TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2415

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED NOVEMBER 30, 2019

Registered under the Condominium Act

of The Province of Ontario

December 2, 2014

MALCOLM ALLMAN Chartered Professional Accountant

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INDEPENDENT AUDITORS REPORT

To the Unit Owners of
Toronto Standard Condominium Corporation No. 2415

Opinion

I have audited the accompanying financial statement of **Toronto Standard Condominium Corporation No. 2415** (the Company), which comprise the statement of financial position at November 30, 2019 and the statements of general fund operations and fund balance, reserve fund balance and fund balance and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 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 Company 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 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 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.

- 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 Entity'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 Entity 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.

Malcolm Allman

Toronto, Ontario
May 13, 2020

CHARTERED PROFESSIONAL ACCOUNTANT
CHARTERED ACCOUNTANT
LICENSED PROFESSIONAL ACCOUNTANT

TORONTO STANDARD
CONDOMINIUM CORPORATION NO. 2415

(Incorporated under The Condominium Act of Ontario)

STATEMENT OF FINANCIAL POSITION - NOVEMBER 30, 2019

See Independent Auditors' Report dated May 13, 2020

ASSETS

	2019	2018
CURRENT		
Bank - Operating Fund	$ 67,285	$ 107,822
- Common Elements Reserve Fund (Note 3)	1,146,112	879,998
Accounts Receivable	6,817	854
Prepaid Deposits	684	-
	1,220,898	988,674
GUEST SUITE (Note 4)	226,000	226,000
	$1,446,898	$1,214,674

LIABILITIES

	2019	2018
CURRENT		
Accounts Payable and Accrued Liabilities - Operating Fund	$ 106,427	$ 73,214
- Reserve Fund	12,001	-
Current Portion of Mortgage Payable	22,832	21,513
	141,260	94,727
LONG-TERM		
Mortgage Payable (Note 5)	108,708	131,540
	249,968	226,267

FUND BALANCES

	2019	2018
COMMON ELEMENTS RESERVE FUND (Note 3)	1,134,111	879,998
GUEST SUITE FUND (Note 4)	94,460	72,947
UNIT HOLDERS' SURPLUS (DEFICIT) - OPERATING FUND	(31,641)	35,462
	1,196,930	988,407
	$1,446,898	$1,214,674

APPROVED ON BEHALF OF THE BOARD: ______________________, Director

______________________, Director

See Accompanying Notes

TORONTO STANDARD
CONDOMINIUM CORPORATION NO. 2415

STATEMENT OF REVENUE, EXPENDITURE AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED NOVEMBER 30, 2019

See Independent Auditors' Report dated May 13, 2020

	2019 BUDGET (unaudited)	2019 ACTUAL	2018 ACTUAL
REVENUE			
Common Element Assessment	$1,152,378	$1,152,378	$1,071,840
Other (See Schedule)	30,800	47,674	32,127
	1,183,178	1,200,052	1,103,967
LESS - Allocations to:			
Reserve Fund - Regular	251,000	251,000	233,280
- LED retrofit	30,166	30,166	30,000
Guest Suite Fund	31,000	30,062	30,062
	312,166	311,228	293,342
	870,012	**888,824**	**810,625**
EXPENDITURE			
Building and Site Maintenance (See Schedule)	96,285	138,083	94,545
Building Staff Services	152,000	154,607	152,203
Condominium Authority of Ontario Fees	2,736	1,368	4,325
Elevators	21,600	27,682	20,111
Insurance	36,500	32,220	30,016
Landscaping and Snow Removal	18,000	19,937	15,341
Office and General	4,000	14,115	4,978
Performance Audit	2,000	6,206	51,102
Professional Fees (See Schedule)	8,400	53,095	19,270
Property Management	116,291	110,194	116,804
Security Services	88,000	90,434	91,009
Utilities (See Schedule)	324,200	307,986	304,743
	870,012	955,927	904,447
NET EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	-	(67,103)	(93,822)
ACCUMULATED SURPLUS (DEFICIT) - OPERATING FUND			
- Beginning of Year		35,462	129,284
- End of Year		**($ 31,641)**	**$ 35,462**

See Accompanying Notes

TORONTO STANDARD
CONDOMINIUM CORPORATION NO. 2415

SCHEDULE TO STATEMENT OF REVENUE, EXPENDITURE AND ACCUMULATED SURPLUS (DEFICIT)

