# TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1737

## FINANCIAL STATEMENTS
## WITH INDEPENDENT AUDITOR'S REPORT

## NOVEMBER 30, 2020

# TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1737
## November 30, 2020

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# INDEPENDENT AUDITOR'S REPORT

To the Unit Owners of
**Toronto Standard Condominium Corporation No. 1737**

## Opinion

We have audited the financial statements of Toronto Standard Condominium Corporation No. 1737 (the "Corporation"), which comprise the statement of financial position as at November 30, 2020 and the statements of operations and changes in fund balances of the general fund, reserve fund, contingency fund, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Toronto Standard Condominium Corporation No. 1737 as at November 30, 2020, 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 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 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. 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 misstatements 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.

**(continued)**

## INDEPENDENT AUDITOR'S REPORT
## (continued)

- 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 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.

*Rapkin Wein LLP*

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario
March 25, 2021

# Toronto Standard Condominium Corporation No. 1737

## Statement of Financial Position

### As at November 30, 2020

| | Note | General | Reserve | 2020 | 2019 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current** | | | | | |
| Cash | | $ 354,374 | $ 1,182,552 | **$ 1,536,926** | $ 1,370,682 |
| Investments | [3] | 508,444 | - | **508,444** | 511,128 |
| Common element fees receivable | | 12,492 | - | **12,492** | 10,437 |
| Sundry receivables | | 11,737 | - | **11,737** | 11,104 |
| Due from related entities | [4] | 48,545 | - | **48,545** | 34,381 |
| Prepaid expenses | | 1,926 | - | **1,926** | 1,773 |
| | | **937,518** | **1,182,552** | **2,120,070** | **1,939,505** |
| **Investments** | [3] | - | 2,607,886 | **2,607,886** | 2,606,269 |
| **TOTAL ASSETS** | | **937,518** | **3,790,438** | **4,727,956** | **4,545,774** |
| **LIABILITIES** | | | | | |
| **Current** | | | | | |
| Accounts payable and accrued liabilities | | 83,135 | 12,059 | **95,194** | 184,369 |
| **NET ASSETS** | | **$ 854,383** | **$ 3,778,379** | **$ 4,632,762** | **$ 4,361,405** |
| *Increase (decrease) in Net Assets, in thousands* | | (120) | 392 | **272** | |
| **Net Assets represented by fund:** | | | | | |
| General | | $ 692,309 | $ - | **$ 692,309** | $ 745,257 |
| Contingency | [2.a] | 162,074 | - | **162,074** | 229,312 |
| Reserve | [2.a] [5] | - | 3,778,379 | **3,778,379** | 3,386,836 |
| | | **$ 854,383** | **$ 3,778,379** | **$ 4,632,762** | **$ 4,361,405** |

**Approved on Behalf of the Board:**

_____ Director

_____ Director

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

# Toronto Standard Condominium Corporation No. 1737

## Statement of General Operations and Changes in Fund Balance

### For the year ended November 30, 2020

| | Budget 2020 [Note: 6] | 2020 | 2019 |
|---|---|---|---|
| **REVENUE** | | | |
| Common element fees | $ 1,970,946 | **$ 1,970,949** | $ 1,938,002 |
| Allocation to reserve fund | (445,085) | **(445,085)** | (433,806) |
| Guest suite income | 14,000 | **6,105** | 14,811 |
| Party room income | 4,500 | **1,355** | 4,273 |
| Interest | 25,000 | **18,183** | 26,901 |
| Sundry | 3,000 | **3,881** | 2,622 |
| | 1,572,361 | **1,555,388** | 1,552,803 |
| **EXPENDITURES, Pages 13 to 14** | | | |
| Utilities | 567,700 | **572,625** | 504,447 |
| Contract services | 270,809 | **265,971** | 261,198 |
| General and administrative | 64,724 | **57,792** | 53,001 |
| Repairs and maintenance | 66,897 | **63,241** | 56,725 |
| Wages and benefits | 75,976 | **71,425** | 73,864 |
| Shared facility | 625,826 | **577,282** | 585,196 |
| | 1,671,932 | **1,608,336** | 1,534,431 |
| **Excess (Deficiency) of Revenue over Expenditures** | (99,571) | **(52,948)** | 18,372 |
| **Balance, Beginning of the Year** | | **745,257** | 726,885 |
| **Balance, End of the Year** | | **$ 692,309** | **$ 745,257** |

