TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2566

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

P&Co. LLP
POLYZOTIS
CHARTERED PROFESSIONAL ACCOUNTANTS

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2566

INDEX TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

P&Co. LLP
POLYZOTIS
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Owners of
Toronto Standard Condominium Corporation No. 2566:

Opinion
We have audited the financial statements of Toronto Standard Condominium Corporation No. 2566 (the Corporation), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and changes in fund balances of the reserve and operating funds, the statement of cash flows, the schedule of expenses, 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 Corporation as at December 31, 2019, and its results of 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.

36 TORONTO STREET, SUITE 600, TORONTO, ONTARIO M5C 2C5
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INDEPENDENT AUDITOR'S REPORT (continued)

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 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.

Polyzotis & Co. LLP

Toronto, Ontario
August 6, 2020

Chartered Professional Accountants
Licensed Public Accountants

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2566

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	2019	2018
ASSETS		
Current		
Cash (note 3)	$ 113,277	$ 204,535
Accounts receivable	883	6,559
Due from the Two Way Shared Facilities (note 5 a))	-	31,027
Due from Declarant	142,007	2,236
Prepaid expenses	7,051	2,641
	263,218	246,998
Reserve		
Cash (note 3)	476,682	155,862
Investments (note 3)	192,000	289,000
Accrued interest	126	177
	668,808	445,039
	$ 932,026	$ 692,037
LIABILITIES AND FUND BALANCES		
Current		
Operating trade payables	$ 31,880	$ 41,685
Due to the Two Way Shared Facilities (note 5 a))	77,676	-
	109,556	41,685
Fund balances		
Reserve funds	668,808	445,039
Operating fund	153,662	205,313
	822,470	650,352
	$ 932,026	$ 692,037

On behalf of the Board:

_______________ Director _______________ Director

See accompanying notes

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2566

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
RESERVE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
REVENUE		
Allocations from operating fund:		
Corporation	$ 225,803	$ 215,050
Three Way Shared Road Facilities (note 8 b))	8,849	8,036
Interest earned	15,305	6,261
	249,957	229,347
EXPENSES		
Plumbing repairs (kitchen stack cleanouts)	26,188	-
EXCESS OF REVENUE OVER EXPENSES	223,769	229,347
FUNDS BALANCE, beginning of year	445,039	215,692
FUNDS BALANCE, end of year	$ 668,808	$ 445,039
Apportioned as follows:		
T.S.C.C. No. 2566	$ 651,923	$ 437,003
Three Way Shared Road Facilities (note 8 b))	16,885	8,036
	$ 668,808	$ 445,039

See accompanying notes

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2566

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
OPERATING FUND

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 Budget (note 4)	2019 Actual	2018 Actual
REVENUE			
Owners' assessments	$ 1,826,309	$ 1,826,309	$ 1,598,522
Interest and sundry income	8,500	11,578	9,567
	1,834,809	1,837,887	1,608,089
Less allocations to reserve funds:			
Corporation	225,803	225,803	215,050
Three Way Shared Road Facilities (note 8 b))	8,849	8,849	8,036
	234,652	234,652	223,086
	1,600,157	1,603,235	1,385,003
EXPENSES (Schedule A)			
Service contracts	629,063	594,955	471,659
Repairs and maintenance	63,542	67,260	40,294
On site personnel	90,230	93,264	80,201
Administrative	78,108	85,630	84,226
Shared Facilities (note 5)	707,533	783,741	617,117
South Day Care Shared Facilities (note 6)	31,681	30,036	29,128
	1,600,157	1,654,886	1,322,625
EXCESS OF (EXPENSES OVER REVENUE) REVENUE OVER EXPENSES	$ -	(51,651)	62,378
FUND BALANCE, beginning of year		205,313	142,935
FUND BALANCE, end of year		$ 153,662	$ 205,313

See accompanying notes

P&Co. LLP POLYZOTIS
CHARTERED PROFESSIONAL ACCOUNTANTS

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2566

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenue)		
Reserve fund	$ 223,769	$ 229,347
Operating fund	(51,651)	62,378
	172,118	291,725
Changes in working capital:		
Accounts receivable	5,676	(6,083)
Due from the Two Way Shared Facilities	108,703	60,053
Due from South Day Care Centre Shared Facilities	-	1,087
Due from Declarant	(139,771)	(2,236)
Prepaid expenses	(4,410)	312
Operating trade payables	(9,805)	(43,269)
	(39,607)	9,864
INVESTING ACTIVITIES		
Reserve fund investment, net	97,051	(289,177)
INCREASE IN CASH DURING THE YEAR	229,562	12,412
CASH, beginning of year	360,397	347,985
CASH, end of year	$ 589,959	$ 360,397
Cash is comprised of:		
Operating fund cash	$ 113,277	$ 204,535
Reserve fund cash	476,682	155,862
	$ 589,959	$ 360,397

