
TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1526

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1526
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 Benjamin J. Detsky, CPA, CA

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 Per (Peter) Zhang, CPA, CA

Allan Garber, CPA, CA
 Munsoor A. Khan, CPA, CA

Acting as individuals and corporations

INDEPENDENT AUDITOR'S REPORT

To the Owners of
 Toronto Standard Condominium Corporation No. 1526

We have audited the accompanying financial statements of Toronto Standard Condominium Corporation No. 1526, which comprise the statement of financial position as at September 30, 2018, and the statements of revenue and expenses, operating fund, contingency fund, capital asset fund, reserve fund for major repairs and replacements and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management and Director's Responsibility for the Financial Statements

Management and directors are 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.

Auditor's 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 from 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 auditor's 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 control 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 control. 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.

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, the financial statements present fairly, in all material respects, the financial position of Toronto Standard Condominium Corporation No. 1526 as at September 30, 2018, 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.

February 11, 2019
 Richmond Hill, Ontario

YalePGC, LLP
 Chartered Professional Accountants
 Licensed Public Accountants

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TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1526

STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2018

	2018	2017
ASSETS		
OPERATING		
Cash	\$ 397,209	\$ 259,201
Accounts receivable		
Unit owners	29,857	1,640
Other	-	990
Due from Spectrum I & II Shared Facilities	21,556	20,101
Equity in Spectrum I & II Shared Facilities (note 4)	22,612	22,612
Prepaid expenses	1,386	-
	<u>472,620</u>	<u>304,544</u>
RESERVE		
Cash	764,996	259,117
Investments	1,895,999	1,992,999
Interest receivable	46,038	39,500
	<u>2,707,033</u>	<u>2,291,616</u>
CAPITAL ASSETS (note 5)	<u>307,117</u>	<u>307,117</u>
	<u>\$ 3,486,770</u>	<u>\$ 2,903,277</u>

See accompanying notes.


TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1526


STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2018

	2018	2017
LIABILITIES		
OPERATING		
Accounts payable and accrued liabilities	\$ 96,179	\$ 85,547
Owners' Kitec deposits	<u>218,635</u>	<u>-</u>
	<u>314,814</u>	<u>85,547</u>
RESERVE		
Accounts payable and accrued liabilities	<u>10,762</u>	<u>2,230</u>
	<u>325,576</u>	<u>87,777</u>
FUND BALANCES		
OPERATING FUND	191,491	221,946
CAPITAL ASSET FUND	307,117	307,117
RESERVE FUND FOR MAJOR REPAIRS AND REPLACEMENTS	<u>2,662,586</u>	<u>2,286,437</u>
	<u>3,161,194</u>	<u>2,815,500</u>
	<u>\$ 3,486,770</u>	<u>\$ 2,903,277</u>

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

See accompanying notes.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1526

STATEMENT OF REVENUE AND EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	2018 BUDGET	2018 ACTUAL	2017 ACTUAL
REVENUE			
Common element assessments	\$ 1,642,717	\$ 1,642,717	\$ 1,602,651
Less: Budgeted transfer to reserve fund for major repairs and replacements	(411,060)	(411,060)	(406,140)
Additional contribution to contingency fund	<u>(20,000)</u>	<u>(21,673)</u>	<u>(2,704)</u>
	1,211,657	1,209,984	1,193,807
Other income	<u>22,000</u>	<u>39,788</u>	<u>23,311</u>
	<u>1,233,657</u>	<u>1,249,772</u>	<u>1,217,118</u>
EXPENSES - see schedule			
Service and maintenance contracts	354,984	372,343	385,722
Repairs and maintenance	74,600	58,167	72,948
Recreational facilities	3,450	2,458	3,511
Party room expenses	900	-	1,853
Utilities	256,000	246,180	238,336
Administration	70,997	62,308	52,383
Spectrum I & II Shared Facilities (note 4)	<u>540,226</u>	<u>538,771</u>	<u>502,264</u>
	<u>1,301,157</u>	<u>1,280,227</u>	<u>1,257,017</u>
(DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (67,500)</u>	<u>\$ (30,455)</u>	<u>\$ (39,899)</u>

