METROPOLITAN TORONTO
CONDOMINIUM CORPORATION NO. 690

REPORT AND FINANCIAL STATEMENTS
DECEMBER 31, 2013

Gilmore Company LLP
Chartered Professional Accountants

Tel: (905) 602 8009
Fax: (905) 602 8011
Website: www.gilmoreandco.com
2600 Skymark Avenue, Building 9, Suite 201, Mississauga, ON L4W 5B2

INDEPENDENT AUDITORS' REPORT

To the Owners,
Metropolitan Toronto Condominium Corporation No. 690

We have audited the accompanying financial statements of Metropolitan Toronto Condominium Corporation No. 690, which comprise the statement of financial position as at December 31, 2013, and the statements of reserve fund, operating fund revenue and expenses and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matter

In accordance with Section 67(4) of the Condominium Act, 1998, we report that, although the corporation had sufficient cash and investments to fund the reserve fund, the corporation did not have a separate reserve bank account in accordance with Section 115 of the Act. Subsequent to the year-end, the Directors approved the establishment of a separate reserve bank account.

Gilmore + Company LLP.

Mississauga, Ontario
May 14, 2014

Chartered Professional Accountants
Licensed Public Accountants

STATEMENT OF FINANCIAL POSITION
As at December 31

	2013	2012
ASSETS		
Current		
Cash	$ 1,043,610	$ 98,544
Accounts receivable	77,436	12,262
Prepaid expenses	27,628	-
	1,148,674	110,806
Long-term investment	303,600	300,000
	1,452,274	410,806
LIABILITIES		
Current		
Accounts payable and accrued liabilities	85,616	54,658
Net assets	$ 1,366,658	$ 356,148
NET ASSETS REPRESENTED BY		
Reserve fund *(Note 2)*	$ 1,277,818	$ 262,722
Operating fund	88,840	93,426
	$ 1,366,658	$ 356,148

On behalf of the Board

Shawn D. Porter **Director**

Alan Pearson **Director**

STATEMENT OF RESERVE FUND
For the year ended December 31

	2013	2012
Revenue		
Appropriation from operating fund	$ 417,000	$ 417,000
Special assessment	955,088	955,088
Interest	3,600	8,852
	1,375,688	1,380,940
Expenses		
Balcony	42,852	-
Boilers	-	151,747
Consulting	24,219	45,469
Cooling tower and chiller	-	3,914
Courtyard cladding and recaulking	-	432,681
Courtyard roof and garden	101,226	489,414
Doors and windows	2,088	36,938
Electrical repairs	10,169	13,148
Elevators	39,448	-
Fire safety systems	8,046	-
Garage	3,537	31,730
General building repairs	12,029	-
HVAC replacements	18,219	107,012
Interior renovations and repairs	40,066	52,604
Plumbing repairs	15,602	38,071
Pool expenses	32,612	3,651
Roof anchors and repairs	8,405	12,342
Window and glass replacement	2,074	6,040
Window link caulking	-	23,544
	360,592	1,448,305
Excess (deficiency) of revenue over expenses	1,015,096	(67,365)
Reserve fund, beginning of year	262,722	330,087
Reserve fund, end of year	$ 1,277,818	$ 262,722

STATEMENT OF OPERATING FUND REVENUE AND EXPENSES

For the year ended December 31

	2013		
	Budget	**Actual**	2012
Revenue			
Maintenance fees	$ 1,579,692	$ 1,579,692	$ 1,579,692
Other	-	200	200
	1,579,692	1,579,892	1,579,892
Less appropriation to reserve fund	417,000	417,000	417,000
	1,162,692	1,162,892	1,162,892
Expenses			
Administration *(Schedule A)*	156,600	135,577	106,089
Contract services *(Schedule A)*	198,526	202,166	170,926
Repairs and maintenance *(Schedule B)*	117,800	132,341	116,057
Utilities *(Schedule B)*	267,000	257,108	248,668
Staff *(Schedule B)*	459,000	440,286	426,483
	1,198,926	1,167,478	1,068,223
(Deficiency) excess of revenue over expenses for the year	(36,234)	(4,586)	94,669
Operating fund, beginning of year	93,426	93,426	(1,243)
Operating fund, end of year	$ 57,192	$ 88,840	$ 93,426

