

**METROPOLITAN TORONTO CONDOMINIUM
CORPORATION NO. 584
FINANCIAL STATEMENTS
JUNE 30, 2020**

INDEPENDENT AUDITOR'S REPORT

**TO: The Owners of
Metropolitan Toronto Condominium Corporation No. 584**

Opinion

We have audited the financial statements of **Metropolitan Toronto Condominium Corporation No. 584** which comprise the statement of financial position as at June 30, 2020, and the statements of operating fund, reserve fund, cash flows and schedule to the financial statements 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 **Metropolitan Toronto Condominium Corporation No. 584** as at June 30, 2020, and 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.

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

In preparing these financial statements, management is responsible for assessing **Metropolitan Toronto Condominium Corporation No. 584's** ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate **Metropolitan Toronto Condominium Corporation No. 584** or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing **Metropolitan Toronto Condominium Corporation No. 584'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 our audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

INDEPENDENT AUDITOR'S REPORT - cont'd

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.
- 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 **Metropolitan Toronto Condominium Corporation No. 584'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 **Metropolitan Toronto Condominium Corporation No. 584** 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 the Board of Directors 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.

Furlong and Company LLP

**Furlong and Company LLP
Chartered Professional Accountants
Licensed Public Accountants**

November 12, 2020
Toronto, Ontario

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 584
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	2020 \$	2019 \$
Assets		
Current		
Cash - operating	243,945	179,554
Common element assessment receivable	6,118	2,374
Other receivables	2,159	-
Prepaid expenses	<u>37,315</u>	<u>26,567</u>
	289,537	208,495
Long term		
Cash and investments - reserve (Note 4)	<u>2,499,934</u>	<u>2,322,845</u>
	<u>2,789,471</u>	<u>2,531,340</u>
Liabilities and Fund Balances		
Current		
Accounts payable - operating	144,027	75,533
Accounts payable - reserve	<u>64,756</u>	<u>88,735</u>
	<u>208,783</u>	<u>164,268</u>
Fund balances		
Reserve fund (Page 7)	2,450,730	2,231,050
Operating fund (Page 5)	<u>129,958</u>	<u>136,022</u>
	<u>2,580,688</u>	<u>2,367,072</u>
	<u>2,789,471</u>	<u>2,531,340</u>

On behalf of the Board:

_____ Director

_____ Director

The accompanying notes and schedule are an integral part of these financial statements.

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 584
STATEMENT OF OPERATING FUND
FOR THE YEAR ENDED JUNE 30, 2020

	BUDGET 2019/2020 \$ (Note 8)	ACTUAL 2019/2020 \$	ACTUAL 2018/2019 \$
Revenue			
Owners' assessments	1,902,412	1,902,414	1,769,687
Less: Assessment to reserve fund	<u>(636,804)</u>	<u>(636,804)</u>	<u>(532,379)</u>
	1,265,608	1,265,610	1,237,308
Interest and other income	<u>3,000</u>	<u>11,119</u>	<u>10,877</u>
	<u>1,268,608</u>	<u>1,276,729</u>	<u>1,248,185</u>
Common expenses (Schedule 1)			
Utilities	581,351	547,552	498,044
Personnel	82,700	68,895	85,292
Contracts	339,766	362,085	330,589
Repairs and maintenance	68,640	102,795	83,877
General and administrative	<u>228,823</u>	<u>201,466</u>	<u>196,816</u>
	<u>1,301,280</u>	<u>1,282,793</u>	<u>1,194,618</u>
Surplus (deficiency) for the year	<u>(32,672)</u>	<u>(6,064)</u>	53,567
Fund balance, beginning of year		<u>136,022</u>	<u>82,455</u>
Fund balance, end of year		<u>129,958</u>	<u>136,022</u>

The accompanying notes and schedule are an integral part of these financial statements.