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

# Toronto Standard Condominium Corporation No. 1737

## Statement of Reserve Operations and Changes in Fund Balance

### For the year ended November 30, 2020

| | 2020 | 2019 |
|---|---|---|
| **REVENUE** | | |
| Allocation from common element fees | $ 445,085 | $ 433,806 |
| Interest | 71,902 | 71,645 |
| | 516,987 | 505,451 |
| **EXPENDITURES** | | |
| Kitchen stack cleanouts | 59,647 | - |
| Plumbing | 16,552 | - |
| Heating, ventilation and air conditioning | 9,995 | 39,935 |
| Electrical | 7,838 | 6,187 |
| Flooring | 14,464 | - |
| Roofing | 3,615 | - |
| Waterproofing, compactor room | 4,290 | 1,423 |
| Doors and locks | 3,390 | 29,792 |
| Reserve fund study | 4,026 | 5,904 |
| Balcony waterproofing and painting | 1,017 | (4,911) |
| Elevators | 610 | - |
| Fencing | - | 7,458 |
| Ceilings | - | 5,085 |
| Drainage systems | - | 4,869 |
| Boiler | - | 4,158 |
| Elevators, modernization | - | 1,225 |
| | 125,444 | 101,125 |
| **Excess of Revenue over Expenditures** | 391,543 | 404,326 |
| **Balance, Beginning of the Year** | 3,386,836 | 2,982,510 |
| **Balance, End of the Year** | $ 3,778,379 | $ 3,386,836 |

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

# Toronto Standard Condominium Corporation No. 1737

## Statement of Contingency Operations and Changes in Fund Balance

### For the year ended November 30, 2020

| | 2020 | 2019 |
|---|---|---|
| **EXPENDITURES** | | |
| Legal fees | $ 67,238 | $ 99,964 |
| **Excess of Expenditures over Revenue** | (67,238) | (99,964) |
| **Balance, Beginning of the Year** | 229,312 | 329,276 |
| **Balance, End of the Year** | $ 162,074 | $ 229,312 |

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

# Toronto Standard Condominium Corporation No. 1737

## Statement of Cash Flows

### For the year ended November 30, 2020

| | 2020 | 2019 |
|---|---|---|
| **Cash provided by (used in) operating activities** | | |
| Cash received for all general operations | **$ 1,552,703** | $ 1,550,920 |
| Cash received for all reserve operations | **516,986** | 505,453 |
| Cash paid for all general operations | **(1,779,009)** | (1,577,181) |
| Cash paid for all reserve operations | **(125,502)** | (261,680) |
| | **165,178** | 217,512 |
| **Cash provided by (used in) investing activities** | | |
| Reserve fund investments | **(1,617)** | 4,417 |
| General fund investments | **2,684** | (2,205) |
| | **1,067** | 2,212 |
| **Net Increase in Cash** | **166,245** | 219,724 |
| **Cash, Beginning of the Year** | **1,370,681** | 1,150,957 |
| **Cash, End of the Year** | **$ 1,536,926** | **$ 1,370,681** |
| **Cash consists of:** | | |
| **Cash, General fund** | **$ 354,374** | $ 578,002 |
| **Cash, Reserve fund** | **1,182,552** | 792,679 |
| | **$ 1,536,926** | **$ 1,370,681** |

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

# TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1737

## Notes to the Financial Statements

### November 30, 2020

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## 1. Operations

Toronto Standard Condominium Corporation No. 1737 (the "Corporation" or the "Entity") was registered in Ontario without share capital on December 23, 2005 under The Condominium Act, 1998.

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 329 units of the complex. 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. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles, which are applicable to Ontario Condominium Corporations and Shared Facilities. The significant policies are:

### a) Fund Accounting

The general fund reports common element fees from owners, budgeted allocations of those fees to other funds and expenses related to the operations and administration of the common elements.

The contingency fund is a general operating fund which was established by the Board of Directors to fund future improvements to the common elements and to cover other unanticipated or unbudgeted costs. The fund reports transfers from the general fund and expenses related to the fund's purpose, as authorized by the Board of Directors.

The reserve fund is an externally restricted fund which reports the common element fees allocated to it and expenditures for major repair and replacement of the Entity's common elements and assets. The basis for determining the reserve fund's requirements is explained in Note 5. All major repairs and replacements of the common elements must be charged directly to the 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 must be charged to repairs and maintenance of the general fund. The Entity segregates amounts accumulated for the purpose of financing future charges to the reserve fund in bank and investment accounts for use only to finance such charges. Interest earned on these amounts is included in the reserve fund.

