TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2418

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2418

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INDEPENDENT AUDITOR'S REPORT

To the Owners of
Toronto Standard Condominium Corporation No. 2418

Opinion

We have audited the accompanying financial statements of Toronto Standard Condominium Corporation No. 2418 which comprise the statement of financial position as at December 31, 2021, and the statements of revenue and expenses, operating fund, contingency fund, reserve fund for major repairs and replacements 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 Toronto Standard Condominium Corporation No. 2418 as at December 31, 2021 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 the 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 the financial statements, management is 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 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.

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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 misstatements 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 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.

April 27, 2022

Richmond Hill, Ontario

YalePGC, LLP

Chartered Professional Accountants
Licensed Public Accountants

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2418

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	2021	2020
ASSETS		
OPERATING		
Cash	$ 231,142	$ 61,696
Accounts receivable		
Unit owners	418	3,574
Other	1,385	363
Utilities recovery	22,003	18,950
Prepaid expenses	6,703	13,220
	261,651	97,803
RESERVE		
Cash	385,435	208,417
Investments	2,716,000	2,619,000
Interest receivable	9,568	12,872
	3,111,003	2,840,289
	$ 3,372,654	**$ 2,938,092**

See accompanying notes.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2418

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	2021	2020
LIABILITIES		
OPERATING		
Accounts payable and accrued liabilities	$ 94,221	$ 94,258
H.S.T. payable	1,388	899
	95,609	95,157
RESERVE		
Accounts payable and accrued liabilities	26,064	25,695
	121,673	120,852
FUND BALANCES		
OPERATING FUND (DEFICIT)	130,215	(38,371)
CONTINGENCY FUND	35,827	50,607
RESERVE FUND FOR MAJOR REPAIRS AND REPLACEMENTS	3,084,939	2,805,004
	3,250,981	2,817,240
	$ 3,372,654	**$ 2,938,092**

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

See accompanying notes.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2418

STATEMENT OF REVENUE AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021 BUDGET	2021 ACTUAL	2020 ACTUAL
REVENUE			
Common element assessments	$ 2,517,411	$ 2,517,411	$ 2,232,539
Less: Budgeted transfer to reserve fund for major repairs and replacements	(754,320)	(754,320)	(722,700)
Less: Budgeted transfer to contingency fund	(36,000)	(36,000)	(20,002)
	1,727,091	1,727,091	1,489,837
Other income	22,000	22,022	21,219
	1,749,091	1,749,113	1,511,056
EXPENSES - see Schedule			
Service and maintenance contracts	964,211	954,885	937,274
Repairs and maintenance	202,839	157,531	211,020
Utilities	314,595	288,410	269,596
Administration	180,010	171,399	149,259
Recreational facilities	14,973	7,282	9,608
Guest suite and party room	3,925	1,020	1,826
	1,680,553	1,580,527	1,578,583
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	**$ 68,538**	**$ 168,586**	**$ (67,527)**

See accompanying notes.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2418

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021 BUDGET	2021 ACTUAL	2020 ACTUAL
SERVICE AND MAINTENANCE CONTRACTS			
Access control	$ 252,445	$ 252,373	$ 246,764
Air conditioning and heating	57,972	55,980	38,495
Elevator maintenance	25,252	24,697	24,546
Energy management	17,248	16,996	16,246
Fire, electrical and safety equipment	11,407	11,551	10,718
Fitness equipment	2,170	1,808	2,158
Garage	7,697	7,698	7,087
Generator	3,210	3,209	3,209
Grounds maintenance	39,805	39,805	38,646
Housekeeping	205,622	205,622	201,590
Management fees	209,815	209,815	209,815
Pest control	949	949	949
Pool and whirlpool maintenance	13,624	13,492	13,333
Solar panel maintenance	4,520	4,520	2,545
Superintendent	63,480	61,480	60,274
Waste disposal	20,029	16,672	32,680
Water feature	5,431	4,714	4,828
Window cleaning	23,535	23,504	23,391
	964,211	954,885	937,274
REPAIRS AND MAINTENANCE			
Access control	11,000	11,665	5,185
Air conditioning and heating	7,000	9,237	9,398
Cleaning supplies	7,000	3,898	6,995
Doors, locks and keys	5,000	2,133	5,008
Electrical	16,300	13,455	14,528
Elevator	3,700	2,978	5,307
Fire equipment	10,113	4,389	7,943
Garage	2,000	2,219	2,093
General building	61,572	47,377	93,200
Landscaping	39,530	34,363	28,872
Plumbing	31,624	18,565	27,451
Waste removal	8,000	7,252	5,040
	$ 202,839	$ 157,531	$ 211,020

