YORK REGION CONDOMINIUM CORPORATION NO. 845

FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2019

YORK REGION CONDOMINIUM CORPORATION NO. 845

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INDEPENDENT AUDITOR'S REPORT

To the Owners of
York Region Condominium Corporation No. 845

Qualified Opinion

We have audited the accompanying financial statements of York Region Condominium Corporation No. 845 which comprise the statement of financial position as at April 30, 2019, and the statements of revenue and expenses, operating fund, capital asset fund, reserve fund for major repairs and replacements and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of York Region Condominium Corporation No. 845 as at April 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 Qualified Opinion

We were not able to vouch a significant number of expenses due to missing invoices or supporting documentation. The missing invoices were approximately $27,000 for the operating expenses and $35,000 for the reserve expenses. We were unable to satisfy ourselves by alternative means concerning these expenses as at April 30, 2019.

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 qualified 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.

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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 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.

- 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.

February 26, 2020

Richmond Hill, Ontario

YalePGC, LLP

Chartered Professional Accountants
Licensed Public Accountants

YORK REGION CONDOMINIUM CORPORATION NO. 845

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2019

	2019	2018
ASSETS		
OPERATING		
Cash	$ (3,430)	$ 80,571
Accounts receivable		
Unit owners	5,005	4,256
Other	-	859
Due from York Region Condominium Corporation No. 860	16,238	6,708
Prepaid expenses	-	1,589
	17,813	93,983
RESERVE		
Cash	697,478	619,469
Investments	2,170,000	1,884,000
Accounts receivable		
Interest	20,018	12,094
Other	5,192	5,192
	2,892,688	2,520,755
SUPERINTENDENT'S SUITE (note 4)	110,000	110,000
	$ 3,020,501	**$ 2,724,738**

See accompanying notes.

YORK REGION CONDOMINIUM CORPORATION NO. 845

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2019

	2019	2018
LIABILITIES		
OPERATING		
Accounts payable and accrued liabilities	$ 102,074	$ 65,772
RESERVE		
Accounts payable and accrued liabilities	-	18,443
	102,074	84,215
FUND BALANCES		
OPERATING FUND (DEFICIT)	(80,542)	28,211
CAPITAL ASSET FUND	110,000	110,000
RESERVE FUND FOR MAJOR REPAIRS AND REPLACEMENTS	2,888,969	2,502,312
	2,918,427	2,640,523
	$ 3,020,501	**$ 2,724,738**

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

See accompanying notes.

YORK REGION CONDOMINIUM CORPORATION NO. 845

STATEMENT OF REVENUE AND EXPENSES

FOR THE YEAR ENDED APRIL 30, 2019

	2019 BUDGET	2019 ACTUAL	2018 ACTUAL
REVENUE			
Common element assessments	$ 1,076,228	$ 1,076,231	$ 1,110,137
Less: Budgeted transfer to reserve fund for major repairs and replacements	(455,455)	(455,455)	(433,436)
	620,773	620,776	676,701
Other income	62,940	59,980	9,634
	683,713	680,756	686,335
EXPENSES - see Schedule			
Service and maintenance contracts	144,127	155,559	143,086
Repairs and maintenance	46,625	164,139	46,039
On-site personnel	49,550	48,494	46,503
Utilities	329,659	309,200	301,813
Administrative	113,752	112,117	104,701
	683,713	789,509	642,142
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	**$ -**	**$ (108,753)**	**$ 44,193**

See accompanying notes.

YORK REGION CONDOMINIUM CORPORATION NO. 845

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED APRIL 30, 2019

	2019 BUDGET	2019 ACTUAL	2018 ACTUAL
SERVICE AND MAINTENANCE CONTRACTS			
Cable	$ 62,045	$ 62,339	$ 59,655
Cleaning	21,989	25,942	22,339
Elevators	14,400	16,054	14,500
Emergency generator	2,500	942	3,172
Heating and air conditioning	21,323	21,323	20,905
Landscaping and snow removal	17,870	21,631	18,998
Preventive maintenance	4,000	7,328	3,517
	144,127	155,559	143,086
REPAIRS AND MAINTENANCE			
Carpets and flooring	1,500	785	904
Cleaning supplies	2,700	2,229	4,486
Electrical	3,000	1,740	2,488
Elevators	3,000	(732)	3,736
Fire prevention	7,500	19,754	3,992
Garage doors	-	-	235
General building repairs	18,625	129,413	26,240
Landscaping and snow removal	3,300	782	1,602
Locks and doors	3,000	5,704	2,890
Pest control	500	381	428
Pool and recreation	3,500	4,083	(962)
	46,625	164,139	46,039
ON-SITE PERSONNEL			
C.E.A. on super's suite	5,200	5,099	5,304
Superintendent and employee benefits	44,350	43,395	41,199
	49,550	48,494	46,503
UTILITIES			
Gas	72,000	69,389	70,340
Hydro	153,000	126,386	130,442
Water	104,659	113,425	101,031
	$ 329,659	$ 309,200	$ 301,813

