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TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1582

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JANUARY 31, 2019

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1582
FOR THE YEAR ENDED JANUARY 31, 2019

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Blumenfeld, Woznica & Co.

Chartered Accountants

3300 Steeles Avenue West, Suite 201
Concord, Ontario L4K 2Y4**INDEPENDENT AUDITOR'S REPORT**

To the Owners of Toronto Standard Condominium Corporation No. 1582

Opinion

We have audited the financial statements of Toronto Standard Condominium Corporation No. 1582 (the Corporation), which comprise the statement of financial position as at January 31, 2019, the statements of operations and changes in fund balances of the operating, reserve, contingency and capital funds, the statement of cash flows, and the schedule to the financial statements 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. 1582 as at January 31, 2019, 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.

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.

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.

Blumenfeld, Woznica & Co.

Chartered Accountants

3300 Steeles Avenue West, Suite 201
Concord, Ontario L4K 2Y4**INDEPENDENT AUDITOR'S REPORT****Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

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 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.



Chartered Accountants
Licensed Public Accountants
May 8, 2019
Concord, Ontario

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1582

Statement of Financial Position

As at January 31, 2019

Assets

	<u>2019</u>	<u>2018</u>
Current		
Cash and cash equivalents - operating fund	259,720	227,503
Cash and cash equivalents - reserve fund	523,565	419,845
Reserve fund investments - note 3	321,418	315,648
Accounts and sundry receivables	<u>3,341</u>	<u>1,645</u>
	1,108,044	964,641
 Guest units - note 2(i)	 <u>161,198</u>	 <u>161,198</u>
 Total assets	 <u>1,269,242</u>	 <u>1,125,839</u>

Liabilities and Fund Balances

Current		
Accounts payable and accrued liabilities	83,740	94,575
Total liabilities	<u>83,740</u>	<u>94,575</u>
 Fund balances		
Operating fund	171,672	152,879
Reserve fund - note 4	844,983	735,493
Contingency fund	62,943	36,988
Capital fund	<u>105,904</u>	<u>105,904</u>
Total fund balances	<u>1,185,502</u>	<u>1,031,264</u>
 Total liabilities and fund balances	 <u>1,269,242</u>	 <u>1,125,839</u>

On behalf of the Board:

Director _____

Director _____

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1582

Statement of Operations and Changes in Fund Balances - Operating Fund

For the Year Ended January 31, 2019

	(note 9) 2019 Budget	2019 Actual	2018 Actual
Revenue:			
Owners' assessment	1,747,519	1,747,506	1,666,024
Less: transfer to reserve fund	(424,059)	(424,059)	(392,647)
Less: transfer to contingency fund	<u>(40,000)</u>	<u>(39,996)</u>	<u>-</u>
Owners' transfer to operating fund	1,283,460	1,283,451	1,273,377
Investment and sundry income	10,400	17,697	14,328
Guest units rental income	<u>9,000</u>	<u>13,236</u>	<u>16,155</u>
Total operating fund revenue	<u>1,302,860</u>	<u>1,314,384</u>	<u>1,303,860</u>
Common expenses (schedule):			
Operating expenses	499,580	491,660	470,589
Administrative expenses	268,280	260,136	289,703
Utilities	<u>535,000</u>	<u>390,917</u>	<u>446,172</u>
Total common expenses	<u>1,302,860</u>	<u>1,142,713</u>	<u>1,206,464</u>
Excess of revenue over expenses	<u>-</u>	171,671	97,396
Fund balance, beginning of the year		152,879	105,483
Transfer to reserve fund - note 4		(150,000)	(50,000)
Transfer to contingency fund - note 8		<u>(2,878)</u>	<u>-</u>
Fund balance, end of the year		<u>171,672</u>	<u>152,879</u>

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TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1582

Statement of Operations and Changes in Fund Balances - Reserve Fund

For the Year Ended January 31, 2019

	<u>2019</u>	<u>2018</u>
Revenue		
Owners' transfer to the reserve fund - note 4	424,059	392,647
Investment income	<u>18,977</u>	<u>12,196</u>
Total revenue	<u>443,036</u>	<u>404,843</u>
Major repairs and replacements - note 4		
Chiller replacement	414,774	-
Reserve fund study	2,712	-
Painting and plaster	2,825	-
Electrical	577	-
Fitness and recreation	2,712	-
Garage	13,142	4,520
Landcare	5,650	4,068
HVAC	29,402	192,522
Plumbing	11,752	12,398
Emergency generator	-	168,144
Elevator	-	18,114
Wall	-	994
Fire safety	<u>-</u>	<u>5,644</u>
Total major repairs and replacements	<u>483,546</u>	<u>406,404</u>
Excess (deficiency) of revenue over expenditures for the year	(40,510)	(1,561)
Fund balance, beginning of the year	735,493	687,054
Transfer from operating fund - note 4	<u>150,000</u>	<u>50,000</u>
Fund balance, end of the year	<u>844,983</u>	<u>735,493</u>

