Financial Statements of

Toronto Standard Condominium Corporation No. 1906

For the year ended May 31, 2021

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Independent Auditor's Report

To the Owners of Toronto Standard Condominium Corporation No. 1906

Opinion

We have audited the financial statements of Toronto Standard Condominium Corporation No. 1906, which comprise the statement of financial position as at May 31, 2021, and the statements of reserve fund operations and fund balance, contingency fund operations and fund balance, 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 Corporation as at May 31, 2021, 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 the Board of Directors for the Financial Statements

The Board of 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 the Board of 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, the Board of 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 the Board of Directors either intend to liquidate the Corporation or to cease operations, or have 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:

Independent Auditor's Report — 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 the Board of Directors.

- Conclude on the appropriateness of the Board of 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.

Inclusive Accounting - Oshawa

Authorized to practise public accounting by the Chartered Professional Accountants of Ontario

Oshawa, Ontario
November 11, 2021

Toronto Standard Condominium Corporation No. 1906
Statement of Financial Position

As at May 31	General Fund	Reserve Fund	2021 Total	2020 Total
Assets				
Cash	$ 550,021	$ 1,138,428	$ 1,688,449	$ 1,033,166
Investments (note 4)	-	874,200	874,200	1,168,000
Accounts receivable (note 3)	5,259	-	5,259	19,055
Interest receivable	-	12,781	12,781	15,497
Inventory	330	-	330	-
Prepaid expenses	1,343	-	1,343	-
Due from general	(58,536)	58,536	-	-
	$ 498,417	$ 2,083,945	$ 2,582,362	$ 2,235,718
Liabilities and Fund Balances				
Accounts payable and accrued liabilities	$ 44,336	$ -	$ 44,336	$ 9,674
Due to shared facilities	120,961	15,809	136,770	19,080
	165,297	15,809	181,106	28,754
Fund balances	333,120	2,068,136	2,401,256	2,206,964
	$ 498,417	$ 2,083,945	$ 2,582,362	$ 2,235,718

Approved on behalf of the Board:

_____ Director

_____ Director

The accompanying notes are an integral part of these financial statements

Toronto Standard Condominium Corporation No. 1906
Statement of Reserve Fund Operations and Fund Balance

For the year ended May 31	2021	2020
Revenue		
Owners' transfers to the reserve fund (note 7)	**$ 351,216**	$ 340,000
Interest earned	**33,369**	32,570
Transfer to the COVID-19 fund	**-**	(243,000)
	384,585	129,570
Major Repairs and Replacements		
Locks and doors	**123,679**	7,511
HVAC	**47,959**	4,417
Elevators	**17,402**	-
Fire and security	**16,391**	3,469
Bank charges and fees	**4,079**	5,966
Interior	**3,243**	432
Building maintenance	**3,135**	3,672
Plumbing	**2,260**	6,627
Electrical	**1,592**	3,413
Ramp expense (recovery)	**-**	(69,037)
	219,740	(33,530)
Excess of revenue over common expenses	**164,845**	163,100
Fund balance, beginning of year	**1,903,291**	1,740,191
Fund balance, end of year	**$ 2,068,136**	$ 1,903,291

Toronto Standard Condominium Corporation No. 1906
Statement of Contingency Fund Operations and Fund Balance

For the year ended May 31	2021	2020
Revenue	**$ -**	$ -
Expenses		
Contingency fund expenses	**-**	25,000
Deficiency of revenue over common expenses	**-**	(25,000)
Fund balance, beginning of year	**-**	25,000
Fund balance, end of year	**$ -**	$ -

Toronto Standard Condominium Corporation No. 1906
Statement of General Fund Operations and Fund Balance