FOR THE YEAR ENDED NOVEMBER 30, 2019

See Independent Auditors' Report dated May 13, 2020

	2019	2018
OTHER INCOME		
Car Share	$ 8,400	$ 7,700
Guest Suite	16,800	14,150
Key FOB	5,683	2,700
Other	10,116	2,052
Party Room	5,475	4,925
Theatre Room	1,200	600
	$ 47,674	$ 32,127
BUILDING REPAIRS AND MAINTENANCE		
Electrical	$ 5,706	$ 2,819
Garage	6,608	2,260
General	51,405	37,554
Heating, Ventilation and Air-conditioning	38,806	27,982
Life Safety Systems	7,343	9,090
Pest Control	1,494	570
Plumbing	10,342	3,795
Supplies	9,896	7,085
Window Cleaning	6,483	3,390
	$138,083	$ 94,545
PROFESSIONAL FEES		
Audit	$ 3,475	$ 3,390
Legal	49,620	15,880
	$ 53,095	$ 19,270
UTILITIES		
Cable	$ 2,473	$ 2,982
Gas	59,313	58,321
Hydro	68,694	69,558
Telephone	3,297	4,301
Water and Sewer	174,209	169,581
	$307,986	$304,743

TORONTO STANDARD
CONDOMINIUM CORPORATION NO. 2415

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED NOVEMBER 30, 2019

See Independent Auditors' Report dated May 13, 2020

	2019	2018
OPERATING ACTIVITIES		
Operations		
Surplus (Shortfall) of Revenue over Expenditure	($67,103)	($93,822)
Net Change in other Current Assets and Liabilities	26,566	(45,617)
CASH ACQUIRED FROM (USED BY) OPERATING ACTIVITIES	(40,537)	(139,439)
FINANCING ACTIVITIES		
NONE	-	-
INVESTMENT ACTIVITIES		
NONE	-	-
CHANGE IN CASH POSITION	(40,537)	(139,439)
CASH POSITION - Beginning of Year	107,822	247,261
CASH POSITION - End of Year	**$ 67,285**	**$107,822**

NET CHANGE IN OTHER CURRENT ASSETS AND LIABILITIES REPRESENTED BY:

	2019	2018
Accounts Receivable	($ 5,963)	$ 561
Prepaid Expenses	(684)	-
Accounts Payable and Accrued Liabilities	33,213	(46,178)
	$ 26,566	($ 45,617)

See Accompanying Notes

MALCOLM ALLMAN Chartered Professional Accountant

1. NATURE OF CORPORATION

The Corporation was enacted by a declaration and incorporated without share capital on December 2, 2014 pursuant to the provisions of the Condominium Act of Ontario and is a non-profit organization exempt from income taxes under the Income Tax Act.

The purpose of the Corporation is to manage and maintain the common elements (as defined in the Corporation Declaration and By-laws) and to provide common services for the benefit of the owners of the 228 units in the condominium development.

BASIS OF ACCOUNTING

These financial statements were prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

BASIS OF PRESENTATION - GOING CONCERN

The financial statements are prepared on the going concern basis which contemplates the realization of assets and the settlement of liabilities in the normal course of operation.

The going concern basis is appropriate as the Corporation continues to have a strong balance sheet with a significant portion of their assets in a highly liquid form. All forms of revenue are stable and the costs are closely monitored to the budget by management and the Board of Directors on a regular basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Accrued Basis of Accounting

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

(b) Common Elements

The common elements of the Condominium Corporation are owned proportionately by the unit owners and consequently are not reflected as assets in these financial statements.

(c) Common Elements Reserve Fund

The Corporation, as required by the Condominium Act of Ontario, has established a reserve for financing future major repairs and replacements of the common elements. Only major repairs and replacements of the common elements may be charged directly to this reserve. A portion of the common element assessment has been allocated to the reserve fund in accordance with the operating budget. Revenue generated from the investment of the reserve funds becomes part of the fund and are not reflected in the statement of revenues and expenditures.

Minor repairs and replacements are charged to general operations. Purchases of capital assets other than replacements are also charged to general operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fund accounting

The Corporation follows the restricted fund method of accounting for contributions.

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

The reserve fund reports the contributions from owners and expenditures for major repair and replacement costs for the common elements and assets. The basis for determining the reserve fund's requirements is explained in Note 3. Only major repairs and replacements for 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 repairs and maintenance of the general fund. The Corporation segregates amounts accumulated for the purpose of financing future charges to the reserve fund in special accounts, for use only to finance such charges. Interest earned on these amounts is credited directly to the reserve fund.

(d) Revenue Recognition

Monthly Condominium fees are due from the unit holders on the first day of each month and are included in revenue when due. The organization also recognizes other revenue due to the services it performs such as laundry and other miscellaneous forms of revenue. The organization recognizes revenue when the services have been provided, the amount of revenue can be measured reliably and collectability is reasonably assured. Revenue is measured at the fair value of consideration received or receivable.

