

**YORK CONDOMINIUM CORPORATION NO. 84**

**FINANCIAL STATEMENTS**

**YEAR ENDED JULY 31, 2016**

**YORK CONDOMINIUM CORPORATION NO. 84**

**FINANCIAL STATEMENTS**

**YEAR ENDED JULY 31, 2016**

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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, 2016, 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, 2016, 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  
September 26, 2016

*Nabeel Ahmed*  
CHARTERED ACCOUNTANT  
Licensed Public Accountant

**YORK CONDOMINIUM CORPORATION NO. 84**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JULY 31, 2016**

	2016	2015
<b>ASSETS</b>		
Current		
Cash		
General fund	\$ 30,063	\$ 11,677
Reserve fund (Note 4)	24,088	3,211
Total cash (Note 7)	54,151	14,888
Term deposit - reserve fund investments (Notes 3 & 7)	614,275	340,024
Interest receivable - reserves (Note 7)	16,636	12,689
Tenant assessment receivable - general fund	3,780	5,669
Prepaid insurance - general fund	11,991	12,003
	700,833	385,273
Long term		
Term deposit - reserve fund investments (Notes 3 & 7)	113,920	415,047
Interest receivable - reserves (Note 7)	285	8,534
	114,205	423,581
	\$ 815,038	\$ 808,854

**LIABILITIES AND FUND BALANCES**

Current liabilities:

Accounts payable - general fund (Note 7)	\$ 25,420	\$ 24,154
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Fund balances (Note 8)

Reserve fund short-term (Notes 2 & 4)	654,999	355,924
Reserve fund long-term (Notes 2 & 4)	114,205	423,581
General fund (Note 2)	20,414	5,195
	789,618	784,700
	\$ 815,038	\$ 808,854

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, 2016**

	Budget 2016 (Note 5)	Actual 2016	Actual 2015 (Note 8)
<u>Revenue:</u>			
Owners' contribution (Note 2e)	\$ 262,920	\$ <b>262,920</b>	\$ 248,940
Miscellaneous income (Note 2e)	-	<b>578</b>	248
	\$ 262,920	\$ 263,498	\$ 249,188
Less: contribution to reserve fund	69,500	<b>36,000</b>	36,000
Owners' contribution to the general fund	\$ 193,420	\$ <b>227,498</b>	\$ 213,188
<u>Common expenses:</u>			
Hydro	3,000	<b>2,621</b>	2,558
Water	50,000	<b>58,788</b>	57,919
Management fees (Note 6)	28,985	<b>28,985</b>	28,985
Repairs and maintenance	7,800	<b>6,064</b>	7,492
Landscaping and snow removal (Note 6)	45,032	<b>45,032</b>	44,292
Garbage disposal (Note 6)	19,028	<b>19,028</b>	19,028
Sprinkler system	1,400	<b>175</b>	475
Electrical repairs and light bulbs	2,200	<b>470</b>	863
Insurance	16,900	<b>16,908</b>	10,124
Sewer	3,000	<b>2,215</b>	2,238
Audit	1,695	<b>1,695</b>	1,695
Garbage tipping fees	6,200	<b>5,751</b>	4,810
Legal, Unit 7 (Note 10)	4,880	<b>19,888</b>	6,575
Garden	300	<b>384</b>	525
Pest control	-	<b>105</b>	-
Eaves	-	<b>2,250</b>	-
Miscellaneous expenses	-	<b>1,920</b>	982
Top soil and sod repairs	3,000	-	170
	193,420	<b>212,279</b>	188,731
Excess (deficiency) of revenue over expenses	-	\$ <b>15,219</b>	\$ 24,457
Fund balance, beginning of year	-	<b>5,195</b>	(19,262)
Fund balance, end of year	-	\$ <b>20,414</b>	\$ 5,195

**YORK CONDOMINIUM CORPORATION NO. 84**  
**STATEMENT OF RESERVE FUND OPERATIONS AND FUND BALANCE**  
**FOR THE YEAR ENDED JULY 31, 2016**