For the year ended May 31	2021 Budget (Note 8)	2021 Actual	2020 Actual
Revenue			
Common element charges	**$ 1,284,333**	$ 1,284,332	$ 1,377,594
Less: transfers to the reserve fund (note 6) (note 7)	**(351,216)**	(351,216)	(340,000)
Transfers from the COVID-19 fund	**-**	-	243,000
	933,117	933,116	1,280,594
Common expenses			
Shared facilities (note 9)	**713,143**	715,178	797,093
General and administrative (note 6)	**143,924**	145,563	161,366
Repairs and maintenance (note 6)	**106,218**	72,559	44,126
Equipment rental	**-**	-	247,290
	963,285	933,300	1,249,875
Other income			
Antenna income	**28,168**	25,992	25,235
Interest income	**1,500**	1,702	2,497
Other income	**500**	1,937	2,038
	30,168	29,631	29,770
Excess of revenue over common expenses for the year	**-**	29,447	60,489
Fund balance, beginning of year	**-**	303,673	243,184
Fund balance, end of year	**$ -**	$ 333,120	$ 303,673

Toronto Standard Condominium Corporation No. 1906
Statement of Cash Flows

For the year ended May 31	2021	2020
Cash provided from (used for)		
Operating activities		
Excess of revenue over common expenses - general fund	**$ 29,447**	$ 60,489
Excess of revenue over expenses - reserve fund	**164,845**	163,100
Excess (deficiency) of revenue over expenses - contingency fund	**-**	(25,000)
	194,292	198,589
Changes in non-cash working capital items:		
Accounts receivable	**13,796**	66
Interest receivable	**2,716**	(8,278)
Inventory	**(330)**	-
Prepaid expenses	**(1,343)**	1,343
Accounts payable and accrued liabilities	**34,663**	(89,331)
Due to shared facilities	**117,690**	22,556
	167,192	(73,644)
Cash flows from operating activities	**361,484**	124,945
Investing activity		
Change in investments	**293,799**	(292,700)
Net increase (decrease) in cash	**655,283**	(167,755)
Cash, beginning of year	**1,033,166**	1,200,921
Cash, end of year	**$ 1,688,449**	$ 1,033,166
Cash consists of:		
General fund	**$ 550,021**	$ 311,422
Reserve fund	**1,138,428**	721,744
	$ 1,688,449	$ 1,033,166

1. Nature of operations

The Corporation was registered on January 9, 2008 under the Condominium Act, 1998 and is a not-for-profit organization that is exempt from taxes under the Income Tax Act. Its purpose 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 benefit of the owners of a 174 residential unit and 5 commercial unit condominium community located at 1040 Queensway in the City of Toronto, Ontario.

2. Basis of accounting and summary of significant accounting policies

The Corporation applies the Canadian accounting standards for not-for-profit organizations.

(a) *Accrual basis of accounting*

Revenue and expenditures are recorded on the accrual basis of accounting under which they are recorded in the financial statements in the period they are earned or incurred respectively, whether or not such transactions have been settled by the receipt or payment of money.

(b) *Common Elements*

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

(c) *Fund accounting*

General Fund - Unrestricted

Revenue and expenditures for operations of the Corporation and for maintenance of the common elements are reported in the General fund.

Reserve Fund - Externally Restricted

The Organization is required by the Condominium Act, 1998 to allocate to a reserve fund amounts that are calculated from expected repair and replacement costs and life expectancies of the common elements of the Organization and are reasonably expected to provide sufficient funds to repair and replace the common elements. The reserve fund is charged with the cost of major repair and replacement of the common elements and assets of the Corporation.

(d) *Common elements – shared facilities*

Certain common elements are owned jointly by the unit owners of the Corporation in conjunction with the unit owners of Toronto Standard Condominium Corporation No. 1906. As such, the assets of the shared facilities are not reflected in these financial statements.

The operations of the shared facilities are governed by a committee comprised of members representing both Corporations. The Corporation’s total share of these expenses is reflected in the financial statements.

2. Basis of accounting and summary of significant accounting policies — continued

(e) *Revenue recognition*

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

(f) *Cash*

The reserve fund cash is maintained in an interest bearing account and in a high interest savings account at a chartered bank.

(g) *Contributed services*

Directors and owners volunteer their time to assist in the Corporation's activities. These services materially benefit the Corporation; however, 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.