### b) Common Elements

The real property directly associated with the units of the Entity (the "common elements") are owned proportionately by the unit owners, and consequently are not reflected as assets in these financial statements.

### c) Transfers

Transfers from the general fund to the reserve fund that are not included in the annual budget, or which are in excess of budgeted amounts, are not recorded in the operating section of the general fund, rather they are included in the related fund statement as additions or deductions, as applicable.

### d) Financial Instruments

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

# TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1737

## Notes to the Financial Statements

### November 30, 2020

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**e) 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. Significant estimates include those used when accounting for accounts payable and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

**f) Shared Facility**

The purpose of the Mondeo Springs Shared Facilities (the "Shared Facility") is to manage and maintain, on behalf of the member corporations, certain shared common elements (as defined in the reciprocal or shared use agreement) and to provide certain shared common services for the benefit of the owners of the member corporations.

**g) Revenue Recognition**

Common element fees are recognized as revenue on a monthly basis in the statement of general operations based on the budget distributed to owners each year.

Special assessments are recognized as revenue in the appropriate fund when a formal resolution declaring the assessment has been passed by the Board of Directors, and when the special assessment becomes receivable by the Entity from the owners.

Interest and other revenue are recognized in the appropriate fund when earned.

**h) Contributed Services**

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

## 3. Investments

Reserve fund and general fund investments are comprised of "eligible securities" which are defined in the Condominium Act, 1998 (the "Act"), as bonds, debentures, guaranteed investment certificates, deposit receipts or notes, or term deposits which are issued or guaranteed by the Government of Canada or any province in Canada, or are issued by an institution located in Ontario insured by the Canada Deposit Insurance Corporation or the Deposit Insurance Corporation of Ontario.

General fund investments have the additional feature that they must be convertible to cash within ninety days following a request by the Board of Directors. All investments are purchased with the intent that they will be held to maturity, and therefore are classified as long term, except for any general fund investments, which are classified as current due to their convertibility feature.

# TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1737

## Notes to the Financial Statements

### November 30, 2020

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### 4. Due to/from Related Entities

Due from related entities is comprised as follows:

| | 2020 | 2019 |
|---|---|---|
| Shared Facility | $ 48,545 | $ 34,381 |

### 5. Reserve Fund

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

The Board of Directors has relied on an updated reserve fund study that did not involve a site inspection prepared in November 2020 by Belanger Engineering and such other information as was available to them in evaluating the adequacy of the reserve fund. The Board of Directors has accepted the recommendations of the study. The actual reserve fund contributions including transfers, if any, during 2020 were $445,085, which is consistent with the reserve fund study. The actual expenditures from the reserve fund were $125,444 compared to $127,200 estimated in the study. The closing reserve fund balance was $3,778,379 compared to $3,814,910 estimated in the study. Annual reserve allocations in the study decrease by 4.84% for one year, increase by 3.5% each year for two years and then increase by 2.5% each year thereafter.

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.

### 6. Budget

The budgeted figures, which are presented for comparison purposes only, are unaudited and are those approved by the Board of Directors in 2019.

### 7. Shared Facility

The Corporation is a member of Mondeo Springs Shared Facilities, (the "Shared Facility"), which is an unincorporated organization formed by agreement between the Corporation and Toronto Standard Condominium Corporation No. 1566. The purpose of the Shared Facility is to facilitate the sharing of common services and facilities of the member corporations. The Shared Facility is also responsible for maintaining the shared assets and its common elements.

The Shared Facility is exempt from income taxes.

The Corporation is responsible for 50.46% of the operating costs of the Shared Facility and its reserve fund. The operating results of the Shared Facility are included in the operating costs of the Corporation. The Shared Facility is required under the shared use agreement to have and maintain an adequate reserve fund. At November 30, 2020, the Corporation had an economic interest of $1,458,543, which amount represents the Corporation's proportionate share of the net assets of the Shared Facility.

Separate financial statements are available for the Shared Facility.

# TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1737

## Notes to the Financial Statements

### November 30, 2020

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### 8. Contractual Obligations

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

### 9. Related Party Transactions

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

Management is reimbursed for certain administrative costs and paid a monthly management fee by the Corporation, and collects fees from owners, purchasers and others for issuing status certificates and/or lien notices, when applicable. These transactions were in the normal course of operations and were measured at the exchange amount.

### 10. 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 Corporation is exposed to this risk through its interest-bearing investments. The Corporation 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 risk of 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 to this risk is not significant.

