

LIBERTY CLUB SHARED FACILITIES

Financial Statements

Year ended February 28, 2019

LIBERTY CLUB SHARED FACILITIES

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February 28, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Shared Facilities' Committee of
Liberty Club Shared Facilities

Opinion

We have audited the financial statements of Liberty Club Shared Facilities, which comprise the balance sheet as at February 28, 2019, and the statements of 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 Shared Facilities as at February 28, 2019, 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 Shared Facilities 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 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 Shared Facilities' 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 Liberty Club Shared Facilities or to cease operations, or have no realistic alternative but to do so.

Committee Members are responsible for overseeing the Shared Facilities' 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

- ♦ 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 Liberty Club Shared Facilities' 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 Liberty Club Shared Facilities 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 Liberty Club Shared Facilities 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.

Adams & Miles LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
May 24, 2019

LIBERTY CLUB SHARED FACILITIES

Balance Sheet

February 28, 2019

	2019	2018
Assets		
Current		
Cash	\$ 12,256	\$ 33,318
Due from Toronto Standard Condominium Corporation No. 1498	5,222	-
Prepaid expenditures	-	4,239
	<u>\$ 17,478</u>	<u>\$ 37,557</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 10,740	\$ 8,091
Due to Toronto Standard Condominium Corporation No. 1496	6,738	24,697
Due to Toronto Standard Condominium Corporation No. 1498	-	4,769
	<u>\$ 17,478</u>	<u>\$ 37,557</u>

Approved on behalf of the Committee:

Harry Brown Member
Toronto Standard Condominium Corporation No. 1496

Jack Member
Toronto Standard Condominium Corporation No. 1498

LIBERTY CLUB SHARED FACILITIES
Statement of Revenue and Expenditures
Year ended February 28, 2019

	2019 Budget (Note 7)	2019 Actual	2018 Actual
Revenue			
Toronto Standard Condominium Corporation No. 1496	\$ 187,388	\$ 187,388	\$ 184,330
Toronto Standard Condominium Corporation No. 1498	147,233	147,233	144,830
Interest and other	12,250	9,649	14,746
	346,871	344,270	343,906
Expenditures			
Repairs and maintenance	157,265	187,333	164,852
Utilities (Note 3)	112,700	76,855	87,679
On-site wages and benefits	41,000	50,867	41,268
Management	21,906	21,906	21,420
Insurance	9,000	8,692	8,661
Administration	5,000	5,626	9,187
Contingency	-	4,860	-
	346,871	356,139	333,067
Excess of (expenditures over revenue) revenue over expenditures from operations	-	(11,869)	10,839
Allocations to:			
Toronto Standard Condominium Corporation No. 1496	-	6,647	(6,070)
Toronto Standard Condominium Corporation No. 1498	-	5,222	(4,769)
Excess of revenue over expenditures	\$ -	\$ -	\$ -

LIBERTY CLUB SHARED FACILITIES**Schedules to Financial Statements****Year ended February 28, 2019**

	2019 Budget (Note 7)	2019 Actual	2018 Actual
Repairs and maintenance			
Recreation	\$ 122,000	\$ 149,346	\$ 130,734
Common area housekeeping	12,900	11,141	10,012
Mechanical	11,500	16,991	14,701
Groundskeeping	8,765	7,765	7,620
Building	2,100	2,090	1,785
	\$ 157,265	\$ 187,333	\$ 164,852
Utilities			
Electricity	\$ 74,750	\$ 40,625	\$ 50,960
Water	27,000	29,797	27,361
Gas	7,500	6,244	6,591
Telephone	3,000	-	2,767
Cable	450	189	-
	\$ 112,700	\$ 76,855	\$ 87,679

LIBERTY CLUB SHARED FACILITIES**Statement of Cash Flows****Year ended February 28, 2019**

	2019	2018
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures	\$ -	\$ -
Changes in		
Due (from) to Toronto Standard Condominium Corporation No. 1498	(9,991)	12,537
Prepaid expenditures	4,239	(4,239)
Accounts payable and accrued liabilities	2,649	1,069
Due to Toronto Standard Condominium Corporation No. 1496	(17,959)	22,680
Change in cash	(21,062)	32,047
Cash, beginning of year	33,318	1,271
Cash, end of year	\$ 12,256	\$ 33,318

LIBERTY CLUB SHARED FACILITIES

Notes to Financial Statements

Year ended February 28, 2019

1. Nature of operations

The Liberty Club Shared Facilities ("Shared Facilities") operates under an agreement between Toronto Standard Condominium Corporation No. 1496 ("TSCC No. 1496") and Toronto Standard Condominium Corporation No. 1498 ("TSCC No. 1498") for the purpose of providing for the mutual use, operation, maintenance, repair and replacement of the Shared Facilities which include, among other items the pipes, wires, cables, conduits, ducts, mechanical or similar apparatus, including the vertical fan coil equipment. The Shared Facilities commenced operations on February 20, 2003 and is exempt from taxes under the Income Tax Act.

2. Summary of significant accounting policies

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires the Shared Facilities' management and Committee Members 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 Liberty Club Shared Facilities are owned proportionately by the owners of TSCC No. 1496 and TSCC No. 1498 and consequently are not reflected as assets in these financial statements.

LIBERTY CLUB SHARED FACILITIES

Notes to Financial Statements

Year ended February 28, 2019

2. Summary of significant accounting policies - cont'd

Revenue recognition

Revenue from TSCC No. 1496 and TSCC No. 1498 is recognized monthly based on the budget approved by the Shared Facilities' Committee each year. Interest and other revenue are recognized as revenue of the related fund when earned.

Contributed services

Committee Members volunteer their time to assist in the Shared Facilities' activities. These services materially benefit the Shared Facilities; 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. Shared costs

Costs are paid as follows:

Toronto Standard Condominium Corporation No. 1496	56.00%
Toronto Standard Condominium Corporation No. 1498	44.00%
	<hr/>
	100.00%

Utilities costs are paid by Toronto Standard Condominium Corporation No. 1496 and charged to the Shared Facilities. These include electricity in the amount of \$40,625 (2018 - \$50,960), water in the amount of \$29,797 (2018 - \$27,361) and gas in the amount of \$6,244 (2017 - \$6,591). Utility costs are based on percentages agreed upon by the Committee Members.

4. Related party transactions

During the year, the Committee Members did not receive remuneration nor have an interest in any transactions of the Shared Facilities.

LIBERTY CLUB SHARED FACILITIES

Notes to Financial Statements

Year ended February 28, 2019

5. Financial instruments

The Shared Facilities' financial instruments that are exposed to concentrations of credit risk consist primarily of cash and due from TSCC No. 1498. The Shared Facilities places its cash and reserve investments with high credit quality institutions and believes its exposure to credit risk is not significant.

6. Commitments

The Shared Facilities has contractual obligations for various operating expenditures including management, recreation, cleaning and pool maintenance. All contracts contain short-term cancellation clauses.

7. 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 May 24, 2019.