DYNASTY RECREATION CENTRE SHARED FACILITIES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2019

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Wei CPA Professional Corporation

Chartered Professional Accountant
Licensed Public Accountant
406 - 2800 14th Avenue, Markham ON, L3R 0E4
Tel: (416) 628-9423 Fax: (416) 352-5713

INDEPENDENT AUDITOR'S REPORT

To the Participants of Dynasty Recreation Centre Shared Facilities

Opinion

We have audited the financial statements of Dynasty Recreation Centre Shared Facilities (the Organization), which comprise the statement of financial position as at July 31, 2019, and the statements of reserve fund operations and fund balance, statement of recreation fund operations and fund balance, statement of common expenses 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 Organization as at July 31, 2019, and the results of its operations and cash flows for the year then ended in accordance with Accounting Standards for Not-for-profit Organizations (ASNPO).

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 Organization 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 the financial statements in accordance with ASNPO, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Organization'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.

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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 Organization'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 Organization'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 Organization 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.

October 22, 2019

Wei CPA PC

WEI CPA PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANT
LICENSED PUBLIC ACCOUNTANT
AUHORIZED TO PRACTICE PUBLIC ACCOUNTING BY CPA ONTARIO

DYNASTY RECREATION CENTRE SHARED FACILITIES
STATEMENT OF FINANCIAL POSITION
AS AT JULY 31, 2019

	General Fund	Reserve Fund	Recreation Fund	**Total 2019**	**Total 2018**
Assets					
Cash	117,616	515,209	-	632,825	974,929
Investments	-	1,105,660	-	1,105,660	600,000
Other receivables	-	2,203	-	2,203	-
Interest receivable	-	10,169	-	10,169	2,148
Prepaid and sundry	243	-	-	243	240
Interfund balance	(2,724)	2,543	181	-	-
	115,135	1,635,784	181	1,751,100	1,577,317
Liabilities and Fund Balance					
Accounts payable and accruals	25,727	-	-	25,727	73,946
Due to participants (note 8)	89,408	-	-	89,408	73,776
	115,135	-	-	115,135	147,722
General fund	-	-	-	-	-
Reserve fund	-	1,635,784	-	1,635,784	1,429,414
Recreation fund	-	-	181	181	181
	-	1,635,784	181	1,635,965	1,429,595
	115,135	1,635,784	181	1,751,100	1,577,317

APPROVED ON BEHALF OF THE COMMITTEE

Member: York Region Condominium Corporation No. 741

Member: York Region Condominium Corporation No. 755

Member: York Region Condominium Corporation No. 765

See accompanying notes to the financial statements

DYNASTY RECREATION CENTRE SHARED FACILITIES
STATEMENT OF RESERVE FUND OPERATIONS AND FUND BALANCE
FOR THE YEAR ENDED JULY 31, 2019

	2019	2018
Revenue		
Owners' transfer to the reserve fund	312,336	305,472
Interest income	29,542	21,011
	341,878	326,483
Major Repairs and Replacements		
Electrical	-	1,770
Equipment	1,016	-
Roadways	2,599	-
Exterior	1,887	9,401
Fire and security	-	7,000
Grounds	-	4,995
Fence	7,153	-
Interior renovations	67,794	-
Theatre renovations	12,656	-
Consulting fees	2,396	
Exercise equipment	29,187	-
Doors & hardware	7,204	
Pool and whirlpool	-	1,159
Reserve fund study	3,616	
Recreation equipment	-	6,944
	135,508	31,269
Excess of revenue over expenses for the year	206,370	295,214
Fund balance, beginning of the year	1,429,414	1,134,200
Fund balance, end of the year	1,635,784	1,429,414

