YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1055
FINANCIAL STATEMENTS
JANUARY 31, 2021

FURLONG
COMPANY
CHARTERED
PROFESSIONAL
ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

TO: The Owners of
York Region Standard Condominium Corporation No. 1055

Opinion

We have audited the financial statements of **York Region Standard Condominium Corporation No. 1055** which comprise the statement of financial position as at January 31, 2021, and the statements of operating fund, reserve fund, capital assets fund, cash flows and schedule to the financial statements for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **York Region Standard Condominium Corporation No. 1055** as at January 31, 2021, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the (*Auditor's Responsibilities for the Audit of the Financial Statements*) section of our report. We are independent of the corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing **York Region Standard Condominium Corporation No. 1055's** ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate **York Region Standard Condominium Corporation No. 1055** or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing **York Region Standard Condominium Corporation No. 1055'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 our audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on **York Region Standard Condominium Corporation No. 1055'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 **York Region Standard Condominium Corporation No. 1055** 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 the Board of Directors 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.

Furlong and Company LLP

Furlong and Company LLP
Chartered Professional Accountants
Licensed Public Accountants

May 26, 2021
Toronto, Ontario

YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1055
STATEMENT OF FINANCIAL POSITION
AS AT JANUARY 31, 2021

	2021 $	2020 $
Assets		
Current		
Cash - operating	**376,437**	397,796
Common element assessment receivable	**7,762**	5,457
Other receivables	**5,355**	4,961
Prepaid expenses	**44,367**	40,803
	433,921	449,017
Long term		
Cash and investments - reserve (Note 3)	**2,963,707**	2,928,754
Capital assets (Note 4)	**255,454**	255,454
	3,653,082	3,633,225
Liabilities and Fund Balances		
Current		
Accounts payable - operating	**187,533**	229,230
Fund balances		
Operating fund (Page 5)	**242,714**	259,792
Reserve fund (Page 7)	**2,967,381**	2,888,749
Capital assets fund (Page 7)	**255,454**	255,454
	3,465,549	3,403,995
	3,653,082	3,633,225

Contingent liability - Note 9

On behalf of the Board:

Director

Director

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

YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1055
STATEMENT OF OPERATING FUND
FOR THE YEAR ENDED JANUARY 31, 2021

	BUDGET 2021 $ (Note 10)	ACTUAL 2021 $	ACTUAL 2020 $
Revenue			
Owners' assessment	1,593,630	**1,593,630**	1,532,304
Less: Allocation to reserve fund	(520,200)	**(520,200)**	(510,000)
	1,073,430	**1,073,430**	1,022,304
Interest income	11,240	**4,388**	11,139
Other revenue	16,500	**12,841**	21,455
	1,101,170	**1,090,659**	1,054,898
Common expenses (Schedule 1)			
Contracts	173,828	**181,677**	171,839
Administrative	152,991	**133,531**	127,005
Repairs and maintenance	86,700	**100,563**	77,260
Utilities	395,000	**405,846**	374,103
Personnel and benefits	292,651	**286,120**	236,284
	1,101,170	**1,107,737**	986,491
Excess for the year	-	**(17,078)**	68,407
Fund balance, beginning of year		**259,792**	191,385
Fund balance, end of year		**242,714**	259,792

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

YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1055
SCHEDULE OF EXPENSES
JANUARY 31, 2021

	BUDGET 2021 $ (Note 10)	ACTUAL 2021 $	ACTUAL 2020 $
CONTRACTS			
Elevators	32,510	**32,392**	31,212
Fire and life safety	16,407	**22,725**	19,329
Recreational and pool	24,000	**20,769**	22,628
Landscaping and snow removal	51,310	**47,828**	47,410
Preventive maintenance	40,000	**48,099**	41,727
Other contracts	9,601	**9,864**	9,533
	173,828	**181,677**	171,839
ADMINISTRATIVE			
Management fees	57,115	**57,115**	56,588
Professional fees	21,700	**5,071**	5,385
Office and general	11,500	**5,990**	13,951
Insurance	60,000	**59,961**	40,654
Telephone and cable TV	2,676	**5,394**	10,427
	152,991	**133,531**	127,005
REPAIRS AND MAINTENANCE			
Plumbing and electrical	15,000	**20,391**	15,485
Window cleaning	7,200	**6,554**	7,119
General repairs and supplies	64,500	**73,618**	54,656
	86,700	**100,563**	77,260
UTILITIES			
Gas	75,000	**103,250**	71,144
Hydro (Note 8)	190,000	**160,079**	128,221
Water	130,000	**142,517**	174,738
	395,000	**405,846**	374,103
PERSONNEL AND BENEFITS			
Concierge	195,000	**189,849**	136,196
Cleaner	41,265	**42,935**	46,246
Superintendent	50,000	**47,302**	47,302
Benefits	6,386	**6,034**	6,540
	292,651	**286,120**	236,284

