE FUND (CONT'D)

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 Condominium Act of Ontario requires reserve fund studies to be updated every three years.

4. HIGH PARK GREEN RECREATION CENTRE

The Corporation is a party to a reciprocal agreement with York Condominium Corporation No. 435 to manage and maintain the recreational facilities. The costs involved in operating, maintaining, repairing and replacing these facilities are shared between the two condominium corporations based on the number of residential units as follows:

York Condominium Corporation No. 323	36.50%
York Condominium Corporation No. 435	<u>63.50%</u>
	<u>100.00%</u>

The recreation centre does not have any accumulated surplus or deficit at April 30, 2020.

5. RELATED PARTY TRANSACTIONS

No remuneration was paid to Directors during the year.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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 the balance sheet date.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's credit risk relates to:

(a) Owners' assessments receivable

Under the Condominium Act of Ontario, the Corporation has the ability to place a lien on an owner's unit to recover an outstanding balance. The Corporation has limited financial exposure in a multi-unit condominium.

(b) Cash and Investments

The Corporation manages this risk by placing its operating and reserve cash and investments with high quality institutions. The Corporation believes its financial exposure is not significant.

YORK CONDOMINIUM CORPORATION NO. 323

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2020

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D)

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 and the necessary contributions to the reserve fund.

Interest rate risk

Interest rate risk is the risk of a potential financial loss caused by fluctuations in fair value of future cash flow of a financial instrument due to changes in market interest rates. The Corporation is exposed to this risk on its interest-bearing investments. To manage this risk, the Corporation intends to hold these investments to maturity.

7. COMMITMENTS

The Corporation has entered into the following long-term contracts:

Type	Period	Annual Rate (inclusive of HST)
Cable TV	October 1, 2020 to December 31, 2025	\$ 109,293 *
Elevators	May 1, 2009 to April 30, 2024	18,225 *
Grounds Maintenance	May 1, 2020 to April 30, 2023	32,996 *
HVAC	May 1, 2019 to April 30, 2024	32,002 *
Management fees	May 1, 2019 to April 30, 2022	125,717 *

* Subject to annual increases.

The Corporation entered into a contract for balance of the window replacement at a cost of \$197,750, exclusive of consulting fees. At April 30, 2020, the Corporation had not incurred any expense relating to this contract. This amount will be reported in the Statement of Reserve Fund in the April 30, 2021 financial statements.

8. BUDGET INFORMATION

The 2020 budget amounts are presented for information purposes only. They were approved by the Board of Directors and are unaudited.