See accompanying notes

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2566

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 Budget (note 4)	2019 Actual	2018 Actual
SERVICE CONTRACTS			
Elevator	$ 53,698	$ 43,869	$ 13,500
Energy management	17,843	17,643	17,323
General maintenance	33,185	25,632	30,627
Ground water discharge (note 7 b))	26,966	23,333	8,807
Housekeeping	119,789	112,128	107,221
Internet	162,435	158,567	85,505
Management fees	163,273	162,690	158,656
Mechanical	51,874	51,093	50,020
	$ 629,063	$ 594,955	$ 471,659
REPAIRS AND MAINTENANCE			
General repairs and maintenance	$ 25,506	$ 13,129	$ 11,171
Mechanical	3,200	19,825	4,996
Plumbing	14,279	12,826	4,774
Waste disposal	20,557	21,480	19,353
	$ 63,542	$ 67,260	$ 40,294
ADMINISTRATIVE			
Audit fees	$ 4,633	$ 4,365	$ 4,407
Insurance	41,761	43,899	39,628
Legal fees	1,500	3,256	1,356
Meeting costs	9,000	6,943	8,274
Office expenses	13,222	7,813	10,977
Professional fees	2,000	13,242	13,786
Telephone	5,992	6,112	5,798
	$ 78,108	$ 85,630	$ 84,226
ON SITE PERSONNEL	$ 90,230	$ 93,264	$ 80,201

See accompanying notes

SCHEDULE A-continued

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2566

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 Budget (note 4)	2019 Actual	2018 Actual
SHARED FACILITIES			
Two Way Shared Facilities (note 5 a))	$ 701,894	$ 779,571	$ 614,318
Three Way Shared Road Facilities (note 5 b))	5,639	4,170	2,799
	$ 707,533	$ 783,741	$ 617,117
SOUTH DAY CARE SHARED FACILITIES (note 6)	$ 31,681	$ 30,036	$ 29,128

See accompanying notes

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2566

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

1. NATURE OF OPERATIONS

Toronto Standard Condominium Corporation No. 2566 (the Corporation) was registered without share capital on January 13, 2017 under the provisions of the Condominium Act of Ontario. The Corporation was formed to manage and maintain, on behalf of the owners, the common elements of a condominium containing 363 residential units at 255 Village Green Square, Toronto, Ontario, and commonly known as the Avani Phase I. The Corporation qualifies as a non-profit organization which is exempt from income taxes under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

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

b) Fund accounting

Reserve fund - externally restricted

The Corporation is required by The Condominium Act of Ontario to establish a reserve fund to be used solely for the purpose of major repair and replacement of common elements and assets of the condominium.

The Corporation allocates to the reserve fund amounts that, calculated from expected repair and replacement costs and life expectancies of the common elements and assets of the Corporation, are reasonably expected to provide sufficient funds to repair and replace the common elements and assets. Revenue and costs related to such major repairs and replacements are accounted for in the Reserve fund.

Operating fund - unrestricted

Revenue and expenses for the general operations of the Corporation are reported in the Statement of Operations and Changes in Fund Balances - Operating Fund.

c) 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.

d) Revenue recognition

Owners' assessments are recognized as revenue based on the budget distributed to the owners each year. The Corporation recognizes revenue at the first of each month when assessments are due and collection is reasonably assured. Interest and sundry income are recognized as revenue of the related fund when earned.

e) Common elements

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

f) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires the Corporation's management and Directors make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingency assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Such estimates mainly include any required allowance for doubtful accounts receivable, and year end accruals. Actual results could differ from these estimates. These estimates and assumptions are reviewed periodically and adjustments are reported in the year in which they become known.

g) Contributed services

Directors, committee members 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.

3. CASH AND INVESTMENT

a) Cash is interest bearing at prime minus 1.65% per annum. The rate as at December 31, 2019 was 2.30%.

b) Investments are carried at cost, bear interest at the rate ranging from 3.34% to 3.52% per annum and have maturity dates from December 2022 to December 2023.

4. BUDGET FIGURES

The budget amounts are presented for comparison only. They were approved by the Board of Directors and are unaudited.

5. SHARED FACILITIES

a) Two Way Shared Facilities (known as Avani at Metrogate Shared Facilities):

The Corporation has a shared facilities agreement with Avani Phase II, subsequently known as Toronto Standard Condominium Corporation No. 2754 (T.S.C.C. No. 2754), which was registered on January 8, 2020. The shared facilities consist of shared parking garage, walkways, landscaping area and various other shared common elements. Under reciprocal agreement, the participants in the shared facilities will equally share in the costs of the facilities (commencing after the registration date of Phase II on January 8, 2020).

For the year ended December 31, 2019, the assessments of the Facilities were allocated between T.S.C.C. No. 2566 and the Declarant (Developer) based on the following percentages which are based on the Corporation's Declarations and the Facilities' agreement:

	January 1- 12, 2019 (End of two years after escrow date for T.S.C.C. No. 2566)	January 13 - October 1, 2019	October 2 - December 31, 2019 (Escrow date for Avani Phase II)
T.S.C.C. No. 2566	75.00 %	100.00 %	50.00 %
Declarant	25.00 %	- %	50.00 %
	100.00 %	100.00 %	100.00

Separate financial statements are prepared for the Shared Facilities. The balance of the reserve fund as at December 31, 2019 as reported in the audited financial statements of the Shared Facilities is $237,512, and the balance in the operating fund is $Nil.

b) Three Way Shared Roadway Facilities:

The Corporation has a shared facilities agreement with Avani Phase II Condominium (subsequently T.S.C.C. No. 2754), and a new land development site (referred to as Selene Lands). The shared facilities will consist of a shared roadway.

