

YORK CONDOMINIUM CORPORATION NO. 84

FINANCIAL STATEMENTS

YEAR ENDED JULY 31, 2017

YORK CONDOMINIUM CORPORATION NO. 84

FINANCIAL STATEMENTS

YEAR ENDED JULY 31, 2017

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INDEPENDENT AUDITOR'S REPORT

TO THE OWNERS OF YORK CONDOMINIUM CORPORATION NO. 84:

I have audited the accompanying financial statements of York Condominium Corporation No.84 which comprise the statement of financial position as at July 31, 2017, and the statement of general fund operations and fund balance, statement of reserve fund operations and fund balance and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management and Directors' Responsibility for the Financial Statements

Management and directors are 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 and directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of York Condominium Corporation No. 84 as at July 31, 2017, 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.

Markham, Ontario

Nabeel Ahmed
CHARTERED ACCOUNTANT
Licensed Public Accountant

YORK CONDOMINIUM CORPORATION NO. 84
STATEMENT OF FINANCIAL POSITION
AS AT JULY 31, 2017

	2017	2016
ASSETS		
Current		
Cash		
General fund	\$ 17,323	\$ 30,063
Reserve fund	20,231	24,088
Total cash	37,554	54,151
Term deposit - reserve fund investments (Note 3)	679,396	614,275
Interest receivable - reserves	2,042	16,636
Tenant assessment receivable - general fund	8,890	3,780
Prepaid insurance - general fund	13,294	11,991
	741,176	700,833
Long term		
Term deposit - reserve fund investments (Note 3)	113,920	113,920
Interest receivable - reserves	1,538	285
	115,458	114,205
	\$ 856,634	\$ 815,038

LIABILITIES AND FUND BALANCES

Current liabilities:

Accounts payable - general fund	\$ 22,500	\$ 25,420
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Fund balances (Note 8)

Reserve fund short-term (Note 4)	701,669	654,999
Reserve fund long-term (Note 4)	115,458	114,205
General fund	17,007	20,414
	834,134	789,618
	\$ 856,634	\$ 815,038

Approved on behalf of the board:

_____ Director

_____ Director

YORK CONDOMINIUM CORPORATION NO. 84
STATEMENT OF GENERAL FUND OPERATIONS AND FUND BALANCE
FOR THE YEAR ENDED JULY 31, 2017

	Budget 2017 (Note 5)	Actual 2017	Actual 2016
<u>Revenue:</u>			
Owners' contribution (Note 2e)	\$ 277,020	\$ 277,020	\$ 262,920
Miscellaneous income (Note 2e)	-	330	578
	\$ 277,020	\$ 277,350	\$ 263,498
Less: contribution to reserve fund	36,360	36,360	36,000
Owners' contribution to the general fund	\$ 240,660	\$ 240,990	\$ 227,498
<u>Common expenses:</u>			
Hydro	3,000	2,866	2,621
Water	60,000	64,994	58,788
Management fees (Note 6)	30,002	30,002	28,985
Repairs and maintenance	7,800	6,286	8,314
Landscaping and snow removal (Note 6)	45,540	45,540	45,032
Garbage disposal (Note 6)	19,028	19,028	19,028
Sprinkler system	1,400	175	175
Electrical repairs and light bulbs	2,200	-	470
Insurance	16,900	17,432	16,908
Sewer	3,000	1,107	2,215
Audit	1,695	1,695	1,695
Garbage tipping fees	6,200	5,739	5,751
Legal, Unit 7 (Note 10)	-	4,281	19,888
Garden	300	316	384
Pest control	-	-	105
Miscellaneous expenses	2,475	1,845	1,920
Top soil and sod repairs	3,000	-	-
	202,540	201,306	212,279
Excess of revenue over expenses	38,120	\$ 39,684	\$ 15,219
Fund balance, beginning of year	-	20,414	5,195
	-	60,098	20,414
Less: Transfer to reserve fund	-	43,091	-
Fund balance, end of year	-	\$ 17,007	\$ 20,414

YORK CONDOMINIUM CORPORATION NO. 84
STATEMENT OF RESERVE FUND OPERATIONS AND FUND BALANCE
FOR THE YEAR ENDED JULY 31, 2017

	Budget 2017 (Note 5)	Actual 2017	Actual 2016
Revenue:			
Owners' contribution to the reserve fund	\$ 36,360	\$ 36,360	\$ 36,000
Interest	-	8,870	12,985
	\$ 36,360	\$ 45,230	\$ 48,985
Major repairs and replacements: (Note 4)			
Basement repair/New Retaining Wall (Note 10)	-	25,338	21,520
Tree trimming/planting	-	6,183	3,004
Roofing	-	2,973	-
Build Steps to Hydro	-	1,980	-
Downpipe	-	1,345	2,728
Lawn Aerate	-	969	-
Soil	-	965	-
Fence	-	645	-
Painting	-	-	32,034
	-	40,398	59,286
Excess (Deficiency) of revenue over expenses	-	4,832	(10,301)
Fund balance, beginning of year	-	769,204	779,505
		774,036	769,204
Add: Transfer from general fund	-	43,091	-
Fund balance, end of year	-	\$ 817,127	\$ 769,204
Of which:			
Short term	-	\$ 701,669	\$ 654,999
Long term	-	115,458	114,205
	-	\$ 817,127	\$ 769,204

YORK CONDOMINIUM CORPORATION NO. 84
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2017