See accompanying notes.

YORK REGION CONDOMINIUM CORPORATION NO. 845

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED APRIL 30, 2019

	2019 BUDGET	2019 ACTUAL	2018 ACTUAL
ADMINISTRATIVE			
Audit fees	$ 4,197	$ 4,773	$ 4,041
General office and meetings	6,170	9,832	6,111
Insurance	35,018	22,906	27,813
Legal	400	1,259	689
Management fees	66,167	69,955	64,240
Telephone	1,800	3,392	1,807
	$ 113,752	$ 112,117	$ 104,701

See accompanying notes.

YORK REGION CONDOMINIUM CORPORATION NO. 845

STATEMENT OF OPERATING FUND

FOR THE YEAR ENDED APRIL 30, 2019

	2019	2018
BALANCE, BEGINNING OF YEAR	$ 28,211	$ (15,982)
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	(108,753)	44,193
BALANCE, END OF YEAR	**$ (80,542)**	**$ 28,211**

STATEMENT OF CAPITAL ASSET FUND

FOR THE YEAR ENDED APRIL 30, 2019

	2019	2018
BALANCE, BEGINNING OF YEAR	$ 110,000	$ 110,000
BALANCE, END OF YEAR	**$ 110,000**	**$ 110,000**

See accompanying notes.

YORK REGION CONDOMINIUM CORPORATION NO. 845

STATEMENT OF RESERVE FUND FOR MAJOR REPAIRS AND REPLACEMENTS

FOR THE YEAR ENDED APRIL 30, 2019

	2019	2018
BALANCE, BEGINNING OF YEAR	$ 2,502,312	$ 2,090,525
BUDGETED TRANSFER FROM OPERATING FUND	455,455	433,436
INTEREST EARNED	57,945	39,994
	3,015,712	2,563,955
CHARGES TO THE FUND		
Window and door repairs and replacements	63,352	13,144
Fire system repairs and replacements	27,678	1,059
Elevator repairs	11,300	-
Chiller and HVAC repairs and replacements	6,525	8,117
Super suite repairs	6,419	-
Plumbing repairs and replacements	4,944	19,178
Landscaping renovations	3,017	6,738
Boiler repairs	2,378	-
Consulting fees on reserve fund projects	1,130	1,745
Common area and garage lighting retrofit	-	4,685
Flood damage repairs	-	4,152
Reserve fund study	-	2,825
	126,743	61,643
BALANCE, END OF YEAR	**$ 2,888,969**	**$ 2,502,312**

See accompanying notes.

YORK REGION CONDOMINIUM CORPORATION NO. 845

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED APRIL 30, 2019

	2019	2018
CASH FLOWS FROM OPERATING AND RESERVE ACTIVITIES		
(Deficiency) excess of revenue over expenses	$ (108,753)	$ 44,193
Net change in non-cash working capital		
Accounts receivable	(7,814)	218
Due from York Region Condominium Corporation No. 860	(9,530)	(3,512)
Prepaid expenses	1,589	3,191
Accounts payable and accrued liabilities	17,859	8,986
Cash flows (used in) provided by operating and reserve activities	(106,649)	53,076
CASH FLOWS FROM RESERVE FUND ACTIVITIES		
Budgeted transfer from operating fund	455,455	433,436
Interest earned on reserve funds	57,945	39,994
Charges to reserve fund	(126,743)	(61,643)
Cash flows provided by reserve fund activities	386,657	411,787
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(286,000)	(284,000)
Cash flows (used in) investing activities	(286,000)	(284,000)
NET (DECREASE) INCREASE IN CASH RESOURCES	(5,992)	180,863
CASH RESOURCES, BEGINNING OF YEAR	700,040	519,177
CASH RESOURCES, END OF YEAR	**$ 694,048**	**$ 700,040**
Represented by:		
Cash		
Operating fund	$ (3,430)	$ 80,571
Reserve fund	697,478	619,469
	$ 694,048	**$ 700,040**

See accompanying notes.