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 setting common element fees at a level which ensures that the Corporation has sufficient cash available to pay the day to day operating costs, to fund the reserve fund in accordance with the Corporation's funding plan, and to fund all other funds, as required.

There has been no change to the risk profile of the Corporation during the year.

# TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1737

## Notes to the Financial Statements

### November 30, 2020

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### 11. Contingencies

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. Subsequently, the Province of Ontario issued a state of emergency limiting the number of people in a gathering and requiring the closure of non-essential businesses for an indeterminate period of time. The dynamic nature of the COVID-19 crisis makes it impossible to predict the impact this will have on the Corporation's operations, cash flows and financial position. The Board of Directors will continue to monitor the situation and reflect the impact in the financial statements as appropriate.

The Corporation is the Respondent to an Application, brought on July 24, 2019, by two individuals who seek an Order with respect to the 2019 election of Directors, including but not limited to invalidating results, disqualifying or requiring resignations of Directors, requiring a new election, plus costs and interest. A hearing date was set for July 23, 2020, but was adjourned due to COVID-19. The Corporation is awaiting a new hearing date. Any costs resulting from this action will be recorded in the financial statements when the matter is resolved.

# TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1737

## Schedule of General Fund Expenditures

### For the year ended November 30, 2020

| | Budget 2020 [Note: 6] | 2020 | 2019 |
|---|---|---|---|
| **Utilities** | | | |
| Hydro | $ 137,200 | **$ 137,255** | $ 115,640 |
| Gas | 159,000 | **156,108** | 133,540 |
| Water | 271,500 | **279,262** | 255,267 |
| | $ 567,700 | **$ 572,625** | $ 504,447 |
| **Contract services** | | | |
| Management fees | $ 150,319 | **$ 149,341** | $ 146,033 |
| Heating, ventilation and air conditioning | 10,038 | **10,035** | 9,791 |
| Elevators | 16,222 | **15,865** | 15,865 |
| Pest control | 2,438 | **1,627** | 1,201 |
| Window cleaning | 8,546 | **6,134** | 7,015 |
| Fire safety | 3,804 | **3,803** | 3,739 |
| Odour control | 1,741 | **1,691** | 1,656 |
| Emergency generator | 2,101 | **2,101** | 2,101 |
| Water treatment | 2,793 | **2,712** | 2,712 |
| Energy management | 11,437 | **11,292** | 10,918 |
| Janitorial | 61,370 | **61,370** | 60,167 |
| | $ 270,809 | **$ 265,971** | $ 261,198 |
| **General and administrative** | | | |
| Insurance | $ 43,009 | **$ 40,735** | $ 35,807 |
| Office and general | 1,500 | **1,156** | 1,081 |
| Consulting and appraisal fees | 2,500 | **1,356** | 2,163 |
| Legal fees | 5,000 | **231** | 825 |
| Audit fees | 4,250 | **3,762** | 3,607 |
| AGM and meeting costs | 5,500 | **7,591** | 6,228 |
| CAO fees | 2,965 | **2,961** | 3,290 |
| | $ 64,724 | **$ 57,792** | $ 53,001 |

# TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1737

## Schedule of General Fund Expenditures

### For the year ended November 30, 2020

| | Budget 2020 [Note: 6] | 2020 | 2019 |
|---|---|---|---|
| **Repairs and maintenance** | | | |
| Carpet cleaning | $ 2,000 | **$ 1,072** | $ 957 |
| Cleaning supplies | 500 | **44** | - |
| Elevator, non-contract | 2,500 | **5,222** | 2,068 |
| Heating, ventilation and air conditioning, non-contract | 13,000 | **3,827** | 7,000 |
| COVID-19 | - | **4,498** | - |
| Plumbing | 5,500 | **6,815** | 4,626 |
| Fire safety, non-contract | 3,000 | **3,031** | 1,110 |
| Windows and screens | 1,500 | **1,059** | 1,516 |
| Electrical | 3,137 | **3,615** | 1,889 |
| Doors, locks, and keys | 2,500 | **2,506** | 1,413 |
| Waste disposal | 23,000 | **22,361** | 21,421 |
| Decorating | 5,000 | **5,409** | 1,639 |
| General | 5,000 | **3,782** | 13,086 |
| Parking units, property taxes | 260 | **-** | - |
| | $ 66,897 | **$ 63,241** | $ 56,725 |
| **Wages and benefits** | | | |
| Superintendent | $ 60,322 | **$ 56,624** | $ 60,426 |
| Relief superintendent | 5,000 | **5,894** | 4,788 |
| Benefits | 10,654 | **8,907** | 8,650 |
| | $ 75,976 | **$ 71,425** | $ 73,864 |
| **Shared facility** | | | |
| Shared facility | $ 625,826 | **$ 577,282** | $ 585,196 |