See accompanying notes.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1526

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	2018 BUDGET	2018 ACTUAL	2017 ACTUAL
SERVICE AND MAINTENANCE CONTRACTS			
Air conditioning and heating	\$ 22,068	\$ 22,023	\$ 22,142
Carpet cleaning	1,914	1,898	1,898
Cleaning	54,772	54,522	53,391
Elevators	19,631	19,477	20,087
Equipment rental (magic pak)	88,235	104,007	124,568
Fire prevention	3,418	2,949	3,418
Management fees	120,351	119,877	117,528
Pest control	957	949	949
Superintendent	35,513	37,998	32,792
Thermal scan	1,200	1,119	2,294
Water treatment	1,325	1,309	1,570
Window cleaning	5,600	6,215	5,085
	<u>354,984</u>	<u>372,343</u>	<u>385,722</u>
REPAIRS AND MAINTENANCE			
Air conditioning and heating	9,000	2,274	9,414
Cleaning supplies	1,500	1,893	1,197
Electrical	3,600	3,234	1,423
Fire equipment	3,000	1,823	5,597
General building	28,000	18,739	33,068
Plumbing	15,000	14,941	8,992
Waste removal	14,500	15,263	13,257
	<u>74,600</u>	<u>58,167</u>	<u>72,948</u>
UTILITIES			
Hydro	110,000	98,602	107,395
Water	146,000	147,578	130,941
	<u>\$ 256,000</u>	<u>\$ 246,180</u>	<u>\$ 238,336</u>

See accompanying notes.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1526

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	2018 BUDGET	2018 ACTUAL	2017 ACTUAL
ADMINISTRATION			
Audit fees	\$ 4,400	\$ 4,392	\$ 4,396
Consulting	1,600	1,576	791
General office	19,335	13,979	11,288
Insurance	39,962	27,491	26,681
Legal	-	9,044	3,680
Telephone	5,700	5,826	5,547
	<u>\$ 70,997</u>	<u>\$ 62,308</u>	<u>\$ 52,383</u>

See accompanying notes.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1526

STATEMENT OF OPERATING FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	2018	2017
BALANCE, BEGINNING OF YEAR	\$ 221,946	\$ 261,845
(DEFICIENCY) OF REVENUE OVER EXPENSES	<u>(30,455)</u>	<u>(39,899)</u>
BALANCE, END OF YEAR	<u>\$ 191,491</u>	<u>\$ 221,946</u>

STATEMENT OF CONTINGENCY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	2018	2017
BALANCE, BEGINNING OF YEAR	\$ -	\$ 109,122
ADDITIONAL TRANSFER FROM OPERATING FUND	<u>21,673</u>	<u>2,704</u>
	<u>21,673</u>	<u>111,826</u>
CHARGES FOR THE YEAR		
Legal fees regarding Kitec piping issue	13,876	57,042
Dryer vent servicing	7,797	-
Engineering fees regarding Kitec piping issue	-	41,341
Asbestos testing regarding Kitec issue	-	3,831
Owners meeting regarding Kitec piping issue	-	3,285
Engineering fees regarding smell investigation	-	3,277
Purchase of locker	-	3,050
	<u>21,673</u>	<u>111,826</u>
BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1526

STATEMENT OF CAPITAL ASSET FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	2018	2017
BALANCE, BEGINNING OF YEAR	\$ 307,117	\$ 307,117
BALANCE, END OF YEAR	<u>\$ 307,117</u>	<u>\$ 307,117</u>