SCHEDULE OF OPERATING FUND EXPENSES

For the year ended December 31

SCHEDULE A

	2013 Budget	2013 Actual	2012
Administration			
Audit fees	$ 6,000	$ 6,489	$ 6,489
Bank charges	2,500	2,809	2,730
Consulting	4,000	-	-
Contingency	35,000	606	-
General meetings	2,100	1,718	1,417
Insurance and shared facilities	92,000	114,825	84,079
Legal fees	3,000	-	-
Office supplies	5,000	5,890	4,582
Parking and miscellaneous	7,000	3,240	6,792
	$ 156,600	$ 135,577	$ 106,089
Contract services			
Elevator	$ 30,200	$ 25,373	$ 26,378
Garage cleaning	7,650	8,837	-
Landscaping	20,000	37,000	16,877
Management fees	93,876	93,876	91,476
Pagers and radios	2,300	2,100	2,100
Pest control	2,000	1,455	1,814
Plants	3,500	3,273	3,634
Telephone	5,500	5,704	5,298
Waste disposal	5,000	4,574	3,513
Window washing	28,500	19,974	19,836
	$ 198,526	$ 202,166	$ 170,926

SCHEDULE OF OPERATING FUND EXPENSES

For the year ended December 31

SCHEDULE B

	2013		
	Budget	**Actual**	**2012**
Repairs and maintenance			
Cleaning supplies	$ 2,300	$ 1,961	$ 2,073
Electrical repairs and supplies	5,000	6,334	3,009
General building repairs and maintenance	45,000	59,605	47,893
Pool and recreational facilities	4,000	2,773	2,699
Preventative maintenance	49,000	47,427	47,427
Uniforms	12,500	14,241	12,956
	$ 117,800	$ 132,341	$ 116,057
Utilities			
Gas	$ 55,000	$ 34,479	$ 49,287
Hydro	170,000	178,553	153,240
Water	42,000	44,076	46,141
	$ 267,000	$ 257,108	$ 248,668
Staff			
Cleaners	$ 54,200	$ 56,404	$ 46,676
Concierge	325,000	303,986	303,985
Employee benefits	69,500	69,896	65,822
Maintenance supervisor	10,300	10,000	10,000
	$ 459,000	$ 440,286	$ 426,483

STATEMENT OF CASH FLOWS
For the year ended December 31

	2013	2012
Cash provided by (used in):		
(Deficiency) excess of revenue over expenses for the year	$ (4,586)	$ 94,669
Changes in:		
Accounts receivable	(65,174)	(6,897)
Prepaid expenses	(27,628)	4,158
Accounts payable and accrued liabilities	30,958	(244,736)
	(66,430)	(152,806)
Fund activities		
Increase (decrease) in reserve fund	1,015,096	(67,365)
Investing activities		
Long-term investment	(3,600)	100,000
Net increase (decrease) in cash during the year	945,066	(120,171)
Cash, beginning of the year	98,544	218,715
Cash, end of the year	$ 1,043,610	$ 98,544

Organization and purpose

The corporation was created as a corporation without share capital by the registration of a declaration dated December 5, 1985 pursuant to the Condominium Act. The purpose of the corporation is to manage and maintain the common elements and to provide common services for the benefit of the owners of the 72 units.

The corporation is a non-profit organization within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

1. *Summary of significant accounting policies*

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

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

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

Reserve fund
A reserve fund has been established, as required by the Condominium Act, 1998, to finance future major repairs and replacements of common elements. Only major repairs and replacements or fees related to these are charged to this fund.

Long-term investment
Long-term investment is stated at cost plus accrued interest, due to its held to maturity nature, and consists of a Guaranteed Investment Certificate maturing in 2014 with an interest rate of 0.80% per annum.

1. *Summary of significant accounting policies (cont'd)*

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 affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. On an ongoing basis, management reviews its estimates, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Financial instruments
The corporation initially measures its financial assets and liabilities at fair value. The corporation subsequently measures all its financial assets and financial liabilities at amortized cost. The corporation has not designated any financial asset or financial liability to be measured at fair value.

2. *Reserve fund*

The Directors used the reserve fund study of Halsall Associates Limited dated May 19, 2010 and such other information as was available to them in evaluating the adequacy of the reserve fund. The Directors accepted the recommendations of the study which suggested an annual contribution of $417,000 plus a special assessment of $955,000 for 2013; projected expenditures of $1,646,975 and an ending reserve fund balance as at December 31, 2013 of $1,917,775. Actual amounts were $417,000, $955,088, $360,592 and $1,277,818 respectively.

Any evaluation of the adequacy of the reserve fund is based upon assumptions as to future life expectancy of the building components and their replacements costs. These factors are subject to change over time and the changes may be material; accordingly, the Condominium Act, 1998 requires that reserve fund studies be updated every three years.

The reserve fund study update was being prepared during 2013 and was completed January 13, 2014.

3. *Budget*

The budgeted figures which are presented for comparative purposes are unaudited.

4. *Financial instruments - risk management*

Interest rate risk

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

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' assessment to fund its operating expenses and the necessary contributions to the reserve fund.

5. *Related party transactions*

No remuneration was paid to directors and officers during the year.

6. *Comparative figures*

The comparative figures have been reclassified to conform with the current year's presentation.