See accompanying notes.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2418

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021 BUDGET	2021 ACTUAL	2020 ACTUAL
UTILITIES			
Gas	$ 112,000	$ 89,233	$ 86,232
Hydro	435,000	383,778	388,233
Water	127,000	118,482	116,583
Less: recovery from owners	(359,405)	(303,083)	(321,452)
	314,595	288,410	269,596
ADMINISTRATION			
Audit fees	5,000	5,046	4,620
Consulting	5,000	11,615	12,136
General office	21,420	13,586	7,176
Insurance	116,890	112,008	98,419
Legal	10,000	14,377	9,170
Meetings	8,700	5,769	5,988
Telephone and communications	13,000	8,998	11,750
	$ 180,010	$ 171,399	$ 149,259

See accompanying notes.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2418

STATEMENT OF OPERATING FUND

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
BALANCE, BEGINNING OF YEAR	$ (38,371)	$ 29,156
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	168,586	(67,527)
BALANCE, END OF YEAR	**$ 130,215**	**$ (38,371)**

STATEMENT OF CONTINGENCY FUND

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
BALANCE, BEGINNING OF YEAR	$ 50,607	$ 17,042
PAYMENT FROM DECLARANT FOR FUTURE CARPET REPLACEMENT	-	18,250
BUDGETED TRANSFER FROM OPERATING FUND	36,000	20,002
	86,607	55,294
CHARGES TO THE FUND		
Kitchen stack cleaning	25,185	-
Legal fees	12,332	-
Art work cleaning and restoration	5,378	4,687
Consulting fees (noise investigation)	4,520	-
Installation of sprinkler heads	3,164	-
Condominium Authority Tribunel	201	-
	50,780	4,687
BALANCE, END OF YEAR	**$ 35,827**	**$ 50,607**

See accompanying notes.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2418

STATEMENT OF RESERVE FUND FOR MAJOR REPAIRS AND REPLACEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
BALANCE, BEGINNING OF YEAR	$ 2,805,004	$ 2,485,865
BUDGETED TRANSFER FROM OPERATING FUND	754,320	722,700
ENERGY EFFICIENCY REBATE	5,074	-
INTEREST EARNED	44,957	53,189
	3,609,355	3,261,754
CHARGES TO THE FUND		
Storm water separation project	266,872	18,063
Heating and air conditioning system repairs	49,851	42,374
Plumbing repairs and replacements	47,073	49,603
Consulting, engineering and legal fees on reserve fund projects	43,116	35,911
Chiller coil replacement	29,865	-
Landscaping renovations	22,803	-
General building repairs and replacements	16,964	13,283
Fire system repairs and replacements	13,947	17,384
Reserve fund study	8,306	-
Spa and pool equipment repairs and replacements	8,001	12,541
Window and door repairs and replacements	6,762	2,536
Security equipment repairs and replacements	4,103	4,470
Electrical repairs and replacements	3,076	5,622
Elevator repairs	2,034	-
EV charging infrastructure upgrade	1,643	241,748
Security for reserve fund projects	-	10,616
Replacement of Sky Lounge furniture and decking repairs	-	2,599
	524,416	456,750
BALANCE, END OF YEAR	**$ 3,084,939**	**$ 2,805,004**