See accompanying notes.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1526
STATEMENT OF RESERVE FUND FOR MAJOR REPAIRS AND REPLACEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	2018	2017
BALANCE, BEGINNING OF YEAR	\$ 2,286,437	\$ 1,891,128
BUDGETED TRANSFER FROM OPERATING FUND	411,060	406,140
INTEREST EARNED	<u>54,008</u>	<u>40,474</u>
	<u>2,751,505</u>	<u>2,337,742</u>
CHARGES DURING THE YEAR		
Plumbing repairs	40,375	-
Heating and air conditioning repairs	16,913	-
Suite deadbolt replacements	10,215	-
General repairs and replacements	7,549	4,133
Window, door and glass repairs and replacements	3,628	4,409
Roof repairs	2,915	-
Computer replacement	2,222	-
Valve replacements	2,130	-
Replacement of elevator protection pads	1,571	-
Electrical repairs	1,401	-
Smoke alarm detector replacements	-	19,889
Replacement and repairs of treadmills	-	8,235
Reserve fund study update	-	5,085
Replacement of exhaust fans	-	3,350
Make-up air unit repairs and replacement of parts	-	3,023
Replacement of heater motors	-	2,028
Garbage chute repairs	<u>-</u>	<u>1,153</u>
	<u>88,919</u>	<u>51,305</u>
BALANCE, END OF YEAR	<u>\$ 2,662,586</u>	<u>\$ 2,286,437</u>

See accompanying notes.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1526

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	2018	2017
CASH FLOWS FROM OPERATING AND RESERVE ACTIVITIES		
(Deficiency) of revenue over expenses	\$ (30,455)	\$ (39,899)
Net change in non-cash working capital balances related to operations		
Accounts receivable	(33,765)	2,692
Prepaid expenses	(1,386)	33,946
Due from Spectrum I & II Shared Facilities	(1,455)	(19,931)
Equity in Spectrum I & II Shared Facilities	-	4,700
Accounts payable and accrued liabilities	<u>237,799</u>	<u>(26,609)</u>
Cash flows provided by (used in) operating and reserve activities	<u>170,738</u>	<u>(45,101)</u>
CASH FLOWS FROM RESERVE AND OTHER FUND ACTIVITIES		
Budgeted transfer from operating fund	411,060	406,140
Interest earned on reserve funds	54,008	40,474
Charges to reserve fund	(88,919)	(51,305)
Contingency fund (net)	<u>-</u>	<u>(109,122)</u>
Cash flows provided by reserve and other fund activities	<u>376,149</u>	<u>286,187</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (purchase) of investments	<u>97,000</u>	<u>(775,000)</u>
Cash flows provided by (used in) investing activities	<u>97,000</u>	<u>(775,000)</u>
NET INCREASE (DECREASE) IN CASH RESOURCES	<u>643,887</u>	<u>(533,914)</u>
CASH RESOURCES, BEGINNING OF YEAR	<u>518,318</u>	<u>1,052,232</u>
CASH RESOURCES, END OF YEAR	<u>\$ 1,162,205</u>	<u>\$ 518,318</u>
Represented by:		
Cash		
Operating fund	\$ 397,209	\$ 259,201
Reserve fund	<u>764,996</u>	<u>259,117</u>
	<u>\$ 1,162,205</u>	<u>\$ 518,318</u>

See accompanying notes.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1526**NOTES TO THE FINANCIAL STATEMENTS****AS AT SEPTEMBER 30, 2018****NOTE 1 OPERATIONS**

The corporation was incorporated on June 16, 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 231 units of the high-rise building located at 28 Harrison Garden Boulevard, 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.

Contingency fund

The corporation had set up a contingency fund to finance future unbudgeted expenditures.

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 reserve.

Minor repairs and replacements are charged to repairs and maintenance in the general operations.

