

**YORK REGION STANDARD CONDOMINIUM
CORPORATION NO. 1400
FINANCIAL STATEMENTS
NOVEMBER 30, 2019**

INDEPENDENT AUDITOR'S REPORT

**TO: The Owners of
York Region Standard Condominium Corporation No. 1400**

Opinion

We have audited the financial statements of **York Region Standard Condominium Corporation No. 1400** which comprise the statement of financial position as at November 30, 2019, and the statements of operating fund, reserve fund, capital assets fund, cash flows and schedule to the financial statements for the period February 5, 2019 to November 30, 2019 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 **York Region Standard Condominium Corporation No. 1400** as at November 30, 2019, and the results of its operations and its cash flows for the period February 5, 2019 to November 30, 2019, 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 these 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 these financial statements, management is responsible for assessing **York Region Standard Condominium Corporation No. 1400's** ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate **York Region Standard Condominium Corporation No. 1400** or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing **York Region Standard Condominium Corporation No. 1400's** 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 our audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

INDEPENDENT AUDITOR'S REPORT - cont'd

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.
- 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 **York Region Standard Condominium Corporation No. 1400'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 **York Region Standard Condominium Corporation No. 1400** 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 the Board of 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.

Furlong and Company LLP

Furlong and Company LLP
Chartered Professional Accountants
Licensed Public Accountants

March 11, 2020
Toronto, Ontario

YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1400
STATEMENT OF FINANCIAL POSITION
AS AT NOVEMBER 30, 2019

	2019
	\$
	(Note 4)
Assets	
Current	
Cash and investments - operating	100,727
Accounts receivables (Note 11)	204,473
Prepaid expenses	<u>24,643</u>
	329,843
Long-term	
Cash and investments - reserve	527,457
Capital assets (Note 7)	<u>977,425</u>
	<u><u>1,834,725</u></u>
Liabilities and Fund Balances	
Current	
Accounts payable and accruals	458,030
Mortgage payable - current portion	<u>61,856</u>
	519,886
Long-term	
Mortgage payable (Note 7)	<u>791,144</u>
	<u>1,311,030</u>
Fund balances	
Reserve fund (Page 8)	527,457
Operating fund (Page 5)	<u>(3,762)</u>
	<u>523,695</u>
	<u><u>1,834,725</u></u>

On behalf of the Board:


 _____ Director


 _____ Director

The accompanying notes and schedule are an integral part of these financial statements.

YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1400
STATEMENT OF OPERATING FUND
FOR THE PERIOD FEBRUARY 5, 2019 TO NOVEMBER 30, 2019

	BUDGET 2019 \$ (Note 4)	ACTUAL 2019 \$ (Note 4)
Revenue		
Owners' assessment	3,612,500	3,562,978
Less: Allocation to reserve fund	<u>(525,862)</u>	<u>(525,862)</u>
	3,086,638	3,037,116
Other income (Schedule 1)	<u>6,667</u>	<u>24,866</u>
	<u>3,093,305</u>	<u>3,061,982</u>
Common expenses		
Utilities (Schedule 1)	923,681	1,179,626
Contracts (Schedule 1)	1,326,273	1,213,457
Repairs and maintenance (Schedule 1)	150,000	128,488
General and administrative (Schedule 1)	<u>681,758</u>	<u>544,173</u>
	<u>3,081,712</u>	<u>3,065,744</u>
(Deficiency) excess for the period	<u>11,593</u>	<u>(3,762)</u>

The accompanying notes and schedule are an integral part of these financial statements.

**YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1400
FOR THE PERIOD FEBRUARY 5, 2019 TO NOVEMBER 30, 2019**

	BUDGET 2019 \$ (Note 4)	ACTUAL 2019 \$ (Note 4)
OTHER INCOME		
Party room	-	7,344
Guest suites	4,167	10,988
Interest and other income	<u>2,500</u>	<u>6,534</u>
	<u>6,667</u>	<u>24,866</u>
UTILITIES		
Hydro	561,181	778,452
Water and sewage	145,833	197,162
Gas	<u>216,667</u>	<u>204,012</u>
	<u>923,681</u>	<u>1,179,626</u>
CONTRACTS		
Recreation centre	20,340	12,510
Cleaning	437,500	396,556
Elevators	70,333	31,110
Grounds maintenance	83,333	56,486
Preventive maintenance	41,667	37,064
Carpet cleaning and rental	12,500	7,743
Fire protection	18,667	13,843
Concierge	500,000	528,177
Fan coil maintenance	20,000	38,257
Window cleaning	35,000	30,341
Life safety and security	11,600	14,409
Garage cleaning	25,000	19,577
Car share program (Note 8(c))	30,000	6,463
Other contracts	<u>20,333</u>	<u>20,921</u>
	<u>1,326,273</u>	<u>1,213,457</u>
REPAIRS AND MAINTENANCE		
Waste disposal	83,333	25,810
Supplies	25,000	12,265
Landscape - non contract	-	16,247
Fire and security	-	7,009
General repairs	<u>41,667</u>	<u>67,157</u>
	<u>150,000</u>	<u>128,488</u>

The accompanying notes and schedule are an integral part of these financial statements.

**YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1400
FOR THE PERIOD FEBRUARY 5, 2019 TO NOVEMBER 30, 2019**

	BUDGET 2019 \$ (Note 4)	ACTUAL 2019 \$ (Note 4)
GENERAL AND ADMINISTRATIVE		
Management	327,118	324,875
Audit fees	8,333	8,333
Legal fees	8,333	11,250
Insurance	83,333	95,412
Salary and benefits	96,192	63,841
Super and guest suite mortgage	90,407	-
Super and guest suite taxes/CEF	23,875	4,116
Telephone and communications	10,000	5,984
Condominium Authority fees	-	9,922
Office	34,167	20,440
Performance audit	50,000	-
Declarant subsidy - performance audit	<u>(50,000)</u>	<u>-</u>
	<u>681,758</u>	<u>544,173</u>

The accompanying notes and schedule are an integral part of these financial statements.

YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1400
STATEMENT OF RESERVE FUND
FOR THE PERIOD FEBRUARY 5, 2019 TO NOVEMBER 30, 2019

	2019
	\$
	(Note 4)
Revenue	
Owners' allocation (Note 5)	525,862
Interest	<u>1,595</u>
Excess for the period	<u><u>527,457</u></u>

The accompanying notes and schedule are an integral part of these financial statements.

YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1400
STATEMENT OF CASH FLOWS
FOR THE PERIOD FEBRUARY 5, 2019 TO NOVEMBER 30, 2019

	2019 \$ (Note 4)
Cash flows from operating activities	
Owners' assessment	3,562,978
Interest - reserve fund	1,595
Other income	24,866
Common expenses - operating	(3,065,744)
Major repairs and replacements	<u>-</u>
	523,695
Changes in other non-cash operating accounts	<u>228,914</u>
Cash provided by operating activities	<u>752,609</u>
Cash flows from investing activities	
Purchase of super and guest suites (Note 7)	(977,425)
Cash flows from financing activities	
Mortgage obtained (Note 7)	<u>853,000</u>
Cash, end of period	<u>628,184</u>
 Comprised of :	
Cash - operating bank	100,727
Cash - reserve bank	<u>527,457</u>
	<u>628,184</u>

The accompanying notes and schedule are an integral part of these financial statements.

YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1400
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019

1. NATURE OF THE CORPORATION

The corporation was incorporated without share capital on February 5, 2019 under the Condominium Act of Ontario. 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 907 residential units located in the City of Woodbridge in the Municipality of Vaughan.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) FUND ACCOUNTING

The operating fund reports the assessments from owners and expenses related to the operations and administration of the common elements.

The capital assets fund records mortgage payments, interest and the corporation's net equity in the guest suites and the superintendent's suite.

The reserve fund reports the assessments from the owners and the expenditures for major repair and replacement costs of the common elements and assets. The basis for determining the reserve fund's requirements is explained in Note 5. Only major repairs and replacements of the common elements are charged directly to this reserve fund. Minor repairs and replacements are charged to repairs and maintenance of the operating fund. The Corporation segregates amounts accumulated for the purpose of financing future charges to the reserve fund in special accounts, for use only to finance such charges. Interest earned on these amounts is credited directly to the reserve fund.

(b) ACCRUAL BASIS OF ACCOUNTING

Revenues and expenses are recorded on the accrual basis, whereby they are reflected in the accounts in the period in which they have been earned and incurred respectively, whether or not such transactions have been finally settled by the receipt or payment of money.

(c) 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.

(d) INCOME TAXES

No provision for income taxes has been made in the financial statements as any excess of revenues over expenses is regarded as a reduction in owners' assessments (current or future) towards the operations of the Corporation and not as income of the corporation or its owners.

(e) REVENUE RECOGNITION

Revenue is recognized on a monthly basis by way of a common element assessment, based on the annual budget. Investment and other revenues are recognized as income of the related fund when earned.

YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1400
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) 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.

(g) 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.

3. FINANCIAL INSTRUMENTS

The corporation's financial instruments consist of cash, accounts receivable, accounts payable and accruals and mortgages. Unless otherwise noted, it is the Board's opinion that the corporation is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

4. FINANCIAL STATEMENTS

These financial statements cover the period from registration on February 5, 2019 to November 30, 2019 which is nine months plus 24 days. The budget amounts cover a 10 month period. The budget was prepared by the declarant and is unaudited.