See accompanying notes.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2418

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
CASH FLOWS FROM OPERATING AND RESERVE ACTIVITIES		
Excess (deficiency) of revenue over expenses	$ 168,586	$ (67,527)
Net change in non-cash working capital		
Accounts receivable	2,385	82,159
Prepaid expenses	6,517	82,470
Accounts payable and accrued liabilities	332	(215,727)
H.S.T. payable	489	(1,526)
Cash flows provided by (used in) operating and reserve activities	178,309	(120,151)
CASH FLOWS FROM RESERVE AND CONTINGENCY FUND ACTIVITIES		
Budgeted transfer from operating fund	754,320	722,700
Interest earned on reserve funds	44,957	53,189
Energy efficiency rebate	5,074	-
Charges to the reserve fund	(524,416)	(456,750)
Contingency fund (net)	(14,780)	33,565
Cash flows provided by reserve and contingency fund activities	265,155	352,704
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(97,000)	(388,000)
Cash flows (used in) investing activities	(97,000)	(388,000)
NET INCREASE (DECREASE) IN CASH RESOURCES	346,464	(155,447)
CASH RESOURCES, BEGINNING OF YEAR	270,113	425,560
CASH RESOURCES, END OF YEAR	**$ 616,577**	**$ 270,113**
Represented by:		
Cash		
Operating fund	$ 231,142	$ 61,696
Reserve fund	385,435	208,417
	$ 616,577	**$ 270,113**

See accompanying notes.

NOTE 1 OPERATIONS

The corporation was incorporated on December 19, 2014 without share capital under the Condominium Act of Ontario and is a non-profit organization exempt from 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 benefit of the owners of the 279 residential units and 6 commercial/retail units of the high-rise building located at 1 Old Mill Drive, Toronto, Ontario.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

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

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.

Operating fund

The operating fund reports all 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.

Contingency fund

The corporation has set up a contingency fund to fund future unbudgeted expenditures.

Reserve fund for major repairs and replacements

The corporation, as required by the Condominium Act of Ontario, has established a reserve fund for financing major repairs and replacements of the common elements. Charges to the fund require approval by the Board of Directors. Only major repairs and replacements of the common elements are charged directly to this reserve.

Minor repairs and replacements are charged to repairs and maintenance in the general operations.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Owners' assessments are recognized as revenue monthly based on the budget distributed to the owners each year. Interest and other revenues 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. 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.

Use of estimates

The preparation of financial statements, in conformity with Canadian accounting standards for not-for-profit organizations, requires management and directors to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of asset increases and decreases during the reporting period. Actual results could differ from those estimates.

NOTE 3 BUDGET FIGURES

The 2021 budget figures as presented are for information purposes only and are not covered by the audit report of Yale PGC, LLP dated April 27, 2022.

NOTE 4 RESERVE FUND STUDY

The directors of the corporation have used a class 2 reserve fund study based on a site inspection prepared by Synergy Partners Consulting Limited dated November 24, 2021 and such other information available to them in evaluating the adequacy of annual contributions to the reserve fund for major repairs and replacements. The corporation's plan for contribution to the reserve fund for 2021 was $754,320 and the plan for expenditures from the reserve fund for 2021 was $514,700. The study projected a reserve fund balance on December 31, 2021 of $3,081,184.

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.

NOTE 5 FINANCIAL INSTRUMENTS

The corporation's financial instruments primarily consist of cash, investments, receivables and accounts payable and accrued liabilities.

Interest rate risk

Interest rate risk is the risk of potential loss caused by fluctuations in fair value of future cash flow of financial instruments due to changes in market interest rates. The corporation is exposed to this risk through its interest bearing investments. The corporation manages this risk by investing in fixed-rate securities of short and medium term maturity and plans to hold the securities to maturity.

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 and investments 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 necessary contributions to the reserve and other funds.

NOTE 6 CORONAVIRUS

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