Under a reciprocal agreement, the Corporation will be solely responsible for the roadway costs until the registration of Avani Phase II Condominium (subsequently T.S.C.C. No. 2754). After the registration of Avani Phase II Condominium (subsequently T.S.C.C. No. 2754), the roadway costs will be shared equally. Once Selene Lands is developed and registered, the costs are expected to be shared at the rates of 35.25% Avani Phase I, 35.25% Avani Phase II, and 29.50% for the Selene Lands.

The Corporation is currently funding the reserve fund for the Three Way Shared Road Facilities within its own reserve fund (note 8 b)).

6. SOUTH DAYCARE CENTRE SHARED FACILITIES (KNOWN AS SOLARIS AT METROGATE SOUTH DAYCARE CENTRE)

Pursuant to an agreement with the City of Toronto, the Declarant has committed to the construction of two Daycare Centres, one of which is referred to as the South Daycare Centre and North Daycare Centre. These Daycare Centres will be shared proportionately between the Corporation and eight other participants upon the completion of the site development based on the number of dwellings in each participant.

The South Daycare Centre commenced operations on June 24, 2011, and the Corporation became obliged to fund its share of the South Daycare Centre budget upon its registration.

During the year, the participation rates in the South Daycare Centre as follows:

T.S.C.C. No. 2151	22.67 %
T.S.C.C. No. 2166	23.45 %
T.S.C.C. No. 2175	3.93 %
T.S.C.C. No. 2259	14.91 %
T.S.C.C. No. 2281	16.25 %
T.S.C.C. No. 2566	18.79 %
	100.00 %

Separate financial statements are prepared for the South Daycare Centre. The balance of the reserve fund as at June 30, 2019 as reported in the audited financial statements of the South Daycare Centre is $260,996, and the balance in the operating fund is $Nil.

The North Daycare Centre will be incorporated within the development of Avani Phase II (subsequently T.S.C.C. No. 2754).

7. COMMITMENTS

The Corporation, in the normal course of operations, enters into a number of contracts for services all of which contain short-term cancellation clauses, except for the Internet contract. Under the terms of these contracts the Corporation is committed to spend approximately $593,000 in the next fiscal year.

The Internet contract expires in December 2023 and is at an annual cost of approximately $162,000.

8. RESERVE FUNDS

a) Corporation:

The most recent reserve fund study for the Corporation falls into one of the categories as prescribed by the Condominium Act of Ontario and its regulations. The study was prepared Reed Jones Christoffersen in June 2018. The recommendations of this study have been adopted by the Directors of the Corporation.

The recommendations of the study and the actual and budgeted amounts are as follows:

	Reserve Fund Study	2019 Actual	2020 Budget
Reserve fund balance as at December 31, 2019	$ 649,372	$ 651,923	
Reserve fund expenditures for the year ended December 31, 2019	$ -	$ 26,188	
Contribution to reserve fund for the year ended December 31, 2020	$ 237,093		$ 237,093

The reserve is evaluated on the basis of expected repair and replacement costs and life expectancy of the common elements and assets of the Corporation. Such evaluation is based on numerous assumptions as to the future events.

b) Three Way Shared Road Facilities:

The actual and budgeted contributions to the shared facilities' reserve fund are as follows:

	2019 Actual	2020 Budgeted
Three Way Shared Road Facilities	$ 8,849	$ 19,026

9. RELATED PARTY TRANSACTIONS

During the year, the Directors did not receive any remuneration, and had no financial interest in any of the transactions of the Corporation.

10. FINANCIAL INSTRUMENTS

a) Interest rate risk

Interest rate risk is the risk of potential financial loss caused by fluctuations in fair value of future cash flow of financial instruments due to changes in market interest rates. The Corporation is exposed to this risk through its interest bearing investments. The Corporation manages this risk through investing in fixed rate securities of short to medium term maturity and plans to hold the securities to maturity. There are no changes in risk exposures from the previous year.

b) Credit risk

Credit risk is the potential for financial loss should a counter party in a transaction fail to meet its obligations. The Corporation places its operating and reserve cash with high quality institutions and believes its exposure is not significant. The Corporation's credit risk from owners' assessments receivable is also not significant given the ability of the Corporation to place a lien on a unit for outstanding fees and limited financial exposure in a multi unit condominium. There are no changes in risk exposures from the previous year.

c) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligation as they become due. The Corporation manages this risk by establishing budgets and funding plans and by levying sufficient owners assessments to fund its operating expenses, debt payments and the necessary contributions to the reserve and other funds. Cash is held in an interest bearing account which provides a rate of return as well as liquidity. There are no changes in risk exposures from the previous year.