NOTE 1 OPERATIONS

The corporation was incorporated without share capital on May 3, 1994 under the Condominium Act of Ontario and is a non-profit organization exempt from taxes under the Income Tax Act.

The purpose of the corporation is to manage and maintain the common elements (as defined in the corporation's Declaration and By-laws) and to provide common services for the benefit of the owners of the 125 units of the high-rise residential building located at 81 Townsgate Drive, Thornhill, Ontario.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are:

Common elements

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

Reserve fund for major repairs and replacements

The corporation, as required by the Condominium Act of Ontario, has established a reserve fund for financing major repairs and replacements of the common elements. Charges to the fund require approval by the Board of Directors. Only major repairs and replacements of the common elements are charged directly to this reserve.

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

Revenue recognition

Owners assessments are recognized as revenue monthly based on the budget distributed to the owners each year. Interest and other revenues are recognized as revenue of the related fund when earned.

Contributed services

Directors, committee members and owners volunteer their time to assist in the corporation's activities. These services materially benefit the corporation, however a reasonable estimate of the time spent and its fair market value cannot be made and accordingly, these contributed services are not recognized in the financial statements.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements, in conformity with Canadian accounting standards for not-for-profit organizations, requires management and directors to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of asset increases and decreases during the reporting period. Actual results could differ from those estimates.

NOTE 3 FINANCIAL INSTRUMENTS

The corporation's financial instruments primarily consist of cash, investments, receivables and accounts payable and accrued liabilities.

Interest rate risk

Interest rate risk is the risk of potential loss caused by fluctuations in fair value of future cash flow of financial instruments due to changes in market interest rates. The corporation is exposed to this risk through its interest bearing investments. The corporation manages this risk by investing in fixed-rate securities of short and medium term maturity and plans to hold the securities to maturity.

Credit risk

Credit risk is the potential for financial loss should a counter-party in a transaction fail to meet its obligations. The corporation places its operating and reserve cash and investments with high quality institutions and believes its exposure is not significant. The corporation's credit risk from owners' assessments receivable is also not significant given the ability of the corporation to place a lien on a unit for outstanding fees and limited financial exposure in a multi-unit condominium.

Liquidity risk

Liquidity risk is the risk that the corporation will not be able to meet its obligations as they become due. The corporation manages this risk by establishing budgets and funding plans and by levying sufficient owners' assessments to fund its operating expenses, debt payments and necessary contributions to the reserve and other funds.

NOTE 4 SUPERINTENDENT'S SUITE

The superintendent's suite is recorded at cost. No amortization is taken as the residual value of this asset would not be less than the original cost.

NOTE 5 SHARED FACILITIES

The Shared Facilities consist of the gatehouse, swimming pool, tennis courts and squash courts. These are shared on a basis of units per building between York Region Condominium Corporation No. 845 (125 units) and York Region Condominium Corporation No. 860 (162 units). Therefore York Region Condominium Corporation No. 845's percentage of these costs is 44% of the total and are included in the various expense accounts of the corporation.

NOTE 6 RESERVE FUND STUDY

The directors of the corporation have used a class 3 reserve fund study prepared by Stephenson Engineering Limited dated March 15, 2019 and such other information available to them in evaluating the adequacy of the annual contributions to the reserve fund. The corporation's plan for contribution to the reserve fund for 2019 was $455,455 and the plan for expenditures for 2019 was $71,592. The study projected a reserve fund balance on April 30, 2019 of $2,940,060. The reserve fund study is recommending a decreases in the yearly contribution to the reserve fund for the year 2019/2020 of 7.8% and then increases of 6.5% each year thereafter.

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

NOTE 7 BUDGET FIGURES

The 2019 budget figures as presented are for information purposes only and are not covered by the audit report of Yale PGC, LLP dated February 26, 2020.

NOTE 8 COMMITMENT

The corporation has entered into a contract with Onyx Fire Protection Services Inc. for the replacement of the fire panel for a total contract price of $40,634 (including H.S.T.). As at April 30, 2019, $16,254 has been charged to the reserve fund, with the remaining contract amount to be charged to the reserve fund as the work is completed.