See accompanying notes to the financial statements

DYNASTY RECREATION CENTRE SHARED FACILITIES

STATEMENT OF RECREATION FUND OPERATIONS AND FUND BALANCE

FOR THE YEAR ENDED JULY 31, 2019

	2019	2018
Revenue	-	-
Common Expenses	-	-
Excess of revenue over expenses for the year	-	-
Fund balance, beginning of the year	181	181
	181	181
Transfers to participants	-	-
Fund balance , end of the year	181	181

See accompanying notes to the financial statements

DYNASTY RECREATION CENTRE SHARED FACILITIES
STATEMENT OF COMMON EXPENSES
FOR THE YEAR ENDED JULY 31, 2019

	2019 Budget (Unaudited)	2019 Actual	2018 Actual
Common Expenses			
Concierge services	295,606	283,761	277,632
Electrical repairs	3,000	3,587	1,693
Housekeeping	54,069	49,442	44,100
Insurance	10,840	5,836	5,784
Landscaping and snow removal	122,612	127,051	118,164
Management fees	16,956	9,900	13,200
Office and general	20,500	18,002	11,302
Plumbing and mechanical	3,600	3,961	2,582
Professional fees	6,400	2,119	13,282
Recreation	106,247	105,498	103,398
Repairs and maintenance	10,080	27,128	18,027
Telephone	9,000	9,668	8,658
Utilities	146,400	86,613	80,571
	805,310	732,566	698,393
Transfer to reserve	312,336	312,336	305,472
Less: Interest and other income	(20,400)	(21,363)	(26,622)
	1,097,246	1,023,539	977,243
Allocated as Follows			
York Region Condominium Corporation No. 741	352,216	328,556	313,695
York Region Condominium Corporation No. 755	376,575	351,279	335,390
York Region Condominium Corporation No. 765	368,455	343,704	328,158
	1,097,246	1,023,539	977,243

See accompanying notes to the financial statements

DYNASTY RECREATION CENTRE SHARED FACILITIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2019

	2019	2018
Cash Flows From Operating Activities		
Participants commitments for		
Operating expenses	711,203	671,771
Reserve fund	312,336	305,472
Other income	50,905	47,633
Major repairs and replacements	(135,508)	(31,269)
Common expenses	(732,566)	(698,393)
	206,370	295,214
Changes in non cash operating accounts		
Accounts receivable	(2,203)	125
Interest receivable	(8,021)	(877)
Prepaid expenses	(3)	24
Accounts payable and accruals	(48,219)	31,016
Due to participants	15,632	21,849
	163,556	347,351
Cash Flows From Investing Activities		
Sales (purchase) of investments	(505,660)	200,000
Increase in cash during the year	(342,104)	547,351
Cash, beginning of the year	974,929	427,578
Cash, end of the year	632,825	974,929
Comprise of		
General fund	117,616	147,663
Reserve fund	515,209	827,266
	632,825	974,929

See accompanying notes to the financial statements

PURPOSE OF THE ORGANIZATION

Dynasty Recreation Centre Shared Facilities (the "Centre") administers the operations of the shared facilities of Dynasty Recreation Centre Shared Facilities located at 20, 30 & 40 Harding Boulevard West in the Town of Richmond Hill. The allocation of operating cost of the shared facilities is calculated in accordance with the reciprocal agreement between the participant corporations (the "Participants") as follows:

York Region Condominium CorporationNo.741	32.10%
York Region Condominium CorporationNo.755	34.32%
York Region Condominium CorporationNo.765	33.58%
	100.00%

1) SUMMARY OF SIGNIFICANT

ACCOUNTING POLICIES

Basis of Presentation

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

Common Elements

The common elements of the Shared Facilities are owned proportionately by the unit owners of the participating condominium corporations and consequently are not recognized in these financial statements.

