Financial Statements of

Loggia Shared Facilities

For the year ended May 31, 2020

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Independent Auditor's Report

To the Owners of Loggia Shared Facilities

Opinion

We have audited the financial statements of Loggia Shared Facilities, which comprise the statement of financial position as at May 31, 2020, and the statements of changes in reserve fund operations and fund balance, common expenses, cash flows and the notes to financial statements for the year then ended, 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 May 31, 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 Organization 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.

Other Matter

The financial statements of the Organization for the year ended May 31, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on November 19, 2019.

Responsibilities of Management and Committee Members for the Financial Statements

Management and Committee Members 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 Committee Members 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 Committee Members are 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 and Committee Members either intend to terminate the Organization or to cease operations, or have no realistic alternative but to do so.

Committee Members are responsible for overseeing the Organization's financial reporting process.

Independent Auditor's Report — continued

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:

- 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 and Committee Members.

- Conclude on the appropriateness of management and Committee Members' 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 Committee Members 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
December 2, 2020

Loggia Shared Facilities
Statement of Financial Position

As at May 31	General Fund	Reserve Fund	2020 Total	2019 Total
Assets				
Cash	$ 151,296	$ 116,539	$ 267,835	$ 1,907,993
Investments (note 3)	-	1,659,500	1,659,500	-
Interest receivable	76	27,761	27,837	-
Prepaid expenses	1,450	-	1,450	1,257
Due to participants	61,677	5,234	66,911	-
	$ 214,499	$ 1,809,034	$ 2,023,533	$ 1,909,250
Liabilities and Fund Balances				
Accounts payable and accrued liabilities	$ 214,499	$ -	$ 214,499	$ 146,280
Due from participants	-	-	-	4,191
	214,499	-	214,499	150,471
Fund balances	-	1,809,034	1,809,034	1,758,779
	$ 214,499	$ 1,809,034	$ 2,023,533	$ 1,909,250

Approved on behalf of the Board:

(TSCC 1906)

Toronto Standard Condominium Coporation No. 1906

(TSCC 1944)

Toronto Standard Condominium Coporation No. 1944

The accompanying notes are an integral part of these financial statements

Loggia Shared Facilities
Statement of Reserve Fund Operations and Fund Balance

Year ended May 31	2020	2019
Revenue		
Transfers to the reserve fund (note 6)	**$ 173,416**	$ 140,000
Interest	**30,907**	-
	204,323	140,000
Common Expenses		
Building maintenance	**26,447**	14,508
Consulting	**4,694**	9,210
Electrical	**596**	7,719
Equipment maintenance	**825**	9,165
Fire and life safety	**8,407**	3,232
Garage	**-**	1,735
HVAC	**99,845**	43,324
Landscaping	**-**	31,849
Plumbing	**8,252**	5,411
Pool and recreation	**5,002**	70,147
	154,068	196,300
Excess (deficiency) of revenue over common expenses	**50,255**	(56,300)
Balance, beginning of year	**1,758,779**	1,815,079
Balance, end of year	**$ 1,809,034**	$ 1,758,779

Loggia Shared Facilities
Statement of Common Expenses

Year ended May 31	2020 Budget (Note 7)	2020 Actual	2019 Actual
Common Expenses			
Transfers to the reserve fund (note 6)	**$ -**	$ 173,416	$ 140,000
Contract service (note 5)	**449,671**	539,249	441,503
Office and administration (note 5)	**66,973**	78,302	74,958
Repairs and maintenance (note 5)	**69,056**	97,100	80,304
Utilities (note 5)	**538,000**	565,304	508,688
	1,123,700	1,453,371	1,245,453
Less: Other income			
Interest	**(3,000)**	(695)	-
Other income	**(4,250)**	(6,046)	(28,134)
	(7,250)	(6,741)	(28,134)
	(1,116,450)	(1,446,630)	(1,217,319)
Allocated as follows:			
Toronto Standard Condominium Corporation No. 1906	**(615,164)**	(797,093)	(670,743)
Toronto Standard Condominium Corporation No. 1944	**(501,286)**	(649,537)	(546,576)
	(1,116,450)	(1,446,630)	(1,217,319)
Total common expenses for the year	**-**	-	-
Fund balance, beginning of year	**-**	-	-
Fund balance, end of year	**$ -**	$ -	$ -