# MONDEO SPRINGS SHARED FACILITIES

## FINANCIAL STATEMENTS
## WITH INDEPENDENT AUDITOR'S REPORT

## NOVEMBER 30, 2020

# MONDEO SPRINGS SHARED FACILITIES
## November 30, 2020

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# INDEPENDENT AUDITOR'S REPORT

To the Shared Facility Committee of
**Mondeo Springs Shared Facilities**

## Opinion

We have audited the financial statements of Mondeo Springs Shared Facilities (the "Shared Facility"), which comprise the statement of financial position as at November 30, 2020 and the statements of operations and changes in fund balances of the general fund, reserve fund, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mondeo Springs Shared Facilities as at November 30, 2020, 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 Shared Facility 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 the financial statements, management is responsible for assessing the Shared Facility'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 Shared Facility or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Shared Facility'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 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 misstatements 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.

**(continued)**

# INDEPENDENT AUDITOR'S REPORT
## (continued)

- 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 Shared Facility'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 material uncertainty exists related to events or conditions that may cast significant doubt on the Shared Facility'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 Shared Facility 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.

*Rapkin Wein LLP*

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario
April 7, 2021

# Mondeo Springs Shared Facilities

## Statement of Financial Position

### As at November 30, 2020

| | Note | General | Reserve | 2020 | 2019 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current** | | | | | |
| Cash | | $ 126,667 | $ 1,375,302 | **$ 1,501,969** | $ 1,476,145 |
| Hydro rebate receivable | | 54,474 | - | **54,474** | - |
| Prepaid expenses | | 578 | - | **578** | 502 |
| | | **181,719** | **1,375,302** | **1,557,021** | **1,476,647** |
| **Investments** | **[3]** | - | 1,521,019 | **1,521,019** | 1,215,192 |
| **TOTAL ASSETS** | | **181,719** | **2,896,321** | **3,078,040** | **2,691,839** |
| **LIABILITIES** | | | | | |
| **Current** | | | | | |
| Accounts payable and accrued liabilities | | 75,508 | 13,623 | **89,131** | 139,071 |
| Due to member corporations | **[4]** | 98,416 | - | **98,416** | 70,070 |
| **TOTAL LIABILITIES** | | **173,924** | **13,623** | **187,547** | **209,141** |
| **NET ASSETS** | | **$ 7,795** | **$ 2,882,698** | **$ 2,890,493** | **$ 2,482,698** |
| *Increase (decrease) in Net Assets, in thousands* | | - | 408 | **408** | |
| **Net Assets represented by fund:** | | | | | |
| General | | $ - | $ - | **$ -** | $ - |
| Contingency | **[2.a]** | 7,795 | - | **7,795** | 7,795 |
| Reserve | **[2.a] [5]** | - | 2,882,698 | **2,882,698** | 2,474,903 |
| | | **$ 7,795** | **$ 2,882,698** | **$ 2,890,493** | **$ 2,482,698** |

**Approved on Behalf of the Shared Facility Committee:**

_____ Member

_____ Member

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

# Mondeo Springs Shared Facilities

## Statement of General Operations and Changes in Fund Balance

### For the year ended November 30, 2020

| | Budget 2020 [Note: 6] | 2020 | 2019 |
|---|---|---|---|
| **REVENUE** | | | |
| Common element fees from TSCC 1566 | $ 614,417 | **$ 614,420** | $ 604,045 |
| Common element fees from TSCC 1737 | 625,826 | **625,827** | 615,262 |
| Allocation to reserve fund | (455,757) | **(455,757)** | (446,016) |
| Rental and sundry income | 6,000 | **2,246** | 5,536 |
| | 790,486 | **786,736** | 778,827 |
| **EXPENDITURES, Pages 11 to 12** | | | |
| Utilities | 170,845 | **90,110** | 158,593 |
| Contract services | 472,405 | **471,193** | 462,793 |
| General and administrative | 38,386 | **36,418** | 31,352 |
| Repairs and maintenance | 90,650 | **83,254** | 51,962 |
| Guest suite | 1,500 | **498** | 1,210 |
| Recreation facilities | 16,700 | **9,059** | 13,334 |
| | 790,486 | **690,532** | 719,244 |
| **Excess of Revenue over Expenditures** | - | **96,204** | 59,583 |
| **Balance, Beginning of the Year** | | **-** | - |
| **Allocation to Member Corporations** | | | |
| Allocation to TSCC 1566 | | **(47,659)** | (29,517) |
| Allocation to TSCC 1737 | | **(48,545)** | (30,066) |
| **Balance, End of the Year** | | **$ -** | **$ -** |