	2017	2016
Cash flows from operating activities:		
Owners' contribution for:		
General operations	\$ 235,880	\$ 229,387
Reserve fund	36,360	36,000
Interest	22,211	17,287
Common expenses	(205,529)	(211,001)
Major repairs and replacements	(40,398)	(59,286)
	48,524	12,387
Cash flows from investing activities:		
(Increase) decrease in investments	(65,121)	26,876
Increase in cash during the year	(16,597)	39,263
Cash, beginning of year	54,151	14,888
Cash, end of year	\$ 37,554	\$ 54,151
Comprised of:		
General fund	\$ 17,323	\$ 30,063
Reserve fund	20,231	24,088
	\$ 37,554	\$ 54,151

YORK CONDOMINIUM CORPORATION NO. 84
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2017

1. Purpose of the Organization

The York Condominium Corporation No. 84 (the "Corporation") was registered without share capital in 1973 under the laws of the Condominium Act of Ontario, the "Act". The Corporation was formed to manage and maintain on behalf of the owners, the common elements of 75 residential units, located in the City of Toronto. For Canadian income tax purposes the Corporation qualifies as a not-for-profit organization which is exempt from income tax under the Income Tax Act.

2. Summary of Significant Accounting Policies:

(a) Fund Accounting:

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

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

The reserve fund reports the contributions from owners and expenditures for major repairs and replacement costs of the common elements and assets. The basis for determining the reserve fund's requirements is explained in Note 4. Only major repairs and replacements of the common elements are charged directly to this reserve fund with the exception of the cost of the reserve fund study which may be charged to the reserve fund. Minor repairs and replacements are charged to repairs and maintenance of the general fund. The Corporation segregates amounts accumulated for the purpose of financing future charges to the reserve fund in special designated accounts, for use only to finance such charges. Interest earned on these amounts is credited directly to the reserve fund.

(b) 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.

(c) Use of Estimates:

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

(d) 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.

(e) Revenue recognition:

Owner's assessments are recognized as revenue in the statement of general fund operations and fund balance and are based on the budget distributed to the owners each year. The rules provide that when there is a (deficit) an additional assessment should be required from owners to cover this amount. This will be assessed in the next fiscal year. However, as owners' units have been sold, an additional assessment of \$330 was made on them (2016: \$578) and shown as miscellaneous income. Interest and other revenue are recognized as revenue of the reserve fund when earned.

(f) The policy is to invest in Guaranteed Investment Certificates.

YORK CONDOMINIUM CORPORATION NO. 84
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2017

3. Term deposit reserve fund investments

Investments are comprised of government debt securities which are divided into short-term and long-term. Short term investments mature on or before July 31, 2018 and conversely long-term investments mature after that date. These investments mature on various dates and are earning interest as described below:

Short Term:

Amount	Maturity	Interest
\$ 105,089	August 15, 2017	0.74%
80,000	November 22, 2017	0.70%
70,000	November 22, 2017	0.70%
69,745	January 23, 2018	0.67%
60,681	April 6, 2018	0.67%
36,781	April 17, 2018	0.67%
90,000	July 19, 2018	1.4975%
90,000	July 19, 2018	1.4975%
77,100	July 19, 2018	1.4975%
<u>\$ 679,396</u>		

Long Term:

<u>\$ 113,920</u>	November 9, 2018	1.1 % compound annually
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Interest income is recognized on an accrual basis. As at July 31, 2017, the market value of these investments approximates their carrying values.

4. Reserve Fund

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

A total of \$36,360 was added to the reserve fund, which came from operations. Interest of \$8,870 was also added. The reserve fund now totals \$817,127 after deducting expenses of \$40,398 and adding transfer received from general fund of \$43,091. Of this amount \$701,669 is short-term and \$115,458 is long-term.

A reserve fund study was completed July 29, 2015. The study showed that a contribution of \$36,724 is required for 2017 and increases 1% for the first year, 10% per year in the second to eighth years, and 2% every year thereafter. The actual amount provided was \$36,360 which falls short of the study amount by \$364. However, the study is only a recommendation and not obligatory.

5. Budget

The budgeted figures as prepared for comparison purposes are unaudited and are those as approved by the board in May 2016 for the fiscal year ended July 31, 2017.

6. Related Party

Payments to related parties K.R. Property Management and subcontractors. This amount was allocated to:

Management Fees	\$ 30,002
Subcontractors	
Landscaping and snow removal	\$ 45,540
Garbage disposal	\$ 19,028

YORK CONDOMINIUM CORPORATION NO. 84
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2017

7 Financial Instruments

The fair values of the condominium's cash, interest receivable, tenant assessment receivable, term deposit - reserve fund investments, and accounts payable approximate their carrying values, due to the relatively short term to maturity of the financial instruments. It is the Board's opinion that the condominium is not exposed to significant interest rate or credit risk, arising from these financial instruments. There were no foreign currencies that needed to be translated into Canadian dollars.

8 Fund Balances

The fund balances are made up as follows:

	General	Reserve Short-term	Reserve Long-term
Cash	\$ 17,323	\$ 20,231	\$ -
Tenant receivable	8,890	-	-
Deposit investments	-	679,396	113,920
Interest receivable	-	2,042	1,538
Prepaid insurance	13,294	-	-
Accounts payable	(22,500)	-	-
	<u>\$ 17,007</u>	<u>\$ 701,669</u>	<u>\$ 115,458</u>

9 Commitments

The corporation has engaged the services of K.R. Property Management Agency Inc. to provide management and accounting and ground maintenance services for the year ended July 31, 2018 at an annual cost of \$30,002 and \$45,540 respectively.

10 Unit # 7

There has been an ongoing dispute with the owner of Unit # 7. The issue relates to damage to the basement. The legal fees incurred relate to this dispute. In fiscal 2017, the repair work was completed by the corporation. The corporation believes the dispute is settled and is awaiting closing of the matter by the arbitrator. The corporation does not anticipate incurring any further significant costs.