AVANI AT METROGATE SHARED FACILITIES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

PCo. LLP POLYZOTIS
CHARTERED PROFESSIONAL ACCOUNTANTS

AVANI AT METROGATE SHARED FACILITIES

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FOR THE YEAR ENDED DECEMBER 31, 2019

P&Co. LLP
POLYZOTIS
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Participants of
Avani at Metrogate Shared Facilities:

Opinion
We have audited the financial statements of Avani at Metrogate Shared Facilities (the Shared Facilities), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and changes in fund balances of the reserve and operating funds, the statement of cash flows, the schedule of expenses, 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 Shared Facilities as at December 31, 2019, and its results of 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 Facilities 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 Shared Facilities'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 Facilities or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Shared Facilities's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT (continued)

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 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 Shared Facilities'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 Shared Facilities'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 Facilities 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.

Polyzotis & Co. LLP

Toronto, Ontario
August 6, 2020

Chartered Professional Accountants
Licensed Public Accountants

AVANI AT METROGATE SHARED FACILITIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	2019	2018
ASSETS		
Current		
Cash (note 3)	$ 87,568	$ 57,168
Accounts receivables	194	-
Utilities recoverable (note 6)	74,792	42,014
Due from Declarant (note 9)	-	26,840
Due from T.S.C.C. No. 2566 (note 8)	77,676	-
Prepaid expenses	1,208	973
	241,438	126,995
Reserve		
Cash (note 3)	237,512	130,776
	$ 478,950	$ 257,771
LIABILITIES AND FUND BALANCES		
Current		
Operating trade payables	$ 115,491	$ 95,969
Due to Declarant (note 9)	125,947	-
Due to T.S.C.C. No. 2566 (note 8)	-	31,026
	241,438	126,995
Fund balances		
Reserve fund	237,512	130,776
Operating fund	-	-
	237,512	130,776
	$ 478,950	$ 257,771

Approved on behalf of Avani at Metrogate Shared Facilities:

T.S.C.C. No. 2566 Declarant

See accompanying notes

POLYZOTIS & Co. LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

AVANI AT METROGATE SHARED FACILITIES

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
RESERVE FUND

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
REVENUE		
Allocations from operating fund	$ 102,614	$ 68,409
Interest earned	4,122	1,783
	106,736	70,192
EXPENSES	-	-
EXCESS OF REVENUE OVER EXPENSES	106,736	70,192
FUND BALANCE, beginning of year	130,776	60,584
FUND BALANCE, end of year	$ 237,512	$ 130,776

See accompanying notes

AVANI AT METROGATE SHARED FACILITIES

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
OPERATING FUND

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 Budget (note 4)	2019 Actual	2018 Actual
REVENUE			
Participants' assessments (note 1)	$ 935,859	$ 935,859	$ 860,460
Party room income	7,500	3,460	6,415
Interest and sundry income	2,850	3,647	3,094
	10,350	7,107	9,509
	946,209	942,966	869,969
Less: allocations to reserve fund	102,614	102,614	68,409
	843,595	840,352	801,560
EXPENSES (Schedule A)			
Service contracts	397,914	368,431	363,138
Repairs and maintenance	20,213	20,905	11,350
Recreation facilities	3,242	753	3,044
Utilities	371,366	361,136	331,353
Administrative	50,860	51,052	51,307
	843,595	802,277	760,192
EXCESS OF REVENUE OVER EXPENSES	$ -	38,075	41,368
FUND BALANCE, beginning of year		-	-
		38,075	41,368
Less appropriations to Participant/Declarant:			
T.S.C.C. No. 2566		33,017	31,026
Declarant		5,058	10,342
		38,075	41,368
FUND BALANCE, end of year		$ -	$ -

See accompanying notes

AVANI AT METROGATE SHARED FACILITIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenue)		
Reserve fund	$ 106,736	$ 70,192
Operating fund	38,075	41,368
Appropriation of year end excess of revenue over expenses to Participant/Declarant	(38,075)	(41,368)
	106,736	70,192
Changes in working capital:		
Utilities recoverable	(32,778)	1,893
Other receivables	(194)	-
Due from Declarant	152,787	11,647
Prepaid expenses	(235)	1,157
Due to T.S.C.C. No. 2566	(108,703)	(60,053)
Operating trade payables	19,523	(30,393)
	30,400	(75,749)
INCREASE (DECREASE) IN CASH FOR THE YEAR	137,136	(5,557)
CASH, beginning of year	187,944	193,501
CASH, end of year	$ 325,080	$ 187,944
Cash is comprised of:		
Operating fund cash	$ 87,568	$ 57,168
Reserve fund cash	237,512	130,776
	$ 325,080	$ 187,944

See accompanying notes

AVANI AT METROGATE SHARED FACILITIES

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 Budget (note 4)	2019 Actual	2018 Actual
SERVICE CONTRACTS			
Access control	$ 230,900	$ 218,882	$ 208,429
Air conditioning and heating	13,820	13,820	14,068
General maintenance	17,403	16,233	15,310
Ground maintenance	21,696	21,696	19,888
Housekeeping	71,502	55,359	64,054
Management fees	42,593	42,441	41,389
	$ 397,914	$ 368,431	$ 363,138
REPAIRS AND MAINTENANCE			
General repairs and maintenance	$ 15,713	$ 16,085	$ 7,151
Plumbing	4,500	4,820	4,199
	$ 20,213	$ 20,905	$ 11,350
RECREATION FACILITIES	$ 3,242	$ 753	$ 3,044
UTILITIES (note 6)			
Gas	$ 123,380	$ 101,308	$ 103,620
Hydro	386,750	443,032	333,237
Water	182,584	149,653	177,959
Recoveries	(321,348)	(332,857)	(283,463)
	$ 371,366	$ 361,136	$ 331,353
ADMINISTRATIVE			
Audit fees	$ 3,051	$ 2,679	$ 2,825
Consulting	1,000	2,463	1,978
Insurance	22,400	22,843	20,977
Legal	1,000	-	-
Office expenses	11,289	5,486	9,531
Telephone, Internet and cable	12,120	17,581	15,996
	$ 50,860	$ 51,052	$ 51,307

