
TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1496

FINANCIAL STATEMENTS

FOR THE YEAR ENDED FEBRUARY 29, 2020

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1496

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INDEPENDENT AUDITOR'S REPORT

To the Owners of
Toronto Standard Condominium Corporation No. 1496

Opinion

We have audited the accompanying financial statements of Toronto Standard Condominium Corporation No. 1496 which comprise the statement of financial position as at February 29, 2020, and the statements of revenue and expenses, operating fund, capital asset 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. 1496 as at February 29, 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.

Condominium Act of Ontario

As explained in note 6, the corporation has not completed a reserve fund study update and has not issued a notice of future funding of the reserve fund to the unit owners of the corporation within the prescribed time from the date of the last study as required by the Condominium Act of Ontario.

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.

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.

August 21, 2020
Richmond Hill, Ontario

YalePGC, LLP

**Chartered Professional Accountants
Licensed Public Accountants**

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1496

STATEMENT OF FINANCIAL POSITION

AS AT FEBRUARY 29, 2020

	2020	2019
ASSETS		
OPERATING		
Cash	\$ 2,310,753	\$ 1,084,585
Accounts receivable		
Unit owners	252,913	4,941
Other	158,196	953
Due from Liberty Club Shared Facilities	10,239	6,738
Due from Toronto Standard Condominium Corporation No. 1498	52,683	-
Prepaid expenses	<u>2,907</u>	<u>1,712</u>
	<u>2,787,691</u>	<u>1,098,929</u>
RESERVE		
Cash	740,828	621,249
Investments	8,200,212	7,357,810
Interest receivable	<u>173,728</u>	<u>139,980</u>
	<u>9,114,768</u>	<u>8,119,039</u>
CAPITAL ASSETS (note 5)	<u>700,000</u>	<u>700,000</u>
	<u>\$12,602,459</u>	<u>\$ 9,917,968</u>

See accompanying notes.

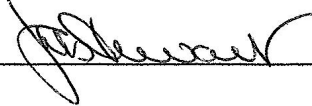
TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1496

STATEMENT OF FINANCIAL POSITION

AS AT FEBRUARY 29, 2020

	2020	2019
LIABILITIES		
OPERATING		
Accounts payable and accrued liabilities	<u>\$ 2,512,453</u>	<u>\$ 344,671</u>
RESERVE		
Accounts payable and accrued liabilities	<u>103,089</u>	<u>35,712</u>
	<u>2,615,542</u>	<u>380,383</u>
 FUND BALANCES		
OPERATING FUND	275,238	754,258
CAPITAL ASSET FUND	700,000	700,000
RESERVE FUND FOR MAJOR REPAIRS AND REPLACEMENTS	<u>9,011,679</u>	<u>8,083,327</u>
	<u>9,986,917</u>	<u>9,537,585</u>
	<u>\$12,602,459</u>	<u>\$ 9,917,968</u>

APPROVED ON BEHALF OF THE BOARD:

 _____ Director

 _____ Director

See accompanying notes.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1496

STATEMENT OF REVENUE AND EXPENSES

FOR THE YEAR ENDED FEBRUARY 29, 2020

	2020 BUDGET	2020 ACTUAL	2019 ACTUAL
REVENUE			
Common element assessments	\$ 5,426,546	\$ 5,426,750	\$ 5,323,414
Less: Budgeted transfer to reserve fund for major repairs and replacements	<u>(1,465,532)</u>	<u>(1,465,532)</u>	<u>(1,387,814)</u>
	3,961,014	3,961,218	3,935,600
Other income	<u>69,500</u>	<u>105,611</u>	<u>91,661</u>
	<u>4,030,514</u>	<u>4,066,829</u>	<u>4,027,261</u>
EXPENSES - see Schedule			
Service and maintenance contracts	1,535,874	1,604,587	1,477,498
Repairs and maintenance	333,500	385,236	320,758
On-site personnel	98,210	116,952	141,423
Utilities	1,560,000	1,410,691	1,258,941
Administration	225,461	246,115	209,805
Shared facilities	197,469	195,202	194,035
Special projects (note 12)	<u>80,000</u>	<u>587,066</u>	<u>67,716</u>
	<u>4,030,514</u>	<u>4,545,849</u>	<u>3,670,176</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	<u><u>\$ -</u></u>	<u><u>\$ (479,020)</u></u>	<u><u>\$ 357,085</u></u>