Fund Accounting

General Fund - *Unrestricted*

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

Reserve Fund - ***Externally Restricted***

The Shared Facilities are required by the Condominium Act of Ontario to transfer to a reserve for major repairs and replacements, amounts that, calculated from expected repair and replacement costs and life expectancies of the common elements of the Shared Facilities, are reasonably expected to provide sufficient funds to repair and replace the common elements. The reserve fund reports the transfers from monthly assessments and 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 3. Only major repairs and replacements of the common elements are charged directly to this reserve fund with the exception of the cost of the reserve fund study which may be charged to the reserve fund. The Shared Facilities segregates amounts accumulated for the purpose of financing future charges to the reserve fund in separate accounts, for use only to finance such charges. Interest earned on these amounts is credited directly to the reserve fund.

(TO BE CONTINUED)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Recreation Fund - **Internally Restricted***

The recreation fund reports the transfers to and expenses related to the recreation and social functions of the Centre.

Financial Instruments

All current assets and liabilities, with the exception of prepaid expenses, are financial instruments, are initially recorded at fair market value and are subsequently recorded at amortized cost.

Use of Estimates

The preparation of these 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 expenses during the year. These estimates and assumptions are reviewed periodically and adjustments are reported in the year in which they become known.

Accrual Basis of Accounting

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

Contributed Services

Volunteer services contributed on behalf of the Shared Facilities in carrying out its operating activities are not recognized in these financial statements due to the difficulty in determining their value.

Revenue Recognition

Revenue is recognized on a monthly basis by way of a common element assessment, based on the annual budget and adjusted to provide for full recovery of the net expenses from the participant corporations.
Investment and parking income are recognized as revenue of the related fund when earned.

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.

(TO BE CONTINUED)

2) RESERVE FUND CASH

The reserve fund cash is maintained in an interest bearing account at Bank of Nova Scotia and a brokerage account with ScotiaMcLeod.

3) RESERVE FUND

The Centre, as required by the Condominium Act, 1998, has established a reserve fund for financing future major repairs and replacements of the common elements and assets. The committee members have used the comprehensive (Class 2) reserve fund study of Stephenson Engineering Limited dated June 28, 2019 and such other information as was available to them in evaluating the adequacy of annual contributions to the reserve fund for major repairs and replacements. The Centre' plan for transfer to the reserve fund for 2018 - 2019 was $312,329 based on the study, while the actual amount was $312,336. The study projected reserve fund expenditures of $241,592 during the year, while the actual amount incurred was $135,507.59. A reserve fund balance of $1,533,840 on July 31, 2019 was projected by the study, while the actual amount was $1,635,784. Expected transfers and expenditures for the next five fiscal years based on the reserve fund study are:

	Year	**Year**	**Year**	**Year**	**Year**
	2019-2020	**2020-2021**	**2021-2022**	**2022-2023**	**2023-2024**
Opening Balance	1,533,840	1,479,700	1,223,366	1,533,994	1,915,718
Expenditures	(436,048)	(674,023)	(151,434)	(140,282)	(1,734,351)
Interest	34,262	30,732	31,349	42,589	32,884
Annual Contributions	347,646	386,957	430,713	479,417	533,627
Ending Balance	1,479,700	1,223,366	1,533,994	1,915,718	747,878

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 requires that reserve fund studies be updated every three years. The committee members' evaluation is that the current reserve fund balance together with contributions proposed in the reserve fund study can reasonably be expected to provide sufficient funds for its intended use.

(TO BE CONTINUED)

4) INVESTMENTS

The Centre's investments are comprised of the following:

Type	Issuer	Maturity Date	Rate	Amount
GIC	ADS canadian bank GIC	1-Aug-19	2.25%	100,000.00
GIC	Bank of Nova Scotia GIC	1-Aug-19	2.25%	100,000.00
GIC	Montreal Trust GIC	1-Aug-19	2.25%	100,000.00
GIC	Home Trust GIC	26-Mar-20	2.29%	100,000.00
GIC	Concentra Bank GIC	8-Apr-20	2.25%	100,000.00
GIC	Bank of Montreal GIC	15-Apr-20	2.22%	100,000.00
GIC	BMO Trust Company GIC	15-Apr-20	2.22%	100,000.00
GIC	Versabank GIC	20-Apr-20	2.31%	100,000.00
BNS Corporate Tiered Investment savings				305,660.00
				1,105,660.00