Loggia Shared Facilities
Statement of Cash Flows

Year ended May 31	2020	2019
Cash provided from (used for)		
Operating activities		
Excess (deficiency) of revenue over common expenses - general fund	**$ -**	$ -
Excess (deficiency) of revenue over common expenses - reserve fund	**50,255**	(56,300)
	50,255	(56,300)
Changes in non-cash working capital items:		
Accounts receivable	**(25,469)**	294
Prepaid expenses	**(193)**	(1,257)
Accounts payable and accrued liabilities	**65,851**	22,381
	40,189	21,418
Cash flows from operating activities	**90,444**	(34,882)
Investing activities		
Purchase of investments	**(1,659,500)**	-
Due to (from) participants	**(71,103)**	(136,922)
Cash flows from investing activities	**(1,730,603)**	(136,922)
Net increase (decrease) in cash	**(1,640,159)**	(171,804)
Cash, beginning of year	**1,907,993**	2,079,797
Cash, end of year	**$ 267,834**	$ 1,907,993
Cash consists of:		
General fund	**$ 151,295**	$ 131,875
Reserve fund	**116,539**	1,776,118
	$ 267,834	$ 1,907,993

1. Nature of operations

The Shared Facilities operates under an agreement between Toronto Standard Condominium Corporation No. 1906 and Toronto Standard Condominium Corporation No. 1944, allocated 55.1% and 44.9%, respectively, based on number of units for the purpose of providing for the mutual use, operation, maintenance, repair and replacement of the shared facilities which include, among other items the recreation units, multipurpose room, guest suites and central office of Loggia. The Shared Facilities commenced operations on January 14, 2008 and is exempt from taxes under the Income Tax Act.

2. Basis of accounting and summary of significant accounting policies

The Organization 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 Organization are owned proportionately by the unit owners and consequently are not recognized in these financial statements.

(c) *Fund accounting*

General Fund

Revenue and expenditures for operations of the Organization 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) *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.

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

(e) *Cash*

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

(f) *Contributed services*

Committee Members and owners volunteer their time to assist in the Organization's activities. These services materially benefit the Organization; 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.

(g) *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.

(h) *Financial instruments*

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

3. Investments

	2020	2019
Guaranteed Investment Certificates	$ 1,464,500	$ -
Cash	195,000	-
	$ 1,659,500	$ -

The range of effective interest rates on the GIC's is 1.60% to 2.33% per annum. The GIC's mature between August 2020 and August 2024.

4. Commitments

Preventative Maintenance

The Shared Facilities has entered into a contract with Kenwell Environmental Services Ltd. for the provision of preventative maintenance services of the HVAC system. The contract is for three years and expires on April 30, 2022. Current payments under the contract are $13,107 per annum, inclusive of taxes.

Landscaping

The Shared Facilities has entered into a contract with Five Seasons Landscaping for the provision of landscaping services. The contract is for one year and expires on April 15, 2021. Current payments under the contract are $23,730 per annum, inclusive of taxes.

5. Expenses by object

	2020 Budget	2020 Actual	2019 Actual
Electrical and plumbing	$ 1,200	$ 7,846	$ 1,484
General	24,000	29,651	35,711
Fire and safety	8,750	15,608	12,749
Pool and recreation	13,106	12,748	7,740
Waste disposal	22,000	31,247	22,620
Total Repairs and Maintenance	69,056	97,100	80,304
Office and general	5,101	5,899	6,889
Professional fees	2,712	5,684	8,073
Superintendent	54,660	54,659	48,053
Telephone and communications	4,500	12,060	11,943
Total General and Administration	$ 66,973	$ 78,302	$ 74,958

5. Expenses by object — continued

	2020 Budget	2020 Actual	2019 Actual
Cleaning	$ 99,766	$ 91,671	$ 89,908
Grounds maintenance	21,696	20,171	21,628
HVAC lease	58,633	148,299	31,385
Pool	6,500	4,015	8,199
Preventative maintenance	5,000	4,206	23,281
Security	255,476	270,887	267,102
Total Service Contracts	447,071	539,249	441,503
Gas	128,000	120,526	122,776
Hydro	200,000	199,760	182,160
Water	210,000	245,018	203,752
Total Utilities	$ 538,000	$ 565,304	$ 508,688

6. 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 $77,864 for 2020, expenditures of $154,500 and a year-end balance as at May 31, 2020, of $1,709,718. Actual amounts were allocations of $173,416, expenditures of $154,068 and a year-end balance of $1,809,034.

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.

7. Budget amounts

The 2020 budget amounts on the Statement of Common Expenses are presented for information purposes only and are unaudited.

8. 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.

During the year, the Organization contracted services from LK Protection Inc. The owner of the company is related to the president of one of the participating corporations. Costs incurred to LK Protection Inc. in the year amount to $270,887. These transactions were in the normal course of operations and were measured at fair market value.

9. Financial instruments

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