YORK REGION CONDOMINIUM CORPORATION NO. 616

Financial Statements

Year ended April 30, 2022

Adams & Miles LLP
Chartered Professional Accountants

YORK REGION CONDOMINIUM CORPORATION NO. 616

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April 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Owners of
York Region Condominium Corporation No. 616

Opinion
We have audited the financial statements of York Region Condominium Corporation No. 616, which comprise the balance sheet as at April 30, 2022, and the statements of reserve fund, operating fund, revenue and expenditures 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 April 30, 2022, 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 Directors 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 intend to terminate the Corporation or to cease operations, or have no realistic alternative but to do so.

Directors are responsible for overseeing the Corporation's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT - cont'd

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 Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Directors.

- Conclude on the appropriateness of management and 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 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.

Adams & Miles LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
September 30, 2022

YORK REGION CONDOMINIUM CORPORATION NO. 616

Balance Sheet

April 30, 2022

	2022	2021
Assets		
Current		
Cash	$ 318,850	$ 292,247
Accounts receivable	8,891	752
Prepaid expenditures	2,211	11,891
	329,952	304,890
Reserve investments (Note 4)	2,117,946	1,322,402
	$ 2,447,898	$ 1,627,292
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 133,446	$ 91,816
Fund balances		
Reserve fund	2,112,286	1,319,991
Operating fund	202,166	215,485
	2,314,452	1,535,476
	$ 2,447,898	$ 1,627,292

Approved on behalf of the Board:

Director

Director

YORK REGION CONDOMINIUM CORPORATION NO. 616

Statement of Reserve Fund

Year ended April 30, 2022

	2022	2021
Balance, beginning of year	$ 1,319,991	$ 644,851
Add		
Allocation from common element assessments	960,000	884,400
Transfer from operating fund	36,000	18,000
Interest	6,222	3,269
	1,002,222	905,669
Deduct		
Exterior walls	105,030	11,779
Window and doors	62,464	37,876
Plumbing	14,464	-
Heating, ventilation and air conditioning	10,561	50,132
Fire alarm and sprinkler	7,832	39,861
Recreation area	6,096	19,182
Roof	2,681	-
Garage and parking area	799	35,301
Landscaping	-	20,537
Electrical and lighting	-	6,291
Building	-	5,029
Lobby, hallway and office	-	4,541
	209,927	230,529
Balance, end of year	$ 2,112,286	$ 1,319,991

YORK REGION CONDOMINIUM CORPORATION NO. 616

Statement of Operating Fund

Year ended April 30, 2022

	2022	2021
Balance, beginning of year	$ 215,485	$ 183,093
Add (deduct)		
Excess of revenue over expenditures	22,681	50,392
Transfer to reserve fund	(36,000)	(18,000)
Balance, end of year	$ 202,166	$ 215,485

YORK REGION CONDOMINIUM CORPORATION NO. 616

Statement of Revenue and Expenditures

Year ended April 30, 2022

	2022 Budget (Note 9)	2022 Actual	2021 Actual
Revenue			
Common element assessments	$ 2,339,118	$ 2,339,116	$ 2,273,174
Interest and other	5,280	5,415	2,799
	2,344,398	2,344,531	2,275,973
Less allocation to reserve fund	960,000	960,000	884,400
	1,384,398	1,384,531	1,391,573
Expenditures (See analysis of certain expenditures on pages 7 and 8)			
Utilities (Note 7)	683,695	623,011	606,464
Administration	263,733	230,693	228,513
Contract	194,117	228,998	181,573
Building	157,600	181,795	231,219
Personnel	61,563	59,305	62,821
In-suite maintenance	15,070	22,829	18,171
Recreation	8,620	15,219	12,420
	1,384,398	1,361,850	1,341,181
Excess of revenue over expenditures	$ -	$ 22,681	$ 50,392

YORK REGION CONDOMINIUM CORPORATION NO. 616

Schedules to Financial Statements

Year ended April 30, 2022

	2022 Budget (Note 9)	2022 Actual	2021 Actual
Utilities			
Electricity	$ 292,700	$ 272,823	$ 256,775
Water and sewer	170,500	136,674	144,611
Gas	125,100	118,119	109,683
Cable (Note 7)	95,395	95,395	95,395
	$ 683,695	$ 623,011	$ 606,464
Administration			
Management	$ 114,318	$ 114,318	$ 110,989
Insurance	69,705	66,881	57,970
Office	42,110	40,802	44,737
Contingency	24,000	-	-
Legal	9,600	3,618	10,738
Audit	4,000	4,170	4,079
Consulting	-	904	-
	$ 263,733	$ 230,693	$ 228,513
Contract			
Cleaning	$ 82,621	$ 82,621	$ 78,848
Heating, ventilation and air conditioning	36,360	36,284	35,316
Landscaping and snowplowing	27,047	27,047	26,779
Elevators	15,409	15,334	14,832
Security	9,000	8,247	7,686
Pool	8,445	47,398	6,916
Fire protection	7,090	5,287	5,040
Uniforms and mat rental	3,910	3,953	3,634
Pest control	2,427	2,285	2,522
Fitness equipment	1,808	542	-
	$ 194,117	$ 228,998	$ 181,573