5) FINANCIAL INSTRUMENTS – RISK MANAGEMENT

Interest Rate Risk

Interest rate risk is the risk of potential financial loss caused by fluctuations in the fair value of future cash flow of financial instruments due to changes in market interest rates. The Centre manages this risk through investing in fixed rate securities of short to 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 Centre places its operating and reserve cash and investments with high quality institutions and believes its exposure is not significant. The Centre's credit risk from participants assessments receivable is also not significant.

Liquidity Risk

Liquidity risk is the risk that the Centre will not be able to meet its obligations as they become due. The Centre manage this risk by establishing budgets and funding plans and by levying sufficient assessments to fund its operating expenses and the necessary contributions to the reserve. Cash is held in an interest bearing account which provides rate of return as well as liquidity.

6) CONTRACTUAL COMMITMENTS

Security and Concierge

The Centre has entered into a contract with Elite Residential Concierge Services Inc. for the provision of security services. The contract is for three years and expire on April 30, 2020. Current payments under the contract are $281,424.51 per annum, inclusive of taxes, subject to an annual increase of 3% to $289,867.24 for the period of May 1, 2019 to April 30, 2020.

(TO BE CONTINUED)

Recreation Management
The Centre has renegotiated its contract with Results Fitness Lifestyle Inc. for the provision of recreation management services. The contract is for the period of six (60) months from January 1, 2018 to December 31, 2023. The contract fees from January1, 2018 to December 31, 2018 are $88,586.16 per annum, inclusive of taxes, and from January 1, 2019 to December 31, 2019 and the remaining years are $96,044.16 per annum, inclusive of taxes.

Landscaping and Snow Removal
The Centre has entered into a contract with Boot's Landscaping and Maintenance Ltd. for the provision of landscaping and snow removal services. The contract is for five years and expires on March 31, 2020. The payments from April 1, 2018 to March 31, 2019 are $103,816.83 per annum inclusive of taxes, subject to increases of 2.5% to $106,412.25 per annum inclusive of taxes from April 1, 2019 to March 30, 2020.

7) 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 reimbursed for certain administrative costs and collects fees from owners, purchasers and others for lien notices and status certificates. These transactions were in the normal course of operations and were measured at the exchange amount.

8) DUE TO PARTICIPANTS

The Center distributes the operating surplus to participants based on their proportionated percentage of contributions to the Centre. The Centre also reimburses the water and hydro usage to one of the participant based on the actual meter readings, and water irrigation usage to all participants based on the actual meter readings.

	YRCC 741	YRCC 755	YRCC 765	TOTAL
Water & Hydro	9,382.31	-	-	9,382.31
Water & Hydro Paid	(6,382.31)	-	-	(6,382.31)
Water Irrigation	4,056.41	3,081.13	5,564.19	12,701.73
Surplus Allocation	23,659.76	25,296.04	24,750.62	73,706.42
	30,716.17	28,377.17	30,314.81	89,408.15

9) CONTINGENT LOSSES

There is a lawsuit claim of 1 million damages against the Centre and other 4 defendants. The date of loss is on March 24, 2014 when a resident slipped and fell on the sidewalk outside of the Centre at the corner of Addison & Harding Blvd W. The Centre is currently approaching Intact Insurance for the coverage. Management estimates a loss of $1,000 as the deductible, but has not yet received the adjuster's assessment.

(TO BE CONTINUED)

10) BUDGET

The budget figures presented for comparison purpose are unaudited and are those approved by the participants. They have been reclassified to conform with the financial statements presentation. These figures are presented for information only and are not covered by the opinion of the independent auditor's report dated

11) COMPARATIVE FIGURES

The comparative figures are audited by Orvitz, Barnartt & Diamond CPA Professional Corporation on October 10, 2018.