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

# Mondeo Springs Shared Facilities

## Statement of Reserve Operations and Changes in Fund Balance

### For the year ended November 30, 2020

| | 2020 | 2019 |
|---|---|---|
| **REVENUE** | | |
| Allocation from common element fees | **$ 455,757** | $ 446,016 |
| Interest | **48,385** | 49,396 |
| | **504,142** | 495,412 |
| **EXPENDITURES** | | |
| Garage | **19,377** | 3,570 |
| Security systems | **22,075** | 3,205 |
| Fire safety systems | **8,113** | 5,821 |
| Change rooms | **3,955** | 68,365 |
| Electrical | **9,202** | 7,180 |
| Heating, ventilation and air conditioning | **1,791** | 1,582 |
| Recreation facilities | **13,035** | 28,289 |
| Exterior | **11,581** | 10,300 |
| Mechanical systems | **3,263** | 7,520 |
| Reserve fund study | **3,955** | 5,260 |
| Plumbing and drains | **-** | 14,014 |
| Guest suite | **-** | 1,895 |
| | **96,347** | 157,001 |
| **Excess of Revenue over Expenditures** | **407,795** | 338,411 |
| **Balance, Beginning of the Year** | **2,474,903** | 2,136,492 |
| **Balance, End of the Year** | **$ 2,882,698** | **$ 2,474,903** |

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

# Mondeo Springs Shared Facilities

## Statement of Cash Flows

### For the year ended November 30, 2020

| | 2020 | 2019 |
|---|---|---|
| **Cash provided by (used in) operating activities** | | |
| Cash received for all general operations | **$ 664,403** | $ 729,042 |
| Cash received for all reserve operations | **504,142** | 495,413 |
| Cash paid for all general operations | **(689,709)** | (704,689) |
| Cash paid for all reserve operations | **(147,183)** | (155,088) |
| | **331,653** | 364,678 |
| **Cash provided by (used in) investing activities** | | |
| Reserve fund investments | **(305,828)** | (1,780) |
| **Net Increase in Cash** | **25,825** | 362,898 |
| **Cash, Beginning of the Year** | **1,476,144** | 1,113,246 |
| **Cash, End of the Year** | **$ 1,501,969** | **$ 1,476,144** |
| **Cash consists of:** | | |
| **Cash, General fund** | **$ 126,667** | $ 151,973 |
| **Cash, Reserve fund** | **1,375,302** | 1,324,171 |
| | **$ 1,501,969** | **$ 1,476,144** |

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

# MONDEO SPRINGS SHARED FACILITIES

## Notes to the Financial Statements

### November 30, 2020

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## 1. Operations

Mondeo Springs Shared Facilities (the "Shared Facility" or the "Entity") commenced operations on November 28, 2003 upon the registration of Toronto Standard Condominium Corporation No. 1566 ("TSCC 1566").

The purpose of the Shared Facility is to provide recreational and other services to, and manage and maintain the common elements of the Shared Facility pursuant to an agreement (the "reciprocal agreement") between Toronto Standard Condominium Corporation No. 1737 ("TSCC 1737") and TSCC 1566.

Pursuant to the terms of the reciprocal agreement, each member corporation is required to contribute its proportionate share of expenses, including major repairs and replacements, incurred by the Shared Facility based on the number of units in each member corporation, being TSCC 1737 (329 - 50.46%) and TSCC 1566 (323 - 49.54%).

For Canadian income tax purposes Mondeo Springs Shared Facilities is not a taxable or reporting entity.

## 2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles, which are applicable to Ontario Condominium Corporations and Shared Facilities. The significant policies are:

### a) Fund Accounting

The general fund reports common element fees from member corporations, budgeted allocations of those fees to other funds and expenses related to the operations and administration of the common elements.

The contingency fund was established by the Shared Facility Committee to absorb future hydro costs by offsetting price credits received from Ontario Hydro. The fund reports transfers from the general fund and expenses related to the fund's purpose, as authorized by the Shared Facility Committee.