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.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1526

NOTES TO THE FINANCIAL STATEMENTS

AS AT SEPTEMBER 30, 2018

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.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1526

NOTES TO THE FINANCIAL STATEMENTS

AS AT SEPTEMBER 30, 2018

NOTE 4 SPECTRUM I & II SHARED FACILITIES

The Shared Facilities refers to the cost of operating, maintaining, repairing and replacing the common facilities units, the superintendent's unit, concierges, the common driveway and ramp, the walkways and landscaping and visitors parking spaces. The physical structure of the entire P1, P2 and P3 levels of the underground has also been designated part of the Shared Facilities. The cost for the Shared Facilities are to be shared by Toronto Standard Condominium Corporation No. 1526 and Toronto Standard Condominium Corporation No. 1466 as follows:

	<u>Units</u>	
Toronto Standard Condominium Corporation No. 1466	269	53.80%
Toronto Standard Condominium Corporation No. 1526	<u>231</u>	<u>46.20%</u>
	<u>500</u>	<u>100.00%</u>

The only charges shown as expenses for the Shared Facilities are as follows:

Operating expenses:

October 1, 2017 to September 30, 2018	
12 months @ \$45,019	\$ 540,226
Share of operating surplus for the	
year ended September 30, 2018	<u>(1,455)</u>
	<u><u>\$ 538,771</u></u>

As at September 30, 2018, the contingency fund in the Shared Facilities amounted to \$48,945. This corporation's share of this fund amounts to \$22,612.

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

NOTE 5 CAPITAL ASSETS

The corporation has an undivided 46.2% interest in the superintendent's suite (including a parking unit) at a cost of \$117,117. The corporation also owns two guest suites at a total cost of \$190,000. No amortization has been charged as the estimated salvage value of these units is not considered to be less than cost.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1526**NOTES TO THE FINANCIAL STATEMENTS****AS AT SEPTEMBER 30, 2018**

NOTE 6 RESERVE FUND STUDY

The directors of the corporation have used a class 2 reserve fund study update from SPG Engineering Group Ltd. dated August 18, 2016 and such other information available to them in evaluating the adequacy of annual contributions to the reserve fund for major repairs and replacements. The corporation's plan for contribution to the reserve fund for 2018 was \$411,060 and the plan for expenditures from the reserve fund for 2018 was \$641,840. The study projected a reserve fund balance on September 30, 2018 of \$1,823,709.

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.

NOTE 7 GAS EXPENSES

There is one installed gas meter for both buildings (Toronto Standard Condominium Corporation No. 1466 and Toronto Standard Condominium Corporation No. 1526), therefore, as opposed to trying to calculate usage for each building, both Boards of Directors have decided to have the Shared Facilities pay for the gas consumption for the entire complex.

NOTE 8 BUDGET FIGURES

The 2018 budget figures as presented are for information purposes only and are not covered by the audit report of Yale PGC, LLP dated February 11, 2019.

SPECTRUM I & II SHARED FACILITIES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

SPECTRUM I & II SHARED FACILITIES
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Allan Garber, CPA, CA
 Munsoor A. Khan, CPA, CA

Acting as individuals and corporations

INDEPENDENT AUDITOR'S REPORT

To the Owners of
 Spectrum I & II Shared Facilities

We have audited the accompanying financial statements of Spectrum I & II Shared Facilities, which comprise the statement of financial position as at September 30, 2018, and the statements of revenue, expenses and operating fund, contingency fund, reserve fund for major repairs and replacements and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management and Director's Responsibility for the Financial Statements

Management and directors are 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.

Auditor's 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 from 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 auditor's 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 control 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 control. 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.

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, the financial statements present fairly, in all material respects, the financial position of Spectrum I & II Shared Facilities as at September 30, 2018, 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.

February 28, 2019

Richmond Hill, Ontario

YalePGC, LLP


**Chartered Professional Accountants
 Licensed Public Accountants**

SPECTRUM I & II SHARED FACILITIES
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018