5. ADEQUACY OF RESERVE FOR MAJOR REPAIRS AND REPLACEMENTS

A reserve fund study required by Sections 93 and 94 of the Condominium Act has not yet been completed. The corporation's allocations are based on the budget.

6. RECIPROCAL OPERATING AGREEMENT

The Corporation was required by its Bylaw 2 to enter into an agreement with the declarant (Great Land (Yonge 16th) Inc.) concerning the commercial component of the project. This agreement sets out the use, operations, maintenance, repair, service, reconstruction and the sharing of responsibilities and costs for the Shared Facilities.

The Shared Facilities means the common structures, bicycle storage racks, driveways, lanes and walkways, shared landscaping, shared service facilities and service units and the shared elevators. Cost are shared as follows:

YRSCC 1400	97.00 %
Commercial	<u>3.00 %</u>
	<u>100.00 %</u>

YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1400
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019

7. CAPITAL ASSETS - MORTGAGES PAYABLE

The corporation was required by its Bylaw 3 to purchase from the declarant, the superintendent's unit at a cost of \$465,000 and two guest suites at a cost of \$194,000 each for a total of \$977,425 including HST and land transfer taxes. The declarant gave a mortgage with an interest rate of 5% annually over a term of 10 years, amortized over a period of 10 years in the amount of \$853,000. This mortgage is fully open. Payments including principle and interest are \$9,026 per month commencing on March 5, 2020. The loan is secured by the units.

The future annual principal payments due by fiscal year are as follow:

	\$
2021	61,856
2022	70,752
2023	74,333
2024	78,095
2025	82,050
2026 on	<u>485,914</u>
	853,000
Less current portion	<u>61,856</u>
	<u>791,144</u>

8. COMMITMENTS / FUTURE PROJECTS

(a) The corporation has entered into contracts for services such as concierge, cleaning and management at approximate annual costs of \$1,605,000.

(b) The corporation was required by its declaration to enter into a lease (the Bar Area Lease) with the declarant for a licensed retail establishment on Level 13 for an initial term of five years. It may be extended by the declarant for five year terms in perpetuity. The declarant may terminate the lease at any time upon 60 days written notice. This lease could be assigned by the declarant at its choice. There will be no rent paid to the corporation or expenses paid by the declarant to the corporation.

(c) The owners of the adjacent development have entered into a Car Share Agreement with Enterprise Rent-A-Car which requires a guaranteed revenue of \$1,500 per vehicle per month for two vehicles (\$36,000 annually). The owners of YRSCC 1400 will have access to these vehicles.

The corporation shall pay to Enterprise a maximum of \$36,000 annually for a three year period from February 1, 2019 as follows:

1. for the first year a payment of \$36,000 by March 2019;
2. for the second and third years, a payment of \$36,000 less revenues collected by the car share usage.

YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1400
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019

8. COMMITMENTS / FUTURE PROJECTS - cont'd

(d) The corporation was required by the declarant to enter into a submetering agreement with Alectra Energy Sources Inc. for the provision of hydro submetering for a term of ten years until October 2027. The submeters are owned by Alectra. The agreement is deemed to be renewed annually for successive 10 year terms subject to termination at any time after the initial term with at least eight months written notice.

The agreement may be terminated by either party upon any material breach of the agreement which is not corrected. If termination occurs at the end of the initial term, Alectra has the option of removing its equipment or leave in place. In either case, the corporation has to pay all disconnection and removal costs plus undepreciated capital costs at a rate of \$535 per meter at the end of the first month, decreasing to zero per meter at the end of the 10 years.

9. RELATED PARTY

At November 30, 2019, the declarant owned 28 parking units and 41 lockers.

10. LAWSUITS

(a) A claim has commenced in the Small Claims Court bearing File Number SC-19-001200790000. The claim is in the amount of \$10,980 and relates to alleged damage to personal property. The corporation disputes the claim and has instructed its legal counsel to defend against the claim.

(b) A claim has commenced in the Small Claims Court bearing File Number SC-19-001205800000. The claim is in the amount of \$25,000. The corporation disputes the claim and has instructed its legal counsel to defend against the claim.

11. ACCOUNTS RECEIVABLE

	2019
	\$
	(Note 4)
Common element assessments	31,870
Declarant	84,503
Others	22,100
Owner Hydro chargebacks	<u>66,000</u>
	<u>204,473</u>

The declarant receivable relates to owners' submetered hydro charges paid to it by Alectra (Note 8(d)) of \$208,928 net of closing costs on the superintendent and guest suites (Note 7) owing to the declarant by YRSCC 1400 of \$124,425.