See accompanying notes

AVANI AT METROGATE SHARED FACILITIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

1. OPERATIONS

Avani at Metrogate Shared Facilities (the Facilities) were constructed on January 13, 2017 for the exclusive use of its Participants' unit owners. The Participants of the Facilities are Toronto Standard Condominium Corporation No. 2566 (T.S.C.C. No. 2566), and Avani Phase II, subsequently known as Toronto Standard Condominium Corporation No. 2754 (T.S.C.C. No. 2754), registered on January 8, 2020.

The costs involved in operating, maintaining, repairing and replacing the Facilities are to be shared equally between the Participants.

For the year ended December 31, 2019, the assessments of the Facilities were allocated between T.S.C.C. No. 2566 and the Declarant (Developer) based on the following percentages which are based on the Corporation's Declarations and the Facilities' agreement:

	January 1- 12, 2019 (End of two years after escrow date for T.S.C.C. No. 2566)	January 13 - October 1, 2019	October 2 - December 31, 2019 (Escrow date for Avani Phase II)
T.S.C.C. No. 2566	75.00 %	100.00 %	50.00 %
Declarant	25.00 %	- %	50.00 %
	100.00 %	100.00 %	100.00 %

Thus, the annual assessment were allocated as follows:

	2019 Actual	2018 Actual
T.S.C.C. No. 2566	$ 812,587	$ 645,345
Declarant	123,272	215,115
	$ 935,859	$ 860,460

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

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

b) Fund accounting

Reserve fund - externally restricted

The Facilities are required by The Condominium Act of Ontario to establish a reserve fund to be used solely for the purpose of major repair and replacement of common elements and assets of the Facilities.

The Facilities allocate to the reserve fund amounts that, calculated from expected repair and replacement costs and life expectancies of the common elements and assets of the Facilities, are reasonably expected to provide sufficient funds to repair and replace the common elements and assets. Revenue and costs related to such major repairs and replacements are accounted for in the Reserve fund.

Operating fund - unrestricted

Revenue and expenses for the general operations of the Facilities are reported in the Statement of Operations and Fund Balances - Operating Fund.

c) Revenue recognition

Participants' assessments are recognized as revenue based on the budget distributed to the Participants each year. The Facilities recognize revenue at the first of each month when assessments are due and collection is reasonably assured. Interest, party room and sundry income are recognized as revenue of the related fund when earned.

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) Common elements

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

f) Contributed services

Joint Committee Members and owners volunteer their time to assist in the Facilities activities. While these services benefit the Facilities 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.

g) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management and Joint Committee Members make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingency assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Such estimates mainly include year end accruals. Actual results could differ from these estimates. These estimates and assumptions are reviewed periodically and adjustments are reported in the year in which they become known.

3. CASH

Cash is interest bearing at prime minus 1.65%. The rate as at December 31, 2019 was 2.30%.

4. BUDGET FIGURES

The budget amounts are presented for comparison only. They were approved by the Board of Directors and are unaudited.

5. RELATED PARTY TRANSACTION

During the year, the Board of Directors did not receive any remuneration, and had no financial interest in any of the transactions of the Facilities.

6. UTILITIES AND UTILITIES RECOVERY

The building has individual sub-metering for gas, hydro and water consumed by unit owners for exclusive use areas. Thus, the Facilities receive and pay the total amount of the invoices and a utility monitor, Provident Energy Management Inc., recovers the cost from the unit owners for their exclusive use areas on behalf of the Facilities.

The cost of utilities in the amount of $361,136 (2018 - $331,353) represents utilities consumed for the common area of the building and Facilities only.

7. COMMITMENTS

The Facilities, in the normal course of operations, enter into a number of contracts for services all of which contain short-term cancellation clauses. Under the terms of these contracts the Corporation is committed to spend approximately $414,000 in the next fiscal year.

8. DUE FROM T.S.C.C. No. 2566

The balance due from T.S.C.C. No. 2566 represents an adjustment for under contributions paid to the Facilities less the current year's surplus allocation of $33,017.

9. DUE TO DECLARANT

The balance due to the Declarant represents an adjustment for over contributions paid to the Facilities, plus current and prior year's surplus allocations of $5,058 and $10,342 respectively, less other back charges.

10. RESERVE FUND

The most recent reserve fund study for the Facilities falls into one of the categories as prescribed by the Condominium Act of Ontario and its regulations. The study was prepared by Reed Jones Christoffersen in September 2019. The recommendations of this study have been adopted by the Joint Committee Members of the Facilities.