See accompanying notes.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1496

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED FEBRUARY 29, 2020

	2020 BUDGET	2020 ACTUAL	2019 ACTUAL
SERVICE AND MAINTENANCE CONTRACTS			
Access control	\$ 533,000	\$ 533,620	\$ 499,909
Air conditioning and heating	99,100	97,630	94,892
Cleaning	312,000	337,417	259,439
Elevator maintenance	34,578	44,948	49,874
Fire equipment	40,500	54,028	60,177
Garage sweeping	40,000	45,539	36,275
Landscaping and snow removal	130,631	136,116	140,761
Management fees	328,565	341,842	318,995
Window cleaning	17,500	13,447	17,176
	<u>1,535,874</u>	<u>1,604,587</u>	<u>1,477,498</u>
REPAIRS AND MAINTENANCE			
Air conditioning and heating	8,500	26,929	20,493
Cleaning supplies	5,800	8,325	4,521
Diesel generator	4,000	2,908	2,986
Doors, locks and keys	7,500	27,656	13,787
Electrical	6,100	10,978	8,410
Elevator repairs	7,500	4,751	9,848
Garage costs	5,000	8,209	6,091
General building	145,100	155,146	135,587
Landscaping	50,000	21,558	37,528
Plumbing	34,000	56,497	26,507
Waste removal and odour control	60,000	62,279	55,000
	<u>333,500</u>	<u>385,236</u>	<u>320,758</u>
ON-SITE PERSONNEL			
Superintendent and benefits	<u>98,210</u>	<u>116,952</u>	<u>141,423</u>
UTILITIES			
Gas	340,000	240,058	243,532
Hydro	740,000	724,605	589,021
Water	480,000	446,028	426,388
	<u>\$ 1,560,000</u>	<u>\$ 1,410,691</u>	<u>\$ 1,258,941</u>

See accompanying notes.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1496**SCHEDULE OF EXPENSES****FOR THE YEAR ENDED FEBRUARY 29, 2020**

	2020 BUDGET	2020 ACTUAL	2019 ACTUAL
ADMINISTRATION			
Audit fees	\$ 7,587	\$ 10,126	\$ 7,366
Bank charges	1,400	3,661	1,413
Consulting	11,000	2,771	2,712
General office and meetings	79,814	72,064	79,264
Insurance	97,160	107,108	90,691
Legal	18,000	33,984	18,145
Telephone and communications	<u>10,500</u>	<u>16,401</u>	<u>10,214</u>
	<u>\$ 225,461</u>	<u>\$ 246,115</u>	<u>\$ 209,805</u>

See accompanying notes.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1496

STATEMENT OF OPERATING FUND

FOR THE YEAR ENDED FEBRUARY 29, 2020

	2020	2019
BALANCE, BEGINNING OF YEAR	\$ 754,258	\$ 397,173
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	<u>(479,020)</u>	<u>357,085</u>
BALANCE, END OF YEAR	<u>\$ 275,238</u>	<u>\$ 754,258</u>

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1496

STATEMENT OF CAPITAL ASSET FUND

FOR THE YEAR ENDED FEBRUARY 29, 2020

	2020	2019
BALANCE, BEGINNING OF YEAR	<u>\$ 700,000</u>	<u>\$ 700,000</u>
BALANCE, END OF YEAR	<u>\$ 700,000</u>	<u>\$ 700,000</u>

See accompanying notes.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1496

STATEMENT OF RESERVE FUND FOR MAJOR REPAIRS AND REPLACEMENTS

FOR THE YEAR ENDED FEBRUARY 29, 2020

	2020	2019
BALANCE, BEGINNING OF YEAR	\$ 8,083,327	\$ 6,929,490
BUDGETED TRANSFER FROM OPERATING FUND	1,465,562	1,387,814
INTEREST EARNED	<u>179,462</u>	<u>184,763</u>
	<u>9,728,351</u>	<u>8,502,067</u>
CHARGES TO THE FUND		
Garage repairs	312,476	11,441
Heating, ventilation and air conditioning repairs	135,081	68,126
Elevator repairs	103,804	120,858
Interlocking and drainage repairs	38,284	-
Caulking and sealant repairs	25,595	2,204
Security equipment repairs	25,205	25,343
Party room repairs	22,940	-
Pool repairs	21,000	-
Plumbing repairs	13,043	136,018
Balcony repairs	12,431	-
Life and safety system repairs	5,119	3,776
Window and door repairs	1,694	4,254
Exterior wall repairs	-	31,973
Roof repairs	-	11,820
Electrical repairs	<u>-</u>	<u>2,927</u>
	<u>716,672</u>	<u>418,740</u>
BALANCE, END OF YEAR	<u>\$ 9,011,679</u>	<u>\$ 8,083,327</u>

See accompanying notes.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1496

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED FEBRUARY 29, 2020

	2020	2019
CASH FLOWS FROM OPERATING AND RESERVE ACTIVITIES		
(Deficiency) excess of revenue over expenses	\$ (479,020)	\$ 357,085
Net change in non-cash working capital		
Accounts receivable and interest receivable	(438,963)	10,258
Prepaid expenses	(1,195)	(29)
Due from Liberty Club Shared Facilities	(3,501)	17,959
Due from Toronto Standard Condominium Corporation No. 1498	(52,683)	-
Accounts payable and accrued liabilities	<u>2,235,159</u>	<u>65,949</u>
Cash flows provided by operating and reserve activities	<u>1,259,797</u>	<u>451,222</u>
CASH FLOWS FROM RESERVE AND CONTINGENCY FUND ACTIVITIES		
Budgeted transfer from operating fund	1,465,562	1,387,814
Interest earned on reserve funds	179,462	184,763
Charges to the reserve fund	<u>(716,672)</u>	<u>(418,740)</u>
Cash flows provided by reserve and contingency fund activities	<u>928,352</u>	<u>1,153,837</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	<u>(842,402)</u>	<u>(1,075,010)</u>
Cash flows (used in) investing activities	<u>(842,402)</u>	<u>(1,075,010)</u>
NET INCREASE IN CASH RESOURCES	1,345,747	530,049
CASH RESOURCES, BEGINNING OF YEAR	<u>1,705,834</u>	<u>1,175,785</u>
CASH RESOURCES, END OF YEAR	<u>\$ 3,051,581</u>	<u>\$ 1,705,834</u>
Represented by:		
Cash		
Operating fund	\$ 2,310,753	\$ 1,084,585
Reserve fund	<u>740,828</u>	<u>621,249</u>
	<u>\$ 3,051,581</u>	<u>\$ 1,705,834</u>