The reserve fund is an externally restricted fund which reports the common element fees allocated to it and expenditures for major repair and replacement of the Entity's common elements and assets. The basis for determining the reserve fund's requirements is explained in Note 5. All major repairs and replacements of the common elements must be charged directly to the 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 must be charged to repairs and maintenance of the general fund. The Entity segregates amounts accumulated for the purpose of financing future charges to the reserve fund in bank and investment accounts for use only to finance such charges. Interest earned on these amounts is included in the reserve fund.

### b) Common Elements

The real property directly associated with the units of the Entity (the "common elements") are owned proportionately by the unit owners of the member corporations, and consequently are not reflected as assets in these financial statements.

### c) Transfers

Transfers from the general fund to the reserve fund that are not included in the annual budget, or which are in excess of budgeted amounts, are not recorded in the operating section of the general fund, rather they are included in the related fund statement as additions or deductions, as applicable.

# MONDEO SPRINGS SHARED FACILITIES

## Notes to the Financial Statements

### November 30, 2020

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**d) Financial Instruments**

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

**e) 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. Significant estimates include those used when accounting for accounts payable and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

**f) Revenue Recognition**

Common element fees are recognized as revenue on a monthly basis in the statement of general operations based on the budget distributed to owners each year.

Special assessments are recognized as revenue in the appropriate fund when a formal resolution declaring the assessment has been passed by the Shared Facility Committee, and when the special assessment becomes receivable by the Entity from the owners.

Interest and other revenue are recognized in the appropriate fund when earned.

**g) Contributed Services**

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

## 3. Investments

Reserve fund and general fund investments are comprised of "eligible securities" which are defined in the Condominium Act, 1998 (the "Act"), as bonds, debentures, guaranteed investment certificates, deposit receipts or notes, or term deposits which are issued or guaranteed by the Government of Canada or any province in Canada, or are issued by an institution located in Ontario insured by the Canada Deposit Insurance Corporation or the Deposit Insurance Corporation of Ontario.

General fund investments have the additional feature that they must be convertible to cash within ninety days following a request by the Board of Directors. All investments are purchased with the intent that they will be held to maturity, and therefore are classified as long term, except for any general fund investments, which are classified as current due to their convertibility feature.

# MONDEO SPRINGS SHARED FACILITIES

## Notes to the Financial Statements

### November 30, 2020

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### 4. Due to/from Member Corporations

Due to member corporations is comprised as follows:

| | 2020 | 2019 |
|---|---|---|
| TSCC 1566 | **$ (49,871)** | $ (35,690) |
| TSCC 1737 | **(48,545)** | (34,380) |
| | **$ (98,416)** | **$ (70,070)** |

### 5. Reserve Fund

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

The Shared Facility Committee has relied on an updated reserve fund study that did not involve a site inspection prepared in November 2020 by Belanger Engineering and such other information as was available to them in evaluating the adequacy of the reserve fund. The Shared Facility Committee has accepted the recommendations of the study. The actual reserve fund contributions including transfers, if any, during 2020 were $455,757, which is consistent with the reserve fund study. The actual expenditures from the reserve fund were $96,347 compared to $85,300 estimated in the study. The closing reserve fund balance was $2,882,698 compared to $2,900,269 estimated in the study. Annual reserve allocations in the study decrease by 7.63% for one year, increase by 2.13% each year for two years and then increase by 2.0% each year thereafter.

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.

### 6. Budget

The budgeted figures, which are presented for comparison purposes only, are unaudited and are those approved by the Shared Facility Committee in 2019.

### 7. Contractual Obligations

The Shared Facility has entered into contracts with various third parties to provide certain services to manage and maintain the common elements.

### 8. Related Party Transactions

No remuneration was paid to the Shared Facility Committee during the year.

Management is reimbursed for certain administrative costs by the Shared Facility. These transactions were in the normal course of operations and were measured at the exchange amount.

# MONDEO SPRINGS SHARED FACILITIES

## Notes to the Financial Statements

### November 30, 2020

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## 9. Contingency

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. Subsequently, the Province of Ontario issued a state of emergency limiting the number of people in a gathering and requiring the closure of non-essential businesses for an indeterminate period of time. The dynamic nature of the COVID-19 crisis makes it impossible to predict the impact this will have on the Shared Facility's operations, cash flows and financial position. The Shared Facility Committee will continue to monitor the situation and reflect the impact in the financial statements as appropriate.