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1582

Statement of Operations and Changes in Fund Balances - Contingency Fund

For the Year Ended January 31, 2019

	<u>2019</u>	<u>2018</u>
Revenue		
Owner's transfer to the contingency fund	39,996	-
Net proceeds on sale of parking unit	<u>-</u>	<u>19,760</u>
Total revenue	39,996	19,760
Expenses		
Garage	2,599	-
Leak repairs	4,363	-
Compactor	3,544	-
Landscaping	<u>6,413</u>	<u>5,300</u>
Total expenses	<u>16,919</u>	<u>5,300</u>
Excess of revenue over expenditures for the year	23,077	14,460
Fund balance, beginning of the year	36,988	22,528
Transfer from operating fund - note 8	<u>2,878</u>	<u>-</u>
Fund balance, end of the year	<u>62,943</u>	<u>36,988</u>

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1582

Statement of Operations and Changes in Fund Balances - Capital Fund

For the Year Ended January 31, 2019

	<u>2019</u>	<u>2018</u>
Add (deduct)		
Allocation from owners' assessments for mortgage payments	-	41,546
Interest component of mortgage payments	<u>-</u>	<u>(1,703)</u>
Net	-	39,843
Fund balance, beginning of the year	<u>105,904</u>	<u>66,061</u>
Fund balance, end of the year	<u>105,904</u>	<u>105,904</u>

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TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1582

Statement of Cash Flows

For the Year Ended January 31, 2019

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Owners' transfer for:		
Operating fund	1,283,451	1,273,377
Reserve fund	424,059	392,647
Contingency fund	39,996	-
Net proceeds on sale of parking unit	-	19,760
Allocation of mortgage principal payments	-	39,843
Investment and sundry income	36,674	26,524
Guest units rental income	13,236	16,155
Common expenses	(1,142,713)	(1,206,464)
Contingency fund expenses	(16,919)	(5,300)
Reserve fund repairs and replacements	<u>(483,546)</u>	<u>(406,404)</u>
	154,238	150,138
Net changes in non-cash working capital items:		
Accounts and sundry receivables	(1,696)	(748)
Accounts payable and accrued liabilities	<u>(10,835)</u>	<u>1,107</u>
Cash flows from operating activities	<u>141,707</u>	<u>150,497</u>
 Investing activities		
Reserve fund investments	<u>(5,770)</u>	<u>(125,596)</u>
From investing activities	<u>(5,770)</u>	<u>(125,596)</u>
 Financing activities		
Mortgage payable	<u>-</u>	<u>(39,843)</u>
From financing activities	<u>-</u>	<u>(39,843)</u>
 Net increase (decrease) in cash and cash equivalents	135,937	(14,942)
 Cash and cash equivalents - beginning of the year	<u>647,348</u>	<u>662,290</u>
 Cash and cash equivalents - end of the year	<u><u>783,285</u></u>	<u><u>647,348</u></u>
 Represented by:		
 Cash and cash equivalents - operating	259,720	227,503
Cash and cash equivalents - reserve	<u>523,565</u>	<u>419,845</u>
	<u><u>783,285</u></u>	<u><u>647,348</u></u>

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1582

Schedule to the Financial Statements

For the Year Ended January 31, 2019

	(note 9) 2019 <u>Budget</u>	2019 <u>Actual</u>	2018 <u>Actual</u>
Operating expenses:			
Elevators	25,861	24,581	24,197
Landscaping and snow removal	20,451	22,080	24,042
Pest control	946	1,311	955
Housekeeping	73,500	73,056	64,214
Access control	212,000	213,392	194,408
Recreation services	13,201	11,846	11,320
Energy management contract	6,328	6,328	-
Fire safety	13,149	13,756	13,996
Window cleaning	6,507	6,385	4,746
Window and glass repairs	1,000	-	-
Doors, locks and keys	1,000	2,613	3,041
Electrical and lighting	9,000	9,725	10,891
Plumbing	10,700	13,644	7,060
Heating, air-conditioning and ventilation	48,537	42,666	55,295
Cleaning supplies	3,000	2,872	3,117
Carpeting / floors	4,000	692	2,726
Waste disposal	11,700	10,951	11,194
Landscaping - non contract	9,800	12,763	7,930
Fish pond maintenance	3,900	3,900	3,725
General maintenance and repairs	15,000	11,815	17,588
Garage maintenance and repairs	10,000	7,284	10,144
Total operating expenses	<u>499,580</u>	<u>491,660</u>	<u>470,589</u>
Administrative expenses:			
Corporate owned unit costs	11,000	10,281	11,889
Special project	3,684	-	-
Occupational Health & Safety	1,000	266	-
Superintendent	47,928	46,828	47,495
Telephone, pager and cellphone	9,825	9,725	9,711
Legal and professional	4,000	11,693	5,272
Audit fees	3,800	3,899	3,990
Insurance	42,031	40,072	36,548
Management contract	127,512	124,309	123,629
Office and general	12,900	7,778	7,063
Meeting costs	4,600	5,285	4,263
Contribution to capital expenditure	-	-	39,843
Total administrative expenses	<u>268,280</u>	<u>260,136</u>	<u>289,703</u>