The recommendations of the study and the actual and budgeted amounts are as follows:

	Reserve Fund Study	2019 Actual	2020 Budget
Reserve fund balance as at December 31, 2019	$ 235,862	$ 237,512	
Reserve fund expenses for the year ended December 31, 2019	$ -	$ -	
Contribution to reserve fund for the year ended December 31, 2020	$ 265,700		$ 265,700

The reserve is evaluated on the basis of expected repair and replacement costs and life expectancy of the common elements and assets of the Facilities. Such evaluation is based on numerous assumptions as to the future events.

11. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

a) Credit risk

Credit risk is the potential for financial loss should a counter party in a transaction fail to meet its obligations. The Facilities place its operating and reserve cash and investments with high quality institutions and believes its exposure is not significant. The Facilities' credit risk from Participants' assessments receivable is also not significant given the ability of the Participants to place a lien on a unit for outstanding fees and limited financial exposure in a multi unit condominium. There are no changes in risk exposures from the previous year.

b) Liquidity risk

Liquidity risk is the risk that the Facilities will not be able to meet its obligation as they become due. The Facilities manage this risk by establishing budgets and funding plans and by levying sufficient Participants' assessments to fund its operating expenses, debt payments and the necessary contributions to the reserve fund. Cash is held in an interest bearing account which provides a rate of return as well as liquidity. There are no changes in risk exposures from the previous year.

SOLARIS AT METROGATE SOUTH DAYCARE CENTRE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

P&Co. LLP
POLYZOTIS
CHARTERED PROFESSIONAL ACCOUNTANTS

SOLARIS AT METROGATE SOUTH DAYCARE CENTRE

INDEX TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

P&Co. LLP
POLYZOTIS
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Joint Committee Members of
Solaris at Metrogate South Daycare Centre:

Opinion
We have audited the financial statements of Solaris at Metrogate South Daycare Centre (the Centre), which comprise the statement of financial position as at June 30, 2019, and the statements of operations and changes in fund balances of reserve and operating funds, the statement of cash flows, the schedule of expenses, 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 Centre as at June 30, 2019, and its results of 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 Centre 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 Centre ' 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 Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre ' financial reporting process.

36 TORONTO STREET, SUITE 600, TORONTO, ONTARIO M5C 2C5
TEL: (416) 360-4310 FAX: (416) 360-0278

INDEPENDENT AUDITOR'S REPORT (continued)

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 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 Centre ' 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 Centre ' 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 Centre 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.

Polyzotis & Co. LLP

Toronto, Ontario
October 30, 2019

Chartered Professional Accountants
Licensed Public Accountants

SOLARIS AT METROGATE SOUTH DAYCARE CENTRE
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	2019	2018
ASSETS		
Current		
Cash (note 3)	$ 9,473	$ 19,739
Due to T.S.C.C. No. 2259	1,130	-
Due to T.S.C.C. No. 2281	1,232	-
Prepaid expenses	325	315
	12,160	20,054
Reserve		
Cash (note 3)	260,996	215,314
	$ 273,156	$ 235,368
LIABILITIES AND FUND BALANCES		
Current		
Operating trade payables	$ 3,666	$ 4,183
Due to Solaris at Metrogate Shared Facilities	4,182	4,711
Due to T.S.C.C. No. 2151	1,421	1,958
Due to T.S.C.C. No. 2166	1,469	2,025
Due to T.S.C.C. No. 2175	246	339
Due to T.S.C.C. No. 2259	-	1,288
Due to T.S.C.C. No. 2281	-	1,403
Due to T.S.C.C. No. 2566	1,176	4,147
	12,160	20,054
Fund balances		
Reserve fund	260,996	215,314
Operating fund	-	-
	260,996	215,314
	$ 273,156	$ 235,368

Approved on behalf of Solaris at Metrogate South Daycare Centre:

_________________ Director
T.S.C.C. No. 2151

_________________ Director
T.S.C.C. No. 2166

_________________ Director
T.S.C.C. No. 2175

_________________ Director
T.S.C.C. No. 2259

_________________ Director
T.S.C.C. No. 2281

_________________ Director
T.S.C.C. No. 2566

See accompanying notes

SOLARIS AT METROGATE SOUTH DAYCARE CENTRE

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
RESERVE FUND

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
REVENUE		
Allocations from Operating fund	$ 42,301	$ 38,800
Interest earned	5,291	3,342
	47,592	42,142
EXPENSES		
Landscaping repairs	1,514	-
Reserve fund study	396	3,221
	1,910	3,221
EXCESS OF REVENUE OVER EXPENSES	45,682	38,921
FUND BALANCE, beginning of year	215,314	176,393
FUND BALANCE, end of year	$ 260,996	$ 215,314