	2018	2017
ASSETS		
OPERATING		
Cash	\$ 134,500	\$ 128,925
Prepaid expenses	<u>-</u>	<u>15,501</u>
	<u>134,500</u>	<u>144,426</u>
RESERVE		
Cash	<u>605,901</u>	<u>302,663</u>
	<u>\$ 740,401</u>	<u>\$ 447,089</u>
LIABILITIES		
OPERATING		
Accounts payable and accrued liabilities	\$ 52,520	\$ 50,152
Due to Toronto Standard Condominium Corporation No. 1466	11,479	26,121
Due to Toronto Standard Condominium Corporation No. 1526	<u>21,556</u>	<u>20,101</u>
	<u>85,555</u>	<u>96,374</u>
FUND BALANCES		
CONTINGENCY FUND	48,945	48,945
RESERVE FUND FOR MAJOR REPAIRS AND REPLACEMENTS	<u>605,901</u>	<u>301,770</u>
	<u>654,846</u>	<u>350,715</u>
	<u>\$ 740,401</u>	<u>\$ 447,089</u>

APPROVED ON BEHALF OF THE COMMITTEE:

 _____ Member

 _____ Member

See accompanying notes.

SPECTRUM I & II SHARED FACILITIES
STATEMENT OF REVENUE, EXPENSES AND OPERATING FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	2018 BUDGET	2018 ACTUAL	2017 ACTUAL
REVENUE			
Common element assessments	\$ 1,169,320	\$ 1,169,315	\$ 1,120,486
Less: Budgeted transfer to reserve fund for major repairs and replacements	<u>(385,800)</u>	<u>(385,800)</u>	<u>(328,380)</u>
	783,520	783,515	792,106
Other income	<u>1,500</u>	<u>2,637</u>	<u>1,219</u>
	<u>785,020</u>	<u>786,152</u>	<u>793,325</u>
EXPENSES - see schedule			
Service and maintenance contracts	369,983	365,411	325,436
Repairs and maintenance	53,200	44,480	38,025
On-site personnel	36,516	40,692	34,737
Utilities	335,000	306,244	328,113
Administration	<u>31,325</u>	<u>26,176</u>	<u>23,507</u>
	<u>826,024</u>	<u>783,003</u>	<u>749,818</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ (41,004)</u>	3,149	43,507
Operating surplus		3,149	43,507
To be (allocated) to:			
Toronto Standard Condominium Corporation No. 1466		(1,694)	(23,407)
Toronto Standard Condominium Corporation No. 1526		<u>(1,455)</u>	<u>(20,100)</u>
		<u>-</u>	<u>-</u>
OPERATING FUND, BEGINNING OF YEAR		<u>-</u>	<u>-</u>
OPERATING FUND, END OF YEAR		<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

SPECTRUM I & II SHARED FACILITIES

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	2018 BUDGET	2018 ACTUAL	2017 ACTUAL
SERVICE AND MAINTENANCE CONTRACTS			
Air conditioning and heating	\$ 1,135	\$ 1,354	\$ 1,101
Cleaning	17,306	20,211	16,852
Diesel generator	5,000	2,456	306
Fire prevention	4,865	3,512	3,128
Garage cleaning	4,500	5,616	3,706
Landscaping and snow removal	35,562	35,426	34,951
Management fees	21,140	21,136	20,623
Pest control	300	-	-
Security	279,825	275,700	244,769
Window cleaning	350	-	-
	<u>369,983</u>	<u>365,411</u>	<u>325,436</u>
REPAIRS AND MAINTENANCE			
Carpets	1,800	2,712	-
Electrical	7,300	6,763	2,512
Fire equipment	5,000	4,297	854
Garage	4,000	4,285	3,974
General building	14,600	9,124	11,777
Hardware and doors	-	17	1,740
Plants and trees	14,000	12,566	13,795
Plumbing	6,500	4,716	3,373
	<u>53,200</u>	<u>44,480</u>	<u>38,025</u>
ON-SITE PERSONNEL			
Employee benefits	2,500	2,482	1,157
Maintenance fees and repairs - superintendent's suite	9,696	9,192	8,706
Relief superintendent	11,390	15,500	12,007
Superintendent	12,930	13,518	12,867
	<u>36,516</u>	<u>40,692</u>	<u>34,737</u>
UTILITIES			
Gas (note 8)	230,000	220,905	218,556
Hydro	105,000	85,339	109,557
	<u>\$ 335,000</u>	<u>\$ 306,244</u>	<u>\$ 328,113</u>

See accompanying notes.

