

**YORK CONDOMINIUM CORPORATION NO. 84**

**FINANCIAL STATEMENTS**

**YEAR ENDED MAY 31, 2019**

**YORK CONDOMINIUM CORPORATION NO. 84**

**FINANCIAL STATEMENTS**

**YEAR ENDED MAY 31, 2019**

**CONTENTS**

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements	
Statement of Financial Position	3
Statement of General Fund Operations and Fund Balance	4
Statement of Reserve Fund Operations and Fund Balance	5
Statement of Operating Reserve Fund Operations and Fund Balance	6
Statement of Cash Flows	7
Notes to Financial Statements	8-10

## INDEPENDENT AUDITOR'S REPORT

TO THE OWNERS OF YORK CONDOMINIUM CORPORATION NO. 84

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of York Condominium Corporation No. 84 (the "Corporation") which comprise the statement of financial position as at May 31, 2019, and the statements of general fund operations and fund balance, reserve fund operations and fund balance, operating reserve fund operations and fund balance and cash flows 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 the Corporation as at May 31, 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 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 ability of the Corporation 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 financial reporting process of the Corporation.

#### 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 the financial statements.



## INDEPENDENT AUDITOR'S REPORT (continued)

### Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 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 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 internal control of the Corporation.
- 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 ability of the Corporation 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

September 18, 2019  
Markham, Ontario

*Ahmed Professional Corporation*

CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

**YORK CONDOMINIUM CORPORATION NO. 84**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MAY 31, 2019**

	2019	2018
<b>ASSETS</b>		
Current		
Cash		
General fund	\$ 28,403	\$ 21,545
Operating Reserve Fund	29,175	-
Reserve fund	(45,673)	(5,421)
Total cash	11,905	16,124
Term deposit - reserve fund investments (Notes 3, 4 & 8)	719,635	669,221
Interest receivable - reserves (Notes 4 & 8)	15,986	8,945
Tenant assessment receivable - general fund (Note 8)	3,267	5,800
Prepaid insurance - general fund	16,053	17,826
	<b>766,846</b>	<b>717,916</b>
Long term		
Term deposit - reserve fund investments (Notes 3, 4 & 8)	188,802	186,290
Interest receivable - reserves (Notes 4 & 8)	523	2,858
	<b>189,325</b>	<b>189,148</b>
	<b>\$ 956,171</b>	<b>\$ 907,064</b>

**LIABILITIES AND FUND BALANCES**

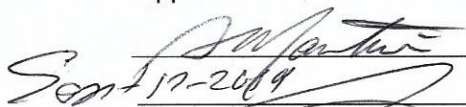

Current liabilities:

Accounts payable - general fund (Note 8)	\$ 9,689	\$ 16,021
--	----------	-----------

Fund balances (Note 8)

Reserve fund short-term (Note 4)	689,948	672,745
Reserve fund long-term (Note 4)	189,325	189,148
Operating Reserve fund	29,175	-
General fund	38,034	29,150
	<b>946,482</b>	<b>891,043</b>
	<b>\$ 956,171</b>	<b>\$ 907,064</b>

Approved on behalf of the board:

 Director  
*Sen 17-2019*  
 Director  
*P. Borden*  
*President*

**YORK CONDOMINIUM CORPORATION NO. 84**  
**STATEMENT OF GENERAL FUND OPERATIONS AND FUND BALANCE**  
**FOR THE YEAR ENDED MAY 31, 2019**

	Budget 2019 (Note 5)	Twelve Month Period Ended May 31, 2019	Ten Month Period Ended May 31, 2018 (Note 2)
<b>Revenue:</b>			
Owners' contribution (Note 1e)	\$ 295,860	\$ 295,860	\$ 242,600
Miscellaneous income (Note 1e)	-	496	248
	\$ 295,860	\$ 296,356	\$ 242,848
Less: contribution to reserve fund	60,000	60,000	30,800
Owners' contribution to the general fund	\$ 235,860	\$ 236,356	\$ 212,048
<b>Common expenses:</b>			
Hydro	3,000	1,538	2,091
Water	75,000	68,684	53,928
Management fees (Note 6)	33,059	33,059	25,511
Repairs and maintenance	7,800	6,610	4,208
Landscaping and snow removal (Note 6)	51,460	51,460	37,950
Garbage disposal (Note 6)	20,340	20,340	15,857
Insurance	20,330	20,077	15,801
Sewer	3,000	260	1,125
Audit	1,695	2,147	1,836
Condo Authority	900	675	1,423
Garbage tipping fees	6,200	6,154	5,221
Miscellaneous and projector	2,176	2,738	1,734
Sod repairs	3,000	612	380
Legal, General	-	4,993	-
Legal, Unit (Note 10)	-	5,241	-
Salt	1,000	662	-
Grass seed and weed spray	3,000	1,850	-
Garden	300	372	-
Sprinkler system	1,400	-	597
Electrical repairs and light bulbs	2,200	-	715
Repairs, Unit (Note 10)	-	-	2,328
	235,860	227,472	170,705
Excess of revenue over expenses	-	\$ 8,884	\$ 41,343
Fund balance, beginning of year	-	29,150	17,007
	-	38,034	58,350
Add Transfer from / (Deduct) Transfer to Operating Reserve fund	-	-	(29,200)
Fund balance, end of year	-	\$ 38,034	\$ 29,150