See accompanying notes

SOLARIS AT METROGATE SOUTH DAYCARE CENTRE

STATEMENT OF OPERATIONS CHANGES IN FUND BALANCES
OPERATING FUND

FOR THE YEAR ENDED JUNE 30, 2019

	2019 Budget (note 4)	2019 Actual	2018 Actual
REVENUE			
Participants' assessments (note 1)	$ 166,113	$ 166,112	$ 161,193
Interest and sundry income	375	532	439
	166,488	166,644	161,632
Less: Allocations to reserve fund	42,301	42,301	38,800
	124,187	124,343	122,832
EXPENSES (Schedule A)			
Service contract	83,511	82,747	81,020
Repairs and maintenance	13,030	18,199	14,236
Utilities	17,500	8,877	11,183
Administrative	10,146	8,256	7,758
	124,187	118,079	114,197
EXCESS OF REVENUE OVER EXPENSES	$ -	6,264	8,635
FUND BALANCE, beginning of year		-	-
		6,264	8,635
Less appropriations to Participants:			
T.S.C.C. No. 2151		(1,421)	(1,959)
T.S.C.C. No. 2166		(1,469)	(2,025)
T.S.C.C. No. 2175		(246)	(339)
T.S.C.C. No. 2259		(934)	(1,287)
T.S.C.C. No. 2281		(1,018)	(1,403)
T.S.C.C. No. 2566		(1,176)	(1,622)
		(6,264)	(8,635)
FUND BALANCE, end of year		$ -	$ -

See accompanying notes

SOLARIS AT METROGATE SOUTH DAYCARE CENTRE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expenses		
Reserve fund	$ 45,682	$ 38,921
Operating fund	6,264	8,635
Appropriations to operating fund excess of revenue over expenses Participants	(6,264)	(8,635)
	45,682	38,921
Changes in working capital:		
Prepaid expenses	(10)	-
Operating trade payables	(517)	(3,750)
Due to Solaris at Metrogate Shared Facilities	(529)	2,876
Due to T.S.C.C. No. 2151	(537)	(1,226)
Due to T.S.C.C. No. 2166	(556)	(1,267)
Due to T.S.C.C. No. 2175	(93)	(213)
Due to T.S.C.C. No. 2259	(2,418)	(806)
Due to T.S.C.C. No. 2281	(2,635)	(879)
Due to T.S.C.C. No. 2566	(2,971)	3,061
	(10,266)	(2,204)
INCREASE IN CASH FOR THE YEAR	35,416	36,717
CASH, beginning of year	235,053	198,336
CASH, end of year	$ 270,469	$ 235,053
Cash is comprised of:		
Operating fund cash	$ 9,473	$ 19,739
Reserve fund cash	260,996	215,314
	$ 270,469	$ 235,053

See accompanying notes

P & Co. LLP
POLYZOTIS
CHARTERED PROFESSIONAL ACCOUNTANTS

SOLARIS AT METROGATE SOUTH DAYCARE CENTRE

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED

	2019 Budget (note 4)	2019 Actual	2018 Actual
SERVICE CONTRACTS			
Air conditioning and heating	$ 8,611	$ 8,611	$ 8,611
General maintenance	1,110	710	1,039
Ground maintenance	16,517	16,518	16,194
Housekeeping	11,648	11,372	10,664
Management fees	45,625	45,536	44,512
	$ 83,511	$ 82,747	$ 81,020
REPAIRS AND MAINTENANCE			
Electrical	$ 2,530	$ 6,276	$ 2,243
General repairs and maintenance	5,700	7,341	7,982
Plumbing	1,000	-	1,785
Waste disposal	3,800	4,582	2,226
	$ 13,030	$ 18,199	$ 14,236
UTILITIES (note 9)			
Gas	$ 4,000	$ 428	$ 1,340
Hydro	10,500	6,640	8,124
Water	3,000	1,809	1,719
	$ 17,500	$ 8,877	$ 11,183
ADMINISTRATIVE			
Audit	$ 2,300	$ 2,373	$ 2,260
Consulting	1,000	-	-
Insurance	3,386	3,336	3,225
Legal	1,000	-	-
Meeting costs	1,400	1,346	1,005
Office expenses	700	841	908
Telephone	360	360	360
	$ 10,146	$ 8,256	$ 7,758

See accompanying notes

SOLARIS AT METROGATE SOUTH DAYCARE CENTRE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

1. NATURE OF OPERATIONS

Solaris at Metrogate South Daycare Centre (the Centre) was constructed in 2011 as a shared facility for the Participants of the Metrogate Condominiums community. The Participants of the Centre are Toronto Standard Condominium Corporation No. 2151 (T.S.C.C. No. 2151), Toronto Standard Condominium Corporation No. 2166 (T.S.C.C. No. 2166), Toronto Standard Condominium Corporation No. 2175 (T.S.C.C. No. 2175), Toronto Standard Condominium Corporation No. 2259 (T.S.C.C. No. 2259), Toronto Standard Condominium Corporation No. 2281 (T.S.C.C. No. 2281), Toronto Standard Condominium Corporation No. 2566 (T.S.C.C. No. 2566) and two condominium corporations to be constructed at a later date.