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 584
JUNE 30, 2020

	BUDGET 2019/2020 \$ (Note 8)	ACTUAL 2019/2020 \$	ACTUAL 2018/2019 \$
UTILITIES			
Hydro	275,860	284,641	240,211
Gas	145,000	105,614	105,367
Water and sewer	160,491	134,551	152,466
Water savings payments (Note 6(d))	-	22,746	-
	<u>581,351</u>	<u>547,552</u>	<u>498,044</u>
PERSONNEL			
Superintendent, temporary staff, benefits	<u>82,700</u>	<u>68,895</u>	<u>85,292</u>
CONTRACTS			
Cable television	107,042	106,314	103,216
Cleaning	45,345	58,868	43,406
Security	70,000	74,266	71,316
Elevators	13,054	13,163	13,174
Heating, ventilation, air conditioning	43,105	44,851	47,412
Landscaping and snow removal	43,320	43,880	32,085
Other contracts	<u>17,900</u>	<u>20,743</u>	<u>19,980</u>
	<u>339,766</u>	<u>362,085</u>	<u>330,589</u>
REPAIRS AND MAINTENANCE			
General repairs and maintenance	15,856	50,239	33,669
Building safety	12,244	7,477	6,347
Amenities and recreation	4,615	6,297	3,900
Exterior	10,125	7,556	20,340
Mechanical, electrical, plumbing	18,800	23,249	12,989
Waste disposal	<u>7,000</u>	<u>7,977</u>	<u>6,632</u>
	<u>68,640</u>	<u>102,795</u>	<u>83,877</u>
GENERAL AND ADMINISTRATIVE			
Management	124,300	124,300	121,475
Insurance	70,423	46,992	46,476
Professional fees	13,500	14,303	10,335
Telephone	5,400	5,983	5,115
Office	<u>15,200</u>	<u>9,888</u>	<u>13,415</u>
	<u>228,823</u>	<u>201,466</u>	<u>196,816</u>

The accompanying notes and schedule are an integral part of these financial statements.

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 584
STATEMENT OF RESERVE FUND
FOR THE YEAR ENDED JUNE 30, 2020

	2019/2020 \$	2018/2019 \$
Revenue		
Owners' assessment (Note 3)	636,804	532,379
Interest earned	<u>45,524</u>	<u>37,538</u>
	<u>682,328</u>	<u>569,917</u>
Major repairs and replacements		
Pavement and curbs	11,300	-
Security system	34,506	-
Garage	95,303	-
Recreation centre	3,933	-
Garbage ramp	5,763	-
Superintendent's suite	17,018	-
Fire alarm system	28,079	11,209
Garbage room and equipment	3,045	16,374
Handyman (Note 9)	53,524	41,319
Roofing and canopy	949	16,526
Reserve fund study	5,085	5,085
Electrical	6,943	8,442
Mechanical, plumbing and generator	123,308	48,705
Windows and doors	38,525	103,119
Landscaping	1,910	26,002
Interior finishes	33,457	23,874
Utility conservation	-	4,469
Pavement curbs	-	14,408
Office equipment	-	4,746
Engineering fees	-	10,052
Marble restoration	-	5,297
Matting	-	4,294
Waterproofing and caulking	<u>-</u>	<u>91,052</u>
	<u>462,648</u>	<u>434,973</u>
Excess for the year	219,680	134,944
Fund balance, beginning of year	<u>2,231,050</u>	<u>2,096,106</u>
Fund balance, end of year	<u>2,450,730</u>	<u>2,231,050</u>

The accompanying notes and schedule are an integral part of these financial statements.

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 584
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	2020 \$	2019 \$
Cash flows from operating activities		
Owners' assessment	1,902,414	1,769,687
Interest	45,524	37,538
Other income	11,119	10,877
Common expenses	(1,282,793)	(1,194,618)
Major repairs and replacements	(462,648)	(434,973)
	<u>213,616</u>	<u>188,511</u>
Changes in other non-cash operating accounts	<u>27,864</u>	<u>(113,258)</u>
Cash provided by (used in) operating activities	<u>241,480</u>	<u>75,253</u>
Cash flows from investing activities		
Sale (Purchase) of investments	<u>(26,518)</u>	<u>(25,292)</u>
Increase (decrease) in cash during the year	214,962	49,961
Cash, beginning of year	<u>1,314,193</u>	<u>1,264,232</u>
Cash, end of year	<u>1,529,155</u>	<u>1,314,193</u>
Comprised of :		
Cash - operating bank	243,945	179,554
Cash - reserve bank	<u>1,285,210</u>	<u>1,134,639</u>
	<u>1,529,155</u>	<u>1,314,193</u>

The accompanying notes and schedule are an integral part of these financial statements.

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 584
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. OPERATIONS

The corporation was incorporated without share capital in 1982 under the Condominium Act of Ontario.

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 benefit of the owners of the 172 units located in the Municipality of Metropolitan Toronto at 131 Torresdale Avenue known as The Hemispheres II of Forest Hills.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) FUND ACCOUNTING

The operating fund reports the assessments from owners and expenses related to the operations and administration of the common elements.

The reserve fund reports the assessments from the owners and the expenditures for major repair and replacement costs of the common elements and assets. The basis for determining the reserve fund's requirements is explained in Note 3. Only major repairs and replacements of the common elements are charged directly to this reserve fund. Minor repairs and replacements are charged to repairs and maintenance of the operating fund. The corporation segregates amounts accumulated for the purpose of financing future charges to the reserve fund in special accounts, for use only to finance such charges. Interest earned on these amounts is credited directly to the reserve fund.