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

YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1055
STATEMENT OF FUNDS
FOR THE YEAR ENDED JANUARY 31, 2021

	2021 $	2020 $
RESERVE FUND		
Revenue		
Owners' assessment (Note 5)	**520,200**	510,000
Interest	**53,949**	66,243
Sale of fitness equipment	**-**	1,500
	574,149	577,743
Major repairs and replacements		
Flood repairs	**7,752**	-
Engineering fees (Note 7(b))	**30,690**	-
Roofing	**194,389**	-
Retaining wall	**152,932**	-
Amenities and pool	**10,132**	17,556
Fitness equipment	**5,461**	10,704
Generator and electrical	**14,954**	74,456
Doors and locks	**11,163**	15,607
Exterior	**16,622**	22,981
Fire safety and security	**17,257**	8,349
Mechanical, plumbing	**29,450**	15,767
Interior	**4,715**	20,086
	495,517	185,506
Excess for the year	**78,632**	392,237
Fund balance, beginning of year	**2,888,749**	2,496,512
Fund balance, end of year	**2,967,381**	2,888,749
CAPITAL ASSETS FUND		
Fund balance, beginning of year	**255,454**	255,454
Fund balance, end of year	**255,454**	255,454

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

YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1055
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JANUARY 31, 2021

	2021 $	2020 $
Cash flows from operating activities		
Owners' assessment		
Operating fund	**1,073,430**	1,022,304
Reserve fund	**520,200**	510,000
Interest - reserve fund	**53,949**	66,243
Other revenue	**17,229**	34,094
Common expenses	**(1,107,737)**	(986,491)
Major repairs and replacements	**(495,517)**	(185,506)
	61,554	460,644
Changes in non-cash operating accounts		
Common element assessment receivable	**(2,305)**	(2,028)
Other accounts receivable	**(394)**	(4,961)
Prepaid expenses	**(3,564)**	(18,773)
Accounts payable	**(41,697)**	6,640
	13,594	441,522
Cash flows from investing activities		
(Purchase) of investments	**(44,433)**	(26,557)
(Decrease) increase in cash during the year	**(30,839)**	414,965
Cash, beginning of year	**1,489,117**	1,074,152
Cash, end of year	**1,458,278**	1,489,117
Comprised of :		
Cash - operating bank	**376,437**	397,796
Cash - reserve bank	**1,081,841**	1,091,321
	1,458,278	1,489,117

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

1. OPERATIONS

Under the Condominium Act of Ontario, a declaration and description was registered in February 2006 creating a corporation without share capital whose members are the owners from time to time. The corporation was formed to manage and maintain the common elements of 156 residential units located in the Town of Richmond Hill, Ontario.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) FUND ACCOUNTING

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

The reserve fund reports the assessments from the owners and the expenditures for major repair and replacement costs of the common elements and assets. The basis for determining the reserve fund's requirements is explained in Note 5. Only major repairs and replacements of the common elements are charged directly to this reserve fund. Minor repairs and replacements are charged to repairs and maintenance of the operating 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.

The capital assets fund reports the equity in the corporation's guest suites.

(b) ACCRUAL BASIS OF ACCOUNTING

Revenues and expenses are recorded on the accrual 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 the receipt or payment of money.

(c) 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 with the exception of the guest suites (See Note 4).

(d) MEASUREMENT UNCERTAINTY

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

The COVID-19 pandemic and its impact on the economy are constantly evolving in an unpredictable manner and present many variables and contingencies for modelling. In future periods, the effects of the pandemic may have material impacts on the corporation's anticipated revenues and expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) REVENUE RECOGNITION

Revenue is recognized on a monthly basis by way of a common element assessment, based on the annual budget. Investment and other revenues are recognized as income of the related fund when earned.

(f) INCOME TAXES

No provision for income taxes has been made in these financial statements, as any excess of revenue over expenditures is regarded as a reduction of owners' assessments (current or future) towards the operation of the corporation and not as income of the corporation or its owners.

(g) CONTRIBUTED SERVICES

Directors 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.

(h) CAPITAL ASSETS AND AMORTIZATION

The guest suites are recorded at their original acquisition cost. The corporation is not amortizing the cost of the guest suites as the expected recoverable amounts are not expected to be less than their carrying costs.