Cash and cash equivalents

Cash and cash equivalents are defined as cash and highly liquid financial instruments. Due to the short-term nature of these assets, the fair value of these instruments is not significantly different from their carrying value.

Accounts receivable

Accounts receivable are recorded net of an allowance for uncollectible or doubtful accounts. The Organization reviews accounts receivable and provides a reserve for amounts estimated not to be collectible. During this review, historical experience, the age of the receivable balance, the credit-worthiness of the customer and the reason for the delinquency are considered.

(e) Investments

Investments are classified as held for trading and are recorded at fair value. Fair values are determined by reference to published price quotations in an active market at year-end.

(f) Volunteer Services

The Corporation receives the services of volunteers, the cost of which cannot be reasonably estimated. Therefore, no representation of this expenditure has been included in these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the organizations' management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from the Corporation's best estimates as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

(h) Financial Instruments Classification

Cash, including any investments with maturity dates of less than three months is classified as held for trading. Short-term and long-term investments are classified as held for trading and are reported at fair value at each financial position date, and any change in fair value is recognized in investment income. Accounts receivable have been classified as loans and receivables and are reported at cost. Accounts payable and accrued charges, have been classified as other and are reported at cost. The use of the effective interest method did not result in any material difference in the valuation of Accounts Receivable, Accounts payable and accrued charges and as such it is reported at cost rather than at amortized cost.

Financial Instruments - Measurement

The Company recognizes financial assets and financial liabilities when the Company becomes a party to a contract. Financial assets and financial liabilities, with the exception of financial assets classified as at fair value through profit or loss, are measured at fair value plus transaction costs on initial recognition. Financial assets at fair value through profit or loss are measured at fair value on initial recognition and transaction costs are expensed when incurred. Measurement in subsequent periods depends on the classification of the financial instrument:

Financial assets at fair value through profit or loss (FVTPL) Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management, or if they are derivative assets. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the consolidated statements of income. The Company's financial assets classified as FVTPL include cash and cash equivalents. The Company does hold derivative assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Financial Instruments Classification

Financial Instruments - Measurement

Loans and Receivables - Loans and receivables are non-derivative financial assets that have fixed or determinable payments and are not quoted in an active market. Subsequent to initial recognition, loans and receivables are carried at amortized cost using the effective interest method. Accounts receivables are classified as loans and receivables.

Other financial liabilities - Other financial liabilities are financial liabilities that are not derivative liabilities or classified as FVTPL. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method. The Company's other financial liabilities include the line of credit, accounts payable and accrued liabilities, subordinated debt, the term loan and the debt component of the convertible debentures. The Company does not currently hold any derivative liabilities.

(i) Leases

Leases are classified as either finance or operating leases. Finance leases are those that substantially transfer the benefits and risks of ownership of an asset to the lessee. All leases other than finance leases are operating leases.

Assets held under finance leases are recognized as assets, and a corresponding liability is recognized as a finance lease obligation. Lease payments are apportioned between interest expense and reduction of the lease obligation to achieve a constant rate of interest on the remaining liability. Total payments under operating leases are expensed on a straight-line basis over the term of the relevant lease.

3. COMMON ELEMENTS RESERVE FUND

The Common Elements Reserve Fund consists of the following amount:

	2019	2018
BALANCE - Beginning of Year	$ 879,998	$ 594,782
Current Period Contribution from Operations - Regular	251,000	233,280
- LED Retrofit	30,166	30,000
Interest Earned	16,542	10,861
Capital (Expenditures) Recovered	(43,595)	11,075
BALANCE - End of Year	**$1,134,111**	**$ 879,998**

The details of the capital expenditures are as follows:

	2019	2018
Insulation Valve	$ 12,543	$ -
LED Retrofit (Rebate)	-	(13,586)
Lighting Fixtures	-	2,511
Power Washers	28,612	-
Reserve Fund Study	2,440	-
	$ 43,595	($ 11,075)

I did not perform an evaluation of the reserve fund study prepared by the external consultants, the significant estimates made therein, or the calculations performed within the report. It is the responsibility of management to ensure that review procedures and controls are in place to complement the system of controls in place within the report prepared by the external consultants.

The Condominium Act, 1998, of The Province of Ontario, requires that the corporation conduct periodic studies to determine whether the amount of money in the reserve fund and the amount of contributions collected by the corporation are adequate to provide for the expected costs of future repairs and replacement of the common elements of the corporation.