YORK REGION CONDOMINIUM CORPORATION NO. 616

Schedules to Financial Statements

Year ended April 30, 2022

	2022 Budget (Note 9)	2022 Actual	2021 Actual
Building			
General	$ 38,100	$ 48,775	$ 60,683
Plumbing	35,200	33,365	41,257
Cleaning	23,600	16,464	37,639
Landscaping and snowplowing	20,400	30,917	31,495
Fire protection	10,500	8,530	11,379
Heating, ventilation and air conditioning	6,000	11,800	20,907
Garage	6,000	11,668	5,850
Security	5,200	4,535	5,214
Electrical	3,600	2,444	1,432
Elevators	3,070	4,343	2,332
Generator	3,050	5,272	10,276
Pest and odour control	2,880	3,682	2,755
	$ 157,600	$ 181,795	$ 231,219

YORK REGION CONDOMINIUM CORPORATION NO. 616

Statement of Cash Flows

Year ended April 30, 2022

	2022	2021
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures	$ 22,681	$ 50,392
Changes in		
Accounts receivable	(8,139)	262
Prepaid expenditures	9,680	(506)
Accounts payable and accrued liabilities	41,630	(30,195)
	65,852	19,953
Financing activities		
Allocation to reserve fund	960,000	884,400
Investing activities		
Increase in reserve investments	(795,544)	(650,063)
Reserve fund interest	6,222	3,269
Reserve fund expenditures	(209,927)	(230,529)
	(999,249)	(877,323)
Change in cash	26,603	27,030
Cash, beginning of year	292,247	265,217
Cash, end of year	$ 318,850	$ 292,247

1. Nature of operations

The Corporation was registered on May 3, 1988 under the Condominium Act (Ontario) 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 201 unit residential condominium community located at 33 Weldrick Road in Richmond Hill, Ontario.

2. Summary of significant accounting policies

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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 expenditures during the year. These estimates and assumptions are reviewed periodically, and adjustments are reported in the Statement of Revenue and Expenditures in the year in which they become known. Significant accounting policies are as follows:

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 year they are earned or incurred respectively, whether or not such transactions have been settled by the receipt or payment of money.

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

Reserve fund
The Corporation 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 Corporation 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.

2. Summary of significant accounting policies - cont'd

Fund accounting

Revenue and expenditures related to major repair and replacement of the common elements are reported in the Statement of Reserve Fund.

Revenue and expenditures for operations of the Corporation and for maintenance of the common elements are reported in the Statement of Revenue and Expenditures.

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.

Reserve investments

Reserve investments are recorded at cost plus accrued interest.

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.

Fund balance management

The Corporation manages its fund balances through annual budgets that accumulate amounts adequate for reserve fund requirements and day-to-day operations and by investment of funds in compliance with the requirements of the Condominium Act, 1998.

3. Adequacy of reserve fund

The Directors have used the report of WSP Canada Inc. dated March 11, 2020 and such other information as was available to them to evaluate the adequacy of the reserve fund. That report proposed allocations of $977,541 for 2022, expenditures of $788,444 and a year-end balance as at April 30, 2022 of $1,404,057. Actual amounts were allocations of $960,000, a transfer from the operating fund of $36,000, expenditures of $209,927 and a year-end balance of $2,112,286. Reserve fund allocations are proposed to increase at rates between 8.45% and 9.73% annually for 2023 to 2025 and by inflation annually thereafter.

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; 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 of the Reserve Fund can be reasonably expected to provide sufficient funds to pay for future major repair and replacement.

4. Reserve investments

Reserve investments consist of cash which is held in a bank account with Royal Bank of Canada earning interest at the bank's prime rate less 2.00% per annum and in an investment savings account with Royal Bank of Canada earning interest at variable rates.

5. Related party transactions

During the year, the Directors did not receive remuneration nor have an interest in any transactions of the Corporation. The management company collects amounts from owners and others for issuing statutory notices.

6. 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.

7. Commitments

The Corporation has contractual obligations for various operating expenditures including management, heating, ventilation and air conditioning, elevators, cleaning, landscaping and snowplowing. All contracts contain short-term cancellation clauses with the exception of the elevator, cable and heating, ventilation and air conditioning contracts, which expire in January 2024, April 2024 and March 2027 respectively with current annual costs of approximately $15,000, $95,000 and $36,000 respectively.

8. COVID-19

Events have occurred as a result of the COVID-19 (coronavirus) pandemic that have caused economic uncertainty. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government responses, remain unclear at this time. Potential risks that the Corporation faces as a result of the pandemic are as follows:

(i) Significant change in operational costs
- Assessment and response:
  Change in operational costs, if any, have been reflected in the financial statements.

(ii) Due to reduced cash inflows and/or increased operating costs, the Corporation may be in an operating deficit position which may necessitate increased fees or a special assessment
- Assessment and response:
  The Corporation has positive working capital and is in an operating surplus position. The Corporation continues to be a going concern.

9. Budget amounts

The budget amounts on the Statement of Revenue and Expenditures and Schedules to Financial Statements are presented for information purposes only, are unaudited and not covered by the Independent Auditor's Report of Adams & Miles LLP, Chartered Professional Accountants, dated September 30, 2022.