**YORK CONDOMINIUM CORPORATION NO. 84**  
**STATEMENT OF RESERVE FUND OPERATIONS AND FUND BALANCE**  
**FOR THE YEAR ENDED MAY 31, 2019**

	Budget 2019 (Note 5)	Twelve Month Period Ended May 31, 2019	Ten Month Period Ended May 31, 2018
<b>Revenue:</b>			
Owners' contribution to the reserve fund	\$ 60,000	\$ 60,000	\$ 30,800
Interest	-	18,526	10,419
	\$ 60,000	\$ 78,526	\$ 41,219
<b>Major repairs and replacements: (Note 4)</b>			
Basement repair/New Retaining Wall (Note 10)	-	11,099	2,600
Roofing	-	9,578	17,053
Lighting	-	3,589	3,796
Tree trimming/planting	-	4,300	-
Painting	-	1,019	-
Fence	-	1,410	-
Driveway and eaves repair	-	951	-
Reserve Fund Study	-	-	2,204
	-	31,946	25,653
Excess of revenue over expenses	-	46,580	15,566
Fund balance, beginning of year	-	861,893	817,127
		908,473	832,693
Add Transfer from / (Deduct) Transfer to Operating Reserve fund		(29,200)	29,200
Fund balance, end of year		\$ 879,273	\$ 861,893
<b>Of which:</b>			
Short term	-	\$ 689,948	\$ 672,745
Long term	-	189,325	189,148
	-	\$ 879,273	\$ 861,893

**YORK CONDOMINIUM CORPORATION NO. 84**  
**STATEMENT OF OPERATING RESERVE FUND OPERATIONS AND FUND BALANCE**  
**FOR THE YEAR ENDED MAY 31, 2019**

	Budget 2019 (Note 5)	Twelve Month Period Ended May 31, 2019	Ten Month Period Ended May 31, 2018
Expenditures			
Maintenance Fee		790	
Ashphalt Recovery	-	(765)	
		25	
Excess (Deficit) of revenue over expenses	-	(25)	-
Fund balance, beginning of year	-	-	-
		(25)	-
Add Transfer from General fund			29,200
Add Transfer from/ (Deduct) Transfer to Reserve Fund	-	29,200	(29,200)
Fund balance, end of year	-	\$ 29,175	\$ -
Of which:			
Short term	-	\$ 29,175	\$ -



**YORK CONDOMINIUM CORPORATION NO. 84**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MAY 31, 2019**

	<b>Twelve Month Period Ended May 31, 2019</b>	<b>Ten Month Period Ended May 31, 2018</b>
		(Note 2)
Cash flows from operating activities:		
Owners' contribution for:		
General operations	\$ 238,889	\$ 215,138
Reserve fund	60,000	30,800
Interest	13,820	2,196
Expenses operating fund	(25)	-
Common expenses - general fund	(232,031)	(181,716)
Major repairs and replacements	(31,946)	(25,653)
	<b>48,707</b>	<b>40,765</b>
Cash flows from investing activities:		
(Increase) decrease in investments	(52,926)	(62,195)
Increase (decrease) in cash during the year	(4,219)	(21,430)
Cash, beginning of year	16,124	37,554
Cash, end of year	<b>\$ 11,905</b>	<b>\$ 16,124</b>
Comprised of:		
General fund	\$ 28,403	\$ 21,545
Operating reserve fund	\$ 29,175	-
Reserve fund	(45,673)	(5,421)
	<b>\$ 11,905</b>	<b>\$ 16,124</b>

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.

1 Summary of Significant Accounting Policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles. These financial statements have been prepared within the framework of the significant accounting policies summarized below:

(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 \$496 was made on them (2018: \$248) and shown as miscellaneous income. Interest and other revenue are recognized as revenue of the reserve fund when earned.