SPECTRUM I & II SHARED FACILITIES

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	2018 BUDGET	2018 ACTUAL	2017 ACTUAL
ADMINISTRATION			
Audit fees	\$ 3,300	\$ 3,251	\$ 3,151
Consulting	1,500	966	226
General office	4,500	4,285	3,028
Insurance	17,525	15,795	15,208
Legal	2,000	441	-
Telephone	<u>2,500</u>	<u>1,438</u>	<u>1,894</u>
	<u>\$ 31,325</u>	<u>\$ 26,176</u>	<u>\$ 23,507</u>

See accompanying notes.

SPECTRUM I & II SHARED FACILITIES
STATEMENT OF CONTINGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	2018	2017
BALANCE, BEGINNING OF YEAR	\$ 48,945	\$ 59,117
CHARGES TO THE FUND		
Lobby mats	<u>-</u>	<u>10,172</u>
BALANCE, END OF YEAR	<u><u>\$ 48,945</u></u>	<u><u>\$ 48,945</u></u>

See accompanying notes.

SPECTRUM I & II SHARED FACILITIES
STATEMENT OF RESERVE FUND FOR MAJOR REPAIRS AND REPLACEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	2018	2017
BALANCE, BEGINNING OF YEAR	\$ 301,770	\$ -
BUDGETED TRANSFER FROM OPERATING FUND	385,800	328,380
INTEREST EARNED	<u>8,075</u>	<u>1,702</u>
	<u>695,645</u>	<u>330,082</u>
CHARGES TO THE FUND		
Replacement of CCTV system	31,781	-
Replacement of drain pipes and springs	19,678	5,588
Garage and garage door repairs	13,268	8,270
Replacement of automatic doors	10,887	-
Front canopy repairs	5,594	-
HVAC repairs and replacements	4,799	-
Door painting	2,254	-
Electrical repairs	1,483	-
Replacement of expansion joints	-	9,323
Replacement of asbestos elbow	-	2,893
Replacement of tractor parts	<u>-</u>	<u>2,238</u>
	<u>89,744</u>	<u>28,312</u>
BALANCE, END OF YEAR	<u><u>\$ 605,901</u></u>	<u><u>\$ 301,770</u></u>

See accompanying notes.

SPECTRUM I & II SHARED FACILITIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	2018	2017
CASH FLOWS FROM OPERATING AND RESERVE ACTIVITIES		
Excess of revenue over expenses	\$ 3,149	\$ 43,507
Allocation of surplus	(3,149)	(43,507)
Net change in non-cash working capital balances related to operations		
Accounts receivable	-	121
Prepaid expenses	15,501	(382)
Accounts payable and accrued liabilities	2,368	(31,556)
Due to Toronto Standard Condominium Corporation No. 1466	(14,642)	24,145
Due to Toronto Standard Condominium Corporation No. 1526	1,455	19,931
	<u>4,682</u>	<u>12,259</u>
Cash flows provided by operating and reserve activities		
CASH FLOWS FROM RESERVE AND CONTINGENCY FUND ACTIVITIES		
Budgeted transfer from operating fund to reserve fund	385,800	328,380
Interest earned on reserve funds	8,075	1,702
Charges to reserve fund	(89,744)	(28,312)
Contingency fund (net)	<u>-</u>	<u>(10,172)</u>
Cash flows provided by reserve and contingency fund activities	<u>304,131</u>	<u>291,598</u>
NET INCREASE IN CASH RESOURCES	308,813	303,857
CASH RESOURCES, BEGINNING OF YEAR	<u>431,588</u>	<u>127,731</u>
CASH RESOURCES, END OF YEAR	<u>\$ 740,401</u>	<u>\$ 431,588</u>
Represented by:		
Cash		
Operating fund	\$ 134,500	\$ 128,925
Reserve fund	<u>605,901</u>	<u>302,663</u>
	<u>\$ 740,401</u>	<u>\$ 431,588</u>

See accompanying notes.