(h) *Use of estimates*

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(i) *Financial instruments*

The Corporation's financial instruments consist of cash, investments, accounts receivable, accrued interest receivable and accounts payable and accrued liabilities. Unless otherwise noted it is the board of directors's opinion that the Corporation is not exposed to significant interest, currency or credit risks.

3. Accounts receivable

	2021	2020
Accounts receivable	$ 10,946	$ 19,055
Less: Allowance for doubtful accounts	5,687	-
	$ 5,259	$ 19,055

4. Investments

Investments contains guaranteed investment certificates which mature between November 2021 and August 2024 and earn interest at rates between 2.25% to 3.23% (2020 – 1.85% to 3.23%) per annum.

5. Commitments

Management

The Corporation has entered into a contract with ICON Property Management Ltd. for the provision of management services. The contract expires on April 30, 2024. The Corporation's share of the current payments under the contract is $75,000 per annum, exclusive of taxes, subject to an annual increase of 2%.

Elevators

The Corporation renewed its contract with ThyssenKrupp Elevator (Canada) Ltd. for the provision of elevator maintenance services. The contract is for five years and expires on March 31, 2023. Current payments under the renewal are $12,204 per annum, inclusive of taxes, subject to an annual increase in accordance with the Consumer Price Index to a maximum of 2%.

Carpet Cleaning

The Corporation has entered into a contract with Service Master of York for the provision of carpet cleaning services. The contract is for two years and expires on July 31, 2022. Current payments under the contact are $1,980 per annum, exclusive of taxes.

6. Expenses by object

Repairs and maintenance and general and administration expenses are detailed as follows:

	2021 Budget	2021 Actual	2020 Actual
Elevators	$ 19,190	$ 18,895	$ 14,705
Fire safety	3,000	2,802	2,802
General	32,500	25,617	26,327
Heating, ventilation and air conditioning	14,000	10,095	7,284
Interior	37,528	15,150	18,008
Repairs and maintenance expense (recovery)	-	-	(25,000)
Total repairs and maintenance	106,218	72,559	44,126
Insurance	50,380	49,775	44,562
Management fee	60,754	61,825	59,149
Office and general	29,890	31,517	53,885
Professional fees	2,900	2,446	3,770
Total general and administrative	143,924	145,563	161,366
	$ 250,142	$ 218,122	$ 205,492

7. Adequacy of reserve fund

The Directors have used the Class 2 reserve fund study of MacIntosh Perry Limited dated May 27, 2020 and such other information as was available to them to evaluate the adequacy of the reserve fund. That report proposed allocations of $351,216 for 2021, expenditures of $387,000 and a year-end balance as at May 31, 2021, of $1,871,574. Actual amounts were allocations of $351,216 the expenditures of $203,932 and a year-end balance of $2,083,944.

Any evaluation of the adequacy of the reserve fund is based upon assumptions as to the 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 and accordingly, the Condominium Act, 1998 requires reserve fund studies be updated every three years.

The Directors' evaluation is that the present reserve fund balance together with the allocations proposed in the Notice of Future Funding can be reasonably expected to provide sufficient funds to pay for future major repair and replacement.

8. Budget amounts

The 2021 budget amounts on the Statement of General Fund Operations and Fund Balance are presented for information purposes only and are unaudited.

9. Shared costs

The Corporation shares certain facilities with Toronto Standard Condominium Corporation No. 1944 under a shared facilities agreement. This agreement provides for the mutual use, operation, maintenance, repair and replacement of the shared facilities which include, among other items, the common areas, recreation centre, shared servicing facilities, shared units, underground garage lanes and walkways, visitors' parking area and the laneway as well as the irrigation system, landscaping, sod, flowers, shrubs and trees for the laneway.

10. Related party transactions

During the period, the Directors did not receive remuneration nor have any interest in any transaction of the Corporation. Management, in addition to fees, is reimbursed for office costs such as photocopies, mailing and similar expenditures and collects fees from unit owners and others for issuing status certificates.

11. Financial instruments

The Corporation's financial instruments that are exposed to concentrations of credit risk consist primarily of cash, accounts receivable and reserve investments. The Corporation places its cash and reserve investments with high credit quality institutions and believes its exposure to credit risk is not significant.

12. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.