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TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1582

Schedule to the Financial Statements

For the Year Ended January 31, 2019

	(note 9) 2019 <u>Budget</u>	2019 <u>Actual</u>	2018 <u>Actual</u>
Utilities:			
Hydro	270,000	142,739	188,106
Gas	108,000	108,050	114,291
Water	<u>157,000</u>	<u>140,128</u>	<u>143,775</u>
Total utilities	<u>535,000</u>	<u>390,917</u>	<u>446,172</u>
Total common expenses	<u>1,302,860</u>	<u>1,142,713</u>	<u>1,206,464</u>

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1582**Notes to the Financial Statements****January 31, 2019****1) Purpose of the organization**

The Corporation was incorporated on February 5, 2004 without share capital 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 239 dwelling units. The municipal address is described as 21 Hillcrest Avenue, in the City of Toronto. 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) Basis of accounting**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Fund accounting

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

The reserve fund reports the assessment from owners 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 4. 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. Minor repairs and replacements are charged to the repairs and maintenance of the operating fund. The Corporation segregates amounts accumulated for the purpose of financing future charges only to the reserve fund. Investment income is credited directly to the reserve fund.

The corporation established a contingency fund to be used at the discretion of the directors to pay for unforeseen expenditures not provided for in the annual operating budget.

The statement of capital fund reports that portion of owners' assessment allocated to it to make mortgage payments and the interest component of those payments.

(c) Revenue recognition

Owners' assessments are recognized as revenue in the statement of operations monthly based on the budget distributed to owners each year. Investment and sundry revenue are recognized as revenue of the related fund when earned.

(d) Use of estimates

The preparation of the 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.

(e) 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.

(f) Cash and cash equivalents

Cash and cash equivalents include highly-liquid instruments with an original maturity of less than 90 days.

(g) Capital disclosures

The corporation manages its capital primarily through its investments and adheres to the corporation's investment policies.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1582

Notes to the Financial Statements

January 31, 2019

2) Summary of significant accounting policies (continued)

(h) Financial instruments

The company initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The company subsequently measures all its financial assets and financial liabilities at amortized cost, except for investment in equity instruments that are quoted in an active market, which are measured at fair value. Change in fair value are recognized in net income.

(i) Guest units - 207 and 208

The guest units are stated at cost. The estimated recoverable amount is not expected to be less than the carrying amount, therefore no provision has been made for amortization.

The Board of Directors reviews the carrying amount of the guest units for impairment whenever events or changes in circumstances indicate that the carrying amount of the units may not be recoverable and, if deemed impaired, measurement and recording of an impairment loss is based on the fair value of the units.

3) Reserve fund investments

Investments are comprised of certificates of deposits, which are held-for-trading, with varying maturity dates from December 9, 2019 to January 13, 2023 and earning interests at rates from 2.26% to 3.05%.

4) Reserve fund

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

The directors have used the Class 2 Reserve Fund Study Update of Ontech Building Consultants Inc. dated November 12, 2018 and such other information as was available to them in evaluating the adequacy of the reserve fund. The board has accepted the recommendations of the study which suggests an annual contribution of \$424,059 with an additional contribution of \$150,000 for 2019; expenditures of \$725,000 and an ending balance as at January 31, 2019 of \$798,640. Actual amounts were \$424,059, \$150,000, \$483,546 and \$844,983 respectively.

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.

5) Financial instruments risk exposure

(a) Credit risk

Credit risk arises from the possibility that condominium owners may experience financial difficulty and not be able to fulfil monthly maintenance commitments. The risk of credit loss is limited in that the Corporation can place a lien on the property and recover any amount owing on disposition of the property.

(b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk in respect of its accounts payable and accrued liabilities. The company expects to meet these obligations as they come due by generating sufficient cash flow from operations.

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1582**Notes to the Financial Statements****January 31, 2019****5) Financial instruments risk exposure (continued)****(c) Market risk**

Market risk is the risk that fair value future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and other price risk. The company is not exposed to these risks.

6) Commitments

The Corporation has entered into contracts with various third parties to provide certain services to manage the common elements.

7) Remuneration of directors

No remuneration was paid to the Board of Directors during the year.

8) Interfund transfer

During the year, the directors approved a transfer of \$2,878 (2018 - \$0) from the operating fund to the contingency fund.

9) Budget information

The budget figures presented for comparison purposes are not audited or reviewed and are those approved by the directors. They have been reclassified to conform with the financial statement presentation.

10) Corresponding figures

Certain of the corresponding figures have been reclassified to conform with the financial statement presentation of the current year.