	Budget 2016 (Note 5)	Actual 2016	Actual 2015
<b>Revenue:</b>			
Owners' contribution to the reserve fund	\$ 69,500	\$ 36,000	\$ 36,000
Interest	-	12,985	14,335
	\$ 69,500	\$ 48,985	\$ 50,335
<b>Major repairs and replacements: (Note 4)</b>			
Painting	-	32,034	1,410
Tree removal	-	3,004	5,737
Downpipe	-	2,728	-
Basement repair (Note 10)	-	21,520	2,300
Fence	-	-	450
Hedge	-	-	895
Reserve fund study	-	-	1,413
Electrical	-	-	2,322
	-	59,286	14,527
Excess of revenue over expenses	-	(10,301)	35,808
Fund balance, beginning of year	-	779,505	743,697
Fund balance, end of year	-	\$ 769,204	\$ 779,505
<b>Of which:</b>			
Short term		\$ 654,999	\$ 355,924
Long term		114,205	423,581
		\$ 769,204	\$ 779,505

**YORK CONDOMINIUM CORPORATION NO. 84**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JULY 31, 2016**

	2016	2015
Cash flows from operating activities:		
Owners' contribution for:		
General operations	\$ 229,387	\$ 207,519
Reserve fund	36,000	36,000
Interest	17,287	6,926
Common expenses	(211,001)	(193,952)
Major repairs and replacements	(59,286)	(14,527)
	<b>12,387</b>	<b>41,966</b>
Cash flows from investing activities:		
Increase in investments	<b>26,876</b>	<b>(73,230)</b>
Increase in cash during the year	<b>39,263</b>	<b>(31,264)</b>
Cash, beginning of year	<b>14,888</b>	<b>46,152</b>
Cash, end of year	<b>\$ 54,151</b>	<b>\$ 14,888</b>
Comprised of:		
General fund	\$ 30,063	\$ 11,677
Reserve fund	<b>24,088</b>	<b>3,211</b>
	<b>\$ 54,151</b>	<b>\$ 14,888</b>

**YORK CONDOMINIUM CORPORATION NO. 84**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JULY 31, 2016**

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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 \$578 was made on them (2015: \$248) 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, 2016**

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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, 2017 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
\$ 100,005	August 15, 2016	2 % compound
100,000	November 22, 2016	2.25% compound
69,230	January 23, 2017	0.74% compound
35,000	April 17, 2017	2 % compound
129,998	April 28, 2017	0.74% compound
120,035	July 19, 2017	2 % compound
60,007	April 6, 2017	Stock Indexed. Interest paid at end of term.
<u>\$ 614,275</u>		

Long Term:

<u>\$ 113,920</u>	November 9, 2018	1.1 % compound
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Interest income is recognized on an accrual basis. As at July 31, 2016, 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 \$36,000 was added to the reserve fund, which came from operations. Interest of \$12,985 was also added. The reserve fund now totals \$769,204 after deducting expenses of \$59,286. Of this amount \$654,999 is short-term and \$114,205 is long-term.

A reserve fund study was completed July 29, 2015. The study showed that a contribution of \$36,360 is required for 2016 and increases 1% each year for the first year, 10% per year in the second to eighth years, and 2% every year thereafter. The actual amount provided was \$36,000 which falls short of the study amount by \$360. 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 2015 for the fiscal year ended July 31, 2016.

6. Related Party

Payments to a related party K.R. Property Agency Inc. and subcontractors totalled \$93,045. This amount was allocated to:

Management Fees	\$ 28,985
Landscaping and snow removal	\$ 45,032
Garbage disposal	\$ 19,028

**YORK CONDOMINIUM CORPORATION NO. 84**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JULY 31, 2016**

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**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	Short-term	Long-term
Cash	\$ 30,063	\$ 24,088	\$ -
Tenant receivable	3,780	-	-
Deposit investments	-	614,275	113,920
Interest receivable	-	16,636	285
Prepaid insurance	11,991	-	-
Accounts payable	(25,420)	-	-
	<u>\$ 20,414</u>	<u>\$ 654,999</u>	<u>\$ 114,205</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, 2017 at an annual cost of \$28,985 and \$45,032 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 2016, a contractor of the owner's choosing commenced the repair work. In addition to the repair work, an environmental review is in process which may lead to additional costs. The matter has been given to an arbitrator who will determine responsibility for costs incurred. Based on this uncertainty, the amount of further costs cannot be reasonably estimated, and have not been accrued.