SPECTRUM I & II SHARED FACILITIES
NOTES TO THE FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2018

NOTE 1 OPERATIONS

The Spectrum I & II Shared Facilities is owned by Toronto Standard Condominium Corporations Nos. 1466 and 1526 and they are obligated to operate the Shared Facilities (as of July 10, 2008 all underground garage costs are defined under the Shared Facilities) and are to fund its budgeted annual expenditures in the following ratios:

	<u>Units</u>	
Toronto Standard Condominium Corporation No. 1466	269	53.80%
Toronto Standard Condominium Corporation No. 1526	<u>231</u>	<u>46.20%</u>
	<u>500</u>	<u>100.00%</u>

Any deficit incurred by the Shared Facilities would also be funded based on the above ratios by the above-mentioned corporations.

The purpose of the Shared Facilities is to manage and maintain the common elements and to provide common services for the benefits of the owners of the two above-mentioned condominium corporations. The Shared Facilities refers to the cost of operating, maintaining, repairing and replacing the Shared Facilities units, the superintendent's unit, concierges, the common driveway and ramp, the walkways and landscaping and visitors parking spaces. Accordingly, the accompanying financial statements reflect only the common expenses incurred by the Shared Facilities with respect to this purpose.

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 Shared Facilities are owned proportionately by the unit owners of Toronto Standard Condominium Corporation Nos. 1466 and 1526 and, consequently, are not reflected as assets in these financial statements.

Contingency fund

The Shared Facilities Committee had set up a contingency fund in order to fund future unbudgeted expenditures.

SPECTRUM I & II SHARED FACILITIES
NOTES TO THE FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2018

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Reserve fund for major repairs and replacements

The Shared Facilities, 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 reserve.

Minor repairs and replacements are charged to repairs and maintenance in the general operations.

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.

Contributed services

Directors, committee members and owners 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.

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 BUDGET FIGURES

The 2018 budget figures as presented are for information purposes only and are not covered by the audit report of Yale PGC, LLP dated February 28, 2019.

NOTE 4 COMPARATIVE FIGURES

Certain 2017 comparative figures have been reclassified in order to conform with the financial statement presentation adopted for 2018.

SPECTRUM I & II SHARED FACILITIES
NOTES TO THE FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2018

NOTE 5 RESERVE FUND STUDY

The directors of the Shared Facilities have used a class 2 reserve fund study update with a site review prepared by The SPG Engineering Group Ltd. dated November 2015 and such other information available to them in evaluating the adequacy of annual contributions to the reserve fund for major repairs and replacements. The Shared Facilities' plan for contribution to the reserve fund for 2018 was \$385,793 and the plan for expenditures from the reserve fund for 2018 was \$266,049. The study projected a reserve fund balance on September 30, 2018 of \$340,169.

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.

NOTE 6 FINANCIAL INSTRUMENTS

The Shared Facilities' financial instruments primarily consist of cash 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 Shared Facilities is exposed to this risk when it invests in interest bearing securities. The Shared Facilities 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 Shared Facilities places its operating cash with high quality institutions and believes its exposure is not significant.

Liquidity risk

Liquidity risk is the risk that the Shared Facilities will not be able to meet its obligations as they become due. The Shared Facilities 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 other funds.

SPECTRUM I & II SHARED FACILITIES
NOTES TO THE FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2018

NOTE 7 WATER EXPENSE

Although some water expenses have been incurred in regards to the Shared Facilities by the owner corporations, it has been decided not to pass on the expenses to the Shared Facilities until check meters have been installed and are deemed to be working accurately.

NOTE 8 GAS

There is one installed gas meter for both buildings (Toronto Standard Condominium Corporation No. 1466 and Toronto Standard Condominium Corporation No. 1526), therefore, both Boards of Directors have decided to have the Shared Facilities pay for the gas consumption for the entire complex and consequently split the gas costs on the shared percentages. This policy is currently under review.