(b) ACCRUAL BASIS OF ACCOUNTING

Revenues and expenses are recorded on the accrual basis, whereby they are reflected in the accounts in the period in which they have been earned and incurred respectively, whether or not such transactions have been finally settled by the receipt or payment of money.

(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.

(d) INCOME TAXES

No provision for income taxes has been made in the financial statements as any excess of revenues over expenses is regarded as a reduction in owners' assessments (current or future) towards the operations of the corporation and not as income of the corporation or its owners.

(e) REVENUE RECOGNITION

Revenue is recognized on a monthly basis by way of a common element assessment, based on the annual budget. Investment and other revenues are recognized as income of the related fund when earned.

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 584
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) 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.

(g) INVESTMENTS

Investments are purchased to be held to maturity and accordingly are recorded at cost plus accrued interest. The corporation's only investments are held to support the statutory reserve fund.

(h) 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.

3. ADEQUACY OF RESERVE FOR MAJOR REPAIRS AND REPLACEMENTS

The Board of Directors has reviewed the comprehensive reserve fund study prepared in May 2020 by Building Sciences Inc. The Study was based on information available at the time of preparation, and includes estimates relating to future reserve fund expenditures, interest rates, and inflation rates. Actual figures will vary from the estimates.

The Board of Directors has approved and implemented an Edison Engineers Inc. plan for the future funding of the reserve fund to ensure that the reserve will be adequate to fund the major repairs and replacements of the common elements and assets of the corporation, in accordance with the *Condominium Act, 1998*. This study and plan must also be updated at a minimum of every three years.

Based on the estimates of future reserve fund expenditures, interest rates, and inflation rates, the plan states that the assessments of \$636,804 for 2020 and \$722,773 for 2021 plus interest earned on reserve fund investments are designed to provide sufficient funds to cover the calculated reserve fund requirements. The corporation's assessments are \$636,804 and \$722,773 respectively. The funding plan projects that annual assessments to the corporation's reserve fund will increase by 13.5% annually from 2021 until 2026 with 2.5% subsequent increases. (Note that these stated increases reflect only increases in the annual contribution to the reserve fund; they do not reflect the increase in the overall monthly common element fees paid by owners.)

The plan estimated that the corporation would spend \$1,726,000 in reserve fund monies in 2020 (actual = \$462,648 (See Page 7)) and \$1,214,000 in 2021.

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 584
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

**4. CASH AND INVESTMENTS
- RESERVE**

	Rate %	Maturity	Cost \$
Cash - reserve bank	0.45		1,285,210
Cash - broker account	0.25		256,793
GICs maturing in 2020	2.09 to 2.11		150,874
GICs maturing in 2021	0.25 to 3.00		642,911
GICs maturing in 2022	2.35 to 2.38		152,542
Interest receivable			<u>11,604</u>
The fair market value of the above investments is approximately the same as their cost plus interest receivable.			<u><u>2,499,934</u></u>

5. FINANCIAL INSTRUMENTS

The corporation's financial instruments consist of cash, investments, accounts receivable, accounts payable and accruals. Unless otherwise noted, it is the Board's opinion that the corporation is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

6. COMMITMENTS/FUTURE PROJECTS

(a) The corporation has engaged several companies to provide contract services such as property management, elevator, cleaning, cable television, mechanical, security and landscaping for the year at a cost of approximately \$450,000.

(b) The corporation has contracted for gas purchase from Active Energy for a four year period from December 2018 at a cost of \$.1345 per cubic meter.

(c) For the 2021 fiscal year, the corporation is considering the following projects:

fan coil replacement	\$1,300,000
driveway replacement	unknown
make up air replacement	unknown
whirlpool restoration	unknown

(d) The corporation has entered into a six year agreement from July 2019 with Canadian Home Plumbing Ltd. to perform water conservation modifications. The corporation will pay 50% of any monthly savings to Canadian Home Plumbing Ltd. A five year extension of this contract is available to MTCC 584 at its discretion.

7. LEGAL ACTION

The corporation is planning to sue the contractor concerning the whirlpool project.

8. 2020 BUDGET

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

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 584
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

9. HANDYMAN

The corporation has hired a handyman to perform major repairs and replacement work (at a lower cost than market) which is charged to the corporation's reserve fund. Projects for 2019 included repair and painting of stairwells, exterior fencing, hallways, lobby ceiling and other interior common elements. For 2020, projects included hallway renovations, P1 ceiling repairs, exterior painting, door closer project and screen and glass repairs.

10. COVID-19

Events have occurred as a result of the COVID-19 pandemic that have caused economic uncertainty. The related financial impact and duration of this disruption cannot be reasonably estimated at this time.