(f) Investment policy:

The policy is to invest in Guaranteed Investment Certificates.

(g) Financial Assets and Liabilities:

The Corporation initially measures its financial assets and financial liabilities at fair value. The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets and liabilities measured at amortized cost include cash, tenant assessment receivable, interest receivable, deposit reserve fund investment, and accounts payable.

**YORK CONDOMINIUM CORPORATION NO. 84  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MAY 31, 2019**

---

2. Change in Fiscal Year End and Comparative Figures

During the previous year, the Board of Directors approved the change of the Corporation's fiscal year end from July 31st to May 31st. The Corporation received consent from Canada Revenue Agency on July 9, 2018. As a result the comparative figures are for the ten month period ended May 31, 2018.

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 May 31, 2020 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
72,183	July 16, 2019	2.60%
100,212	July 16, 2019	2.60%
78,254	July 19, 2019	2.60%
91,348	October 19, 2019	2.60%
91,348	October 19, 2019	2.60%
100,000	January 8, 2020	1.89%
105,868	February 24, 2020	2.00%
80,422	February 24, 2020	2.00%
<u>\$ 719,635</u>		

Long Term:

71,716	August 25, 2020	2.80% compound
117,086	May 10, 2021	1.25% compound
<u>\$ 188,802</u>		

Interest income is recognized on an accrual basis. As at May 31, 2019, 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 \$60,000 was added to the reserve fund, which came from operations. Interest of \$18,526 was also added. The reserve fund now totals \$879,273 after deducting expenses of \$31,946 and deducting transfer to the operating reserve fund of \$29,200. Of this amount \$689,948 is short-term and \$189,325 is long-term.

A reserve fund study was completed on May 8, 2018. The study showed that a contribution of \$43,956 is required for 2019 and increases 10% per year for the first 10 years, and 2% every year thereafter.

5. Budget

The budgeted figures as prepared for comparison purposes are unaudited and are those as approved by the board in April 2019 for the year ended May 31, 2020.

6. Management Fees and Ground Maintenance

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

Management Fees	\$ 33,059
Subcontractors	
Landscaping and snow removal	\$ 51,460
Garbage disposal	\$ 20,340



**YORK CONDOMINIUM CORPORATION NO. 84**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MAY 31, 2019**

---

**7 Financial Instruments**

The Corporation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Corporation's risk exposure at the statement of financial position date.

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's main credit risks relate to tenant receivable. The Corporation is not exposed to significant credit risk.

**Liquidity Risk**

Liquidity risk is the risk that the Corporation cannot repay its obligations when they become due to its creditors. The Corporation is exposed to this risk mainly in respect of its current liabilities and commitments. The Corporation expects to meet these obligations as they come due by generating sufficient cash flow from operations.

**Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Corporation is not exposed to currency risk or other price risk.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The value of fixed income investments will generally rise if interest rates fall and decrease if interest rates rise. The Corporation is exposed to interest rate risk on its deposit reserve fund investments.

**Changes in Risk**

There have been no significant changes in the risk profile of the Corporation's financial instruments from that of the prior year.

**8 Fund Balances**

The fund balances are made up as follows:

	General	Reserve Fund Short-term	Reserve Long-term	Operating Reserve Short-term
Cash	\$ 28,403	\$ (45,673)	\$ -	\$ 29,175
Tenant receivable	3,267	-	-	
Deposit investments	-	719,635	188,802	
Interest receivable	-	15,986	523	
Prepaid insurance	16,053	-	-	
Accounts payable	(9,689)	-	-	
	<u>\$ 38,034</u>	<u>\$ 689,948</u>	<u>\$ 189,325</u>	<u>\$ 29,175</u>

**9 Commitments**

The corporation has engaged the services of K.R. Property Management Agency Inc. to provide management, accounting and waste removal services for the year ended May 31, 2020 at an annual cost of \$33,059 and \$20,340 respectively.

**10 Unit Dispute**

There has been an ongoing dispute with one owner. In Fiscal 2017, the repair work was completed by the corporation. The corporation believed the dispute was settled and asked the arbitrator to close the matter. However, the matter was not closed as an additional complaint was made that damage occurred during the repair. While the corporations engineers were allowed limited access to the unit, it can not make an assessment as to whether damage occurred and if it is their responsibility. Based on this uncertainty, the amount of further costs cannot be reasonably estimated, and have not been accrued.

**11 Prior Year Amounts**

Certain prior year amounts have been reclassified for consistency with the current year presentation.