See accompanying notes.

NOTE 1 OPERATIONS

The corporation was incorporated on February 12, 2003 without share capital under the Condominium Act of Ontario and is a non-profit organization that is 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 672 residential and commercial units of the buildings located at 1 and 3 Rean 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.

Capital asset fund

The capital asset fund represents the corporation's invested equity in the guest suites and superintendent suites.

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 fund. Minor repairs and replacements are charged to repairs and maintenance in the operating fund.

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.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 4 BUDGET FIGURES

The 2020 budget figures as presented are for information purposes only and are not covered by the audit report of Yale PGC, LLP dated August 21, 2020.

NOTE 5 CAPITAL ASSETS

The guest suites and superintendent suites are recorded at cost. No amortization is taken as the residual value of these assets would not be less than the original cost.

NOTE 6 RESERVE FUND STUDY

The directors of the corporation have used the comprehensive reserve fund study dated January 2017 prepared by BEST Consultants Martin Gerskup Architech Inc. and such other information available to them in evaluating the adequacy of annual contributions to the reserve fund for major repairs and replacements. The Board of Directors have proposed a plan that differs from that of BEST Consultants Martin Gerskup Architech Inc. The corporation's plan for contribution to the reserve fund for the year ended February 29, 2020 was \$1,465,532, the plan for expenditures for the year ended February 29, 2020 was \$662,112 and the projected reserve fund balance on February 29, 2020 is \$7,866,964. The plan recommended by BEST Consultants Martin Gerskup Architech Inc. for contribution to the reserve fund for 2019/2020 was \$1,368,579, the plan for expenditures for 2019/2020 was \$662,112 and the projected reserve fund balance on February 29, 2020 is \$8,209,789.

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.

The corporation has not completed a reserve fund study update and has not issued a notice of future funding of the reserve fund to the unit owners of the corporation within the prescribed time from the date of the last study as required by the Condominium Act of Ontario.

NOTE 7 LEGAL ACTION

The corporation has been named as a defendant in a statement of claim filed with the Ontario Superior Court of Justice in the amount of \$500,000 plus interest and legal costs with respect to a slip and fall. The claim has been submitted to the corporation's insurance company. As of the date of the audit report, it is unknown whether the corporation will be required to pay any amount in regards to this action.

NOTE 8 SUBSEQUENT EVENT

Subsequent to the year-end, 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.

NOTE 9 COMPARATIVE FIGURES

Certain 2019 figures presented for comparison purposes have been reclassified in order to conform to the financial statement presentation adopted for the current year and were audited by another Public Accounting Firm.

NOTE 10 LIBERTY CLUB SHARED FACILITIES

Toronto Standard Condominium Corporation Nos. 1496 and 1498 have entered into a Shared Facilities Agreement. The agreement provides for the mutual use, operation, maintenance, repair and replacement of the Shared Facilities which include, among other items, the Club unit which includes the pool, multipurpose room, fitness centre, change rooms, virtual golf, putting green, and other amenities.

The Shared Facilities' costs are shared in the following percentages:

Toronto Standard Condominium Corporation No. 1496	56%
Toronto Standard Condominium Corporation No. 1498	<u>44%</u>
	<u>100%</u>

The only charge shown as expenses for the Shared Facilities is as follows:

Operating expenses

March 1, 2019 to February 29, 2020	
monthly contribution: 12 months @ \$15,863	\$ 190,356
Add: share of operating deficit to February 29, 2020	
(as per audited financial statements)	<u>4,846</u>
	<u><u>\$ 195,202</u></u>

These payments were made in accordance with The Liberty Club Shared Facilities' operating budget. These financial statements do not include the revenue and expenses of the Shared Facilities as it is a separate reporting entity and should be referred to when reading these financial statements.

NOTE 11 COMMITMENT

The corporation has entered into a contract with Jermark Plumbing & Mechanical Services Limited for the domestic water piping project for a total contract price of \$1,277,183 (including H.S.T.). As at February 29, 2020, no charges have been invoiced for the contract as the work has not yet begun.

NOTE 12 SPECIAL PROJECTS

During the year, the corporation charged \$587,066 to special projects for the following:

Kitec repairs	\$ 462,043
Flood damage repairs	<u>125,023</u>
	<u>\$ 587,066</u>