3. COMMON ELEMENTS RESERVE FUND *(Continued)*

The Board of Directors have used the reserve fund study prepared by Building Sciences Inc., dated October 26, 2018, and such other information as was available to them in evaluating the adequacy of annual contributions to the reserve fund for major repairs and replacements. The Corporation's plan for contributions to the reserve fund for and the plan for expenditures from the reserve fund is indicated below. The study projected a reserve fund balance on November 30, 2019 of $1,147,033. The reserve fund 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.

	Actual Contributions Paid (audited)	Annual Contributions Recommended (unaudited)	Anticipated Costs (unaudited)
For the year ended November 30, 2019	$251,000	$251,942	$ -
For the year ended November 30, 2020		$275,876	$ 67,320
For the year ended November 30, 2021		$302,085	$ 16,542
For the year ended November 30, 2022		$330,783	$ 15,706
For the year ended November 30, 2023		$362,207	$ 21,973
For the year ended November 30, 2024		$396,617	$ -

The Condominium Corporation has entered into a commitment for garage repairs totaling $88,087. This work is to be undertaken during the 2020 fiscal year.

In addition to the regular contributions to the Reserve Fund, the Condominium Corporation has budgeted the following annual contributions to assist with the funding of the LED retrofit in 2016:

	ACTUAL (audited)	BUDGET (unaudited)
2016	$ 2,500	$ 2,500
2017	$ 30,000	30,000
2018	$ 30,000	30,000
2019	$ 30,166	30,000
2020		16,046
		$108,546

The Annual Contributions and Anticipated Costs presented are for comparison purposes are unaudited and are those approved by the directors and recommended by the Consulting Engineers. The Condominium Act requires that the reserve fund study be updated once every three years.

4. GUEST SUITE FUND

	2019	2018
BALANCE - Beginning of Year	$ 72,947	$ 52,677
Contribution from		
Operating fund for Mortgage Payments	30,062	30,062
Less - Mortgage Interest	(8,549)	(9,792)
BALANCE - End of Year	**$ 94,460**	**$ 72,947**

The assets of the guest suite fund are comprised of:

	2019	2018
Guest Suite (at Cost)	$226,000	$226,000
Less - Mortgage Payable	131,540	153,053
	$ 94,460	$ 72,947

5. MORTGAGE PAYABLE

	2019	2018
6.04% interest, repayable in blended monthly instalments of $2,505, secured by guest suite, matures in December, 2024	$131,540	$153,053
Less - Current Portion	22,832	21,513
	$108,708	**$131,540**

Principal repayments are as follows:

2020	$ 22,832
2021	24,232
2022	25,718
2023	27,294
2024	31,464
	$131,540

6. FINANCIAL INSTRUMENTS

The Corporation's financial instruments consist of cash, investments, condominium fees receivable and accounts payable and accrued liabilities and Common Element Fees Received in Advance. The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the organization is a going concern and thus expects to fully repay the outstanding amounts.

Credit Risk

The organization does have credit risk in Accounts Receivable $6,817 (2018 - $854). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The organization reduces its exposure to Credit Risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The organization maintains strict credit policies and limits in respect to counterparties. In the opinion of management, the Credit Risk exposure to the organization is low and is not material.

Liquidity Risk

The organization does have a Liquidity Risk in the Accounts Payable and Mortgage Payable of $236,735 (2018 - $226,267). Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization reduces its exposure to Liquidity Risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management, the Liquidity Risk exposure to the organization is low and is not material.

Interest Rate Risk

The organization is exposed to interest rate risk. Interest Rate risk is the risk that the organization has interest rate exposure on its bank indebtedness, which are variable based on the bank's prime rates. This exposure may have an effect on its earnings in future periods. The organization reduces its exposure to Interest Rate Risk by regularly monitoring published bank prime interest rates which have been relatively stable over the period presented. The organization does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management, the Interest Rate Risk exposure to the organization is low and is not material.

7. RELATED PARTIES

No remuneration was paid to Directors and Officers during the year and they had no interest in any transactions of the Corporation. Management, in addition to fees, is reimbursed for certain administrative costs. All related party transactions were in the normal course of operations and were measured at their exchange amount, which is the amount of consideration established and agreed to by the affiliated parties.

8. COMMITMENTS

The Corporation has contractual obligations for various expenditures including:

- Cleaning and Maintenance Services
- Property management
- Security services
- Heating, ventilation and air-conditioning
- Landscaping and snow removal
- Elevator maintenance and service; and
- Life safety systems
- Superintendent Services
- Mechanical Equipment Preventative Maintenance

All significant contracts contain short-term (usually 60 days) cancellation clauses.