## 10. 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 Shared Facility is exposed to this risk through its interest-bearing investments. The Shared Facility 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 risk of financial loss should a counter-party in a transaction fail to meet its obligations. The Shared Facility places its operating and reserve cash and investments with high quality institutions and believes its exposure to this risk is not significant.

Liquidity risk

Liquidity risk is the risk that the Shared Facility will not be able to meet its obligations as they become due. The Shared Facility manages this risk by setting common element fees at a level which ensures that the Shared Facility has sufficient cash available to pay the day to day operating costs, to fund the reserve fund in accordance with the Shared Facility's funding plan, and to fund all other funds, as required.

There has been no change to the risk profile of the Shared Facility during the year.

# MONDEO SPRINGS SHARED FACILITIES

## Schedule of General Fund Expenditures

### For the year ended November 30, 2020

| | Budget 2020 [Note: 6] | 2020 | 2019 |
|---|---|---|---|
| **Utilities** | | | |
| Hydro | $ 128,120 | **$ 105,906** | $ 123,712 |
| Hydro rebate | - | **(54,474)** | - |
| Gas | 27,500 | **20,277** | 22,120 |
| Water | 15,225 | **18,401** | 12,761 |
| | $ 170,845 | **$ 90,110** | $ 158,593 |
| **Contract services** | | | |
| Security | $ 292,538 | **$ 292,538** | $ 286,331 |
| Janitorial | 86,530 | **86,524** | 84,817 |
| Landscaping and snow removal | 63,719 | **63,729** | 63,107 |
| Heating, ventilation and air conditioning | 6,952 | **7,071** | 6,865 |
| Pest control | 946 | **1,475** | 469 |
| Window cleaning | 520 | **520** | 520 |
| Fire safety | 5,974 | **4,080** | 5,645 |
| Water treatment | 700 | **678** | 678 |
| Indoor pool and whirlpool | 5,243 | **5,295** | 5,078 |
| Front desk | 9,283 | **9,283** | 9,283 |
| | $ 472,405 | **$ 471,193** | $ 462,793 |
| **General and administrative** | | | |
| Insurance | $ 15,836 | **$ 16,591** | $ 13,190 |
| Office and general | 8,500 | **7,777** | 7,373 |
| Consulting and appraisal fees | 2,000 | **1,695** | 1,824 |
| Legal fees | 2,500 | **-** | - |
| Audit fees | 3,750 | **3,653** | 3,490 |
| Meeting costs | 3,300 | **4,302** | 3,575 |
| Miscellaneous | 2,500 | **2,400** | 1,900 |
| | $ 38,386 | **$ 36,418** | $ 31,352 |

# MONDEO SPRINGS SHARED FACILITIES

## Schedule of General Fund Expenditures

### For the year ended November 30, 2020

| | Budget 2020 [Note: 6] | 2020 | 2019 |
|---|---|---|---|
| **Repairs and maintenance** | | | |
| Carpet cleaning | $ 2,000 | **$ 509** | $ 836 |
| Cleaning supplies | 6,800 | **6,248** | 7,200 |
| Landscaping and snow removal, non-contract | 15,500 | **21,332** | 13,957 |
| Access control | 2,000 | **1,905** | 2,435 |
| Heating, ventilation and air conditioning, non-contract | 3,000 | **226** | 2,098 |
| Waterfall | 800 | **957** | 450 |
| Garage | 16,000 | **11,325** | 6,666 |
| Plumbing | 10,000 | **4,373** | 3,807 |
| Insurance deductible | 10,000 | **-** | - |
| Fire safety, non-contract | 2,500 | **3,908** | 1,953 |
| Electrical | 7,050 | **4,083** | 3,992 |
| General | 15,000 | **8,690** | 8,568 |
| COVID-19 | - | **19,698** | - |
| | $ 90,650 | **$ 83,254** | $ 51,962 |
| **Guest suite** | | | |
| Repairs | $ 1,500 | **$ 498** | $ 1,210 |
| **Recreation facilities** | | | |
| Exercise room | $ 2,000 | **$ 796** | $ 1,891 |
| Sauna and change room | 500 | **280** | 1,675 |
| Social committee | 2,000 | **252** | 931 |
| Pool and whirlpool | 9,500 | **7,025** | 7,140 |
| Theatre room | 700 | **203** | 1,356 |
| Other | 2,000 | **503** | 341 |
| | $ 16,700 | **$ 9,059** | $ 13,334 |