

YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1270

FINANCIAL STATEMENTS

DECEMBER 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Owners of **York Region Standard Condominium Corporation No. 1270**

We have audited the accompanying financial statements of **York Region Standard Condominium Corporation No. 1270**, which comprise the statement of financial position as at December 31, 2018, and the statements of operations and common deficit, reserve fund, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



DOMENIC ROSSO

Chartered Professional Accountant

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of **York Region Standard Condominium Corporation No. 1270** as at December 31, 2018 and the results of its operations and common deficit, reserve fund, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Concord, Ontario
May 31, 2019



CRA, CA.

Chartered Professional Accountant
Licensed Public Accountant

YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1270

(Incorporated under the laws of Ontario)

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018


See Accompanying Notes

	2018	2017
	\$	\$
ASSETS		
CURRENT		
Cash	-	27,165
Accounts receivable	2,782	20,554
Prepaid expenses and sundry	10,759	9,694
	13,541	57,413
RESERVE FUND INVESTMENTS (Note 3)	211,445	162,156
	224,986	219,569
LIABILITIES		
CURRENT		
Bank indebtedness	12,141	-
Accounts payable	6,647	44,699
	18,788	44,699
NET ASSETS	206,198	174,870


NET ASSETS ABOVE REPRESENTED BY:

RESERVE FOR MAJOR REPAIRS AND REPLACEMENTS	203,151	165,455
RETAINED EARNINGS	3,047	9,415
	206,198	174,870

APPROVED BY THE BOARD:



Director



Director

May 29/19 Date

May 31/19 Date

YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1270
STATEMENT OF OPERATIONS AND COMMON DEFICIT
YEAR ENDED DECEMBER 31, 2018

See Accompanying Notes

	2018 Budget (Note 8)	2018 Actual	2017 Actual
	\$	\$	\$
REVENUE			
Common element assessments	245,215	245,240	238,329
Other income	1,400	605	1,107
	246,615	245,845	239,436
Less allocations to:			
Reserve fund - annual	(89,850)	(89,850)	(76,679)
Deficit recovery	(2,750)	-	-
OPERATING REVENUE	154,015	155,995	162,757
COMMON EXPENDITURES			
Building repairs and maintenance (schedule)	34,170	34,129	44,452
Hydro	2,200	1,442	1,534
Insurance	11,100	17,349	30,401
Landscaping and snow removal	48,745	50,319	64,615
Management Fees	23,400	23,400	22,713
Office and general	6,100	4,236	4,823
Professional fees	3,000	3,184	2,282
Water	25,300	28,304	23,708
	154,015	162,363	194,528
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	-	(6,368)	(31,771)
BALANCE, beginning of year		9,415	41,186
BALANCE, end of year		3,047	9,415

YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1270**STATEMENT OF RESERVE FUND****YEAR ENDED DECEMBER 31, 2018****See Accompanying Notes**

	2018	2017
	\$	\$
BALANCE , beginning of year	165,456	88,333
ADDITIONS		
Allocations from owners' assessments	89,850	76,679
Interest earned	2,163	443
	257,469	165,455
EXPENDITURES		
General building repairs and maintenance	4,102	-
Roof repairs and replacement	43,299	-
Signs	6,917	-
	54,318	-
BALANCE , end of year	203,151	165,455

YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1270**STATEMENT OF CASH FLOWS****YEAR ENDED DECEMBER 31, 2018****See Accompanying Notes**

	2018	2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Owners contributions for:		
General operations	155,390	161,650
Reserve fund	89,850	76,679
Other receipts	2,768	1,550
	<u>248,008</u>	<u>239,879</u>
Common area expenses	(162,363)	(194,528)
Reserve expenditures	(54,318)	-
	<u>(216,681)</u>	<u>(194,528)</u>
	31,327	45,351
Changes in other non-cash operating accounts	(21,344)	7,334
	<u>9,983</u>	<u>52,685</u>
FINANCING ACTIVITIES		
Increase in bank indebtedness	12,141	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in investments	(49,289)	(74,926)
DECREASE IN CASH	(27,165)	(22,241)
CASH, beginning of year	27,165	49,406
CASH, end of year	-	27,165

YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1270

SCHEDULE OF REPAIRS AND MAINTENANCE

YEAR ENDED DECEMBER 31, 2018

See Accompanying Notes

	Budget	2018	2017
	\$	\$	\$
Building repairs and maintenance	9,720	9,543	23,069
Cleaning and Janitorial	-	-	452
Parking enforcement	3,500	4,994	3,671
Pest control	750	283	-
Plumbing repairs and supplies	1,700	653	1,456
Waste disposal and maintenance	11,500	11,673	9,142
Windows and screens	7,000	6,983	6,662
	34,170	34,129	44,452

YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1270

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

1. PURPOSE OF THE ORGANIZATION

The York Region Standard Condominium Corporation No. 1270 ("the Corporation") was registered without share capital on October 28, 2014 under the laws of the Condominium Act of Ontario, the "Act". The corporation was formed to manage and maintain, on behalf of the owners, the common elements of the 67 residential units. For Canadian income tax purposes the Corporation qualifies as a not-for-profit organization which is exempt from income tax under the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) 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.

(b) Revenue recognition

Owners' assessments are recognized as revenue in the statement of operations monthly based on the budget distributed to owners each year. Special assessments are recognized as revenue when they become payable by the owners to the Corporation.

Interest and other revenue are recognized as revenue of the related fund when earned.

(c) Fund accounting

The Corporation follows the restricted fund method of accounting for contributions.

The statement of operations and common deficit reports 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.

The statement of reserve fund reports the portion of owners' assessments allocated to it and expenses for the major repair and replacement of the common elements and assets of the Corporation. The basis of determining the reserve fund requirements is explained in Note 4. All major repairs and replacements must be charged to the reserve fund; minor repairs and replacements must be charged to expenses in the statement of operations. The Corporation segregates amounts accumulated for the purpose of financing future charges to the reserve fund in bank and investment accounts that must be used solely to finance such charges. Interest earned on these amounts is included in the reserve fund.

YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1270

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Investments

Investments are purchased to be held to maturity and accordingly are recorded at cost plus accrued interest, calculated using the effective interest rate method.

(e) 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.

(f) Contributed services

Directors and owners volunteer their time to assist in the Corporation's activities. While these services benefit the Corporation considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

3. RESERVE FUND INVESTMENTS

The investment account consists of cash in a reserve fund bank account of \$211,445.

4. RESERVE FUND

The Corporation, as required by the *Condominium Act*, 1998 ("the Act"), has established a reserve fund for financing future major repairs and replacements of the common elements and assets.

The directors have used the comprehensive reserve fund study of Morrison Hershfield Limited dated March 21, 2016 and such other information as was available to them in evaluating the adequacy of annual contributions to the reserve fund for major repairs and maintenance. The corporation's plan for contribution to the reserve fund for 2018 was \$89,858 and the plan for expenditures from the reserve fund study for 2018 was \$5,152. The plan calls for increases in annual contribution of 17.2.0% until 2018; then an increase of 1.0% per annum to 2044.

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. These factors are subject to change over time and the changes may be material; accordingly, the *Condominium Act* requires that reserve fund studies be updated every three years.

As at the year end date the corporation did not meet the recommended reserve fund balance of \$288,596.

YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1270

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

5. COMMITMENTS

The corporation has contracts for various operating services renewable on an annual basis including management services for \$23,400 per annum including HST and landscaping and snow removal services of \$45,178 per annum including HST.

6. RELATED PARTY TRANSACTIONS

No remuneration was paid to directors and officers during the year and they had no interest in any transactions of the corporation. Management, in addition to fees is re-imbursed for certain administrative costs and collects fees from owners, purchases and others for issuing lien notices and status certificates. These transactions were in the normal course of operations and were measured at the exchange amount.

7. FINANCIAL INSTRUMENTS

Financial instruments consist of accounts receivable, prepaid expenses, and accounts payable, and are initially recorded at historical cost. If subsequent circumstances indicate that a decline in the fair value of a financial asset is other than temporary, the financial asset is written down to its fair value. Unless otherwise indicated, the fair values of financial instruments approximate their recorded amounts.

Interest rate risk and currency risk

Unless otherwise noted, it is the board's opinion that the Corporation is not exposed to significant interest rate or currency risks arising from its financial instruments. The Corporation does not use derivative financial instruments to reduce its exposure to interest rate or currency risk.

8. BUDGET INFORMATION

The budget figures shown in these financial statements are compiled solely by the corporation and are not susceptible to audit examination. No opinion on these figures is expressed or implied by the corporation's auditors.