The costs involved in operating, maintaining, repairing and replacing the Centre are shared between the current Participants based on the number of units as follows:

T.S.C.C. No. 2151	22.67 %
T.S.C.C. No. 2166	23.45 %
T.S.C.C. No. 2175	3.93 %
T.S.C.C. No. 2259	14.91 %
T.S.C.C. No. 2281	16.25 %
T.S.C.C. No. 2566	18.79 %
	100.00 %

Participants actual contributions where as follows:

	2019	2018
T.S.C.C. No. 2151	$ 37,658	$ 36,542
T.S.C.C. No. 2166	38,953	37,800
T.S.C.C. No. 2175	6,528	6,335
T.S.C.C. No. 2259	24,767	24,034
T.S.C.C. No. 2281	26,993	26,194
T.S.C.C. No. 2566	31,213	30,288
	$ 166,112	$ 161,193

The costs of the Centre will be shared between Participants in future years based on the number of units for each corporation.

The participants of the Centre qualify as non-profit organizations which are exempt from income taxes under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

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

b) Fund accounting

Reserve fund - externally restricted

The Centre established a reserve fund to be used solely for the purpose of major repair and replacement of common elements and assets of the Centre.

The Centre allocates to the reserve fund amounts that, calculated from expected repair and replacement costs and life expectancies of the common elements and assets of the Centre, are reasonably expected to provide sufficient funds to repair and replace the common elements and assets. Revenue and costs related to such major repairs and replacements are accounted for in the Reserve fund.

Operating fund - unrestricted

Revenue and expenses for the general operations of the Centre are reported in the Statement of Operations and Fund Balances - Operating Fund.

c) Revenue recognition

Participants' assessments are recognized as revenue based on the budget distributed to the participants each year. The Centre recognizes revenue at the first of each month when assessments are due and collection is reasonably assured. Interest and sundry income are recognized as revenue of the related fund when earned.

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) Common elements

The common elements of the Centre are owned proportionately by either the unit owners of the participants or directly by the participants and consequently are not reflected as assets in these financial statements.

f) Contributed services

Joint committee members and owners volunteer their time to assist in the Centre's activities. While these services benefit the Centre 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.

g) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management and Joint Committee Members make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingency assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Such estimates mainly include year end accruals. Actual results could differ from these estimates. These estimates and assumptions are reviewed periodically and adjustments are reported in the year in which they become known.

3. CASH

Cash is interest bearing at prime minus 1.65%. The rate as at June 30, 2019 was 2.30%.

4. BUDGET FIGURES

The budget figures are unaudited and have been taken from the budget figures prepared by management and approved by the Joint Committee Members.

5. COMMITMENTS

The Centre, in the normal course of operations, enters into a number of contracts for services all of which contain short-term cancellation clauses. Under the terms of these contract the Centre is committed to spend approximately $85,000 in the next fiscal year.

6. RESERVE FUND

The most recent reserve fund study falls into one of the categories as prescribed by the Condominium Act of Ontario and its regulations. The study was prepared by Belanger Engineering in September 2018. The recommendations of this study have been adopted by the Joint Committee Members of the Centre.

The recommendations of the study and the actual and budgeted amounts are as follows:

	Reserve Fund Study	2019 Actual	2020 Budget
Reserve fund balance as at June 30, 2019	$ 247,955	$ 260,996	
Reserve fund expenses for the year ended June 30, 2019	$ 9,078	$ 1,910	
Contribution to reserve fund for the year ended June 30, 2020	$ 40,595		$ 40,595

The reserve is evaluated on the basis of expected repair and replacement costs and life expectancy of the common elements and assets of the Centre. Such evaluation is based on numerous assumptions as to the future events.

7. RELATED PARTY TRANSACTIONS

During the year, no remuneration was paid to Joint Committee Members and officers and they had no financial interest in any of the transactions of the Centre.

8. LEASE OF THE SOUTH DAYCARE CENTRE

On September 21, 2011, Metrogate Inc. (as Landlord) and Heart Beatz Cliffcrest Community Centre (as Tenant) and the City of Toronto, entered into a lease agreement for the Centre for an initial term of 25 years and subject to the tenant's and/or the City's right to renew the lease on the three separate occasions of 25 years each.

The lease is a completely gross and carefree lease to the tenant upon payment of the Minimum Rent of two dollars ($2.00) per annum.

The Centre is to be operated as a non-profit daycare centre, available to care for children from the general public, but with priority placement being given to the children of the residents of each of the Metrogate Condominiums and the children of the employees of the businesses and/or offices located on (or operated within) the Metrogate site.

9. UTILITIES

The cost for utilities, which includes hydro, gas and water are based on sub-meter readings provided by an independent utility monitor, Provident Energy Management Inc., and back charged to the Centre from the Solaris at Metrogate Shared Facilities.

10. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

a) Credit risk

Credit risk is the potential for financial loss should a counter party in a transaction fail to meet its obligations. The Centre places its operating and reserve cash with high quality institutions and believes its exposure is not significant. The Centre's credit risk from Participants' assessments receivable is also not significant given the ability of the Participants to place a lien on a unit for outstanding fees and limited financial exposure in a multi unit condominium. There are no changes in risk exposures from the previous year.

b) Liquidity risk

Liquidity risk is the risk that the Centre will not be able to meet its obligation as they become due. The Centre manages this risk by establishing budgets and funding plans and by levying sufficient participants' assessments to fund its operating and reserve expenses and the necessary contributions to the reserve fund. Cash is held in an interest bearing accounts which provide a rate of return as well as liquidity. There are no changes in risk exposures from the previous year.