(i) FINANCIAL INSTRUMENTS

The corporation's financial instruments consist of cash, investments, accounts receivable and accounts payable. Unless otherwise noted, it is the Board's opinion that the corporation is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

(j) INVESTMENTS

Investments are purchased to be held to maturity and accordingly are recorded at cost plus accrued interest.

3. CASH AND INVESTMENTS - RESERVE

	Rate %	Amount $
Cash - reserve bank	0.45	1,081,841
Cash - broker	0.10	1,453,356
GICs maturing in 2021	3.10 to 3.22	400,000
Interest receivable		28,510
		2,963,707

The fair market value of the above investments is approximated by their cost plus interest receivable.

The broker cash was invested into GICs in late April 2021.

4. MORTGAGE PAYABLE AND GUEST SUITES

The corporation's declaration required it to purchase the two guest suites at a cost of $255,454. The mortgage was paid off in August 2018.

5. ADEQUACY OF RESERVE FOR MAJOR REPAIRS AND REPLACEMENTS

The Board of Directors has reviewed the reserve fund study update (with a site visit) prepared in December 2020 by Brown and Beattie Ltd. The Study was based on information available at the time of preparation, and includes estimates relating to future reserve fund expenditures, interest rates, and inflation rates. Actual figures will vary from the estimates.

The Board of Directors has proposed and implemented a plan for the future funding of the reserve fund to ensure that the reserve will be adequate to fund the major repairs and replacements of the common elements and assets of the corporation, in accordance with the *Condominium Act, 1998.* This study and plan must also be updated at a minimum of every three years.

Based on the estimates of future reserve fund expenditures, interest rates, and inflation rates, the plan states that assessments of $520,200 for 2021 and $560,957 for 2022 plus interest earned on reserve fund investments appears adequate to provide sufficient funds to cover the calculated reserve fund requirements. The corporation's assessments are $520,200 and will be $560,371 respectively. The funding plan projects that annual assessments to the corporation's reserve fund will increase by 2% subsequent to 2022. (Note that these stated increases reflect only increases in the annual contribution to the reserve fund; they do not reflect the increase in the overall monthly common element fees paid by owners.)

The plan estimated that the corporation would spend $540,000 in reserve fund monies in 2021 (actual = $495,517) and $937,000 in 2022.

The plan projected a January 31, 2021 year end balance of $2,941,000 (actual = $2,967,381).

6. COMMITMENTS / FUTURE PROJECTS

(a) The corporation has entered into contracts for various services such as elevators, mechanical, grounds and management at annual costs of approximately $460,000.

(b) For the 2022 fiscal year, the corporation is considering the following project:

chiller replacement	$250,000

(c) For the 2022 fiscal year, the corporation plans on completing the retaining wall at a cost of $120,000.

7. RELATED PARTY TRANSACTIONS

(a) No remuneration was paid to directors and offices during the year and they had no interest in any transactions of the corporation.

(b) The management company was paid $8,413 in project management fees related to generator fuel tank replacement.

8. HYDRO CANCELLATION FEE

On October 31, 2016, a five year contract with Planet Energy containing an automatic renewal clause for the provision of gas and hydro supply expired. The corporation decided to cancel the contract. Planet Energy, through Power Stream invoiced the corporation a cancellation fee of $174,905, which was paid by Power Stream and booked to hydro expenses during the 2019 fiscal year. The corporation has filed a claim under its Director and Officers insurance policy to recover this cancellation fee.

Although the corporation is disputing this matter, an agreement was made with Power Stream to commence in February 2019, a monthly payment of $5,801 to continue for 30 months (revised in October 2020 to a monthly payment of $5,676 over 15 months). At January 31, 2021 the amount of $68,111 was owing.

9. KITEC PIPING

The corporation discovered that all residential units contain Kitec piping. The corporation is not aware of recurrent plumbing failures in connection with the residential units. However, unit owners are responsible for the costs to maintain, replace and repair the plumbing within their units. The corporation has engaged its consulting engineer to oversee the tendering process for removal and replacement of Kitec plumbing in the common elements, if any, and in the residential units.

10. 2021 BUDGET

The 2021 budget amounts are presented for information purposes only. They were approved by the Board of Directors and are unaudited.

11. FINANCIAL RISKS

The corporation is exposed to various risks through its financial instruments and has a risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the corporation's risk exposure and concentration.

(a) Credit risk

The unit owners may experience financial difficulty and be unable to fulfil their financial commitments to pay common element fees.

(b) Public health crisis risks

In light of the uncertainty surrounding the duration and severity of the pandemic, it is not possible to reliably estimate the length and severity of COVID-19 related impacts on the financial results and operations of the corporation.