METROPOLITAN TORONTO
CONDOMINIUM CORPORATION NO. 690

REPORT AND FINANCIAL STATEMENTS
DECEMBER 31, 2014

Gilmore + Company LLP
Chartered Professional Accountants

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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, 2014, 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, 2014 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Gilmore & Company LLP.

Mississauga, Ontario
May 25, 2015

Chartered Professional Accountants
Licensed Public Accountants

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 690

STATEMENT OF FINANCIAL POSITION
As at December 31

	2014	2013
ASSETS		
Current		
Cash	$ 351,365	$ 1,043,610
Accounts receivable	31,318	77,436
Prepaid expenses	2,482	27,628
	385,165	1,148,674
Long-term investment	306,029	303,600
	691,194	1,452,274
LIABILITIES		
Current		
Accounts payable and accrued liabilities	64,283	85,617
Net assets	$ 626,911	$ 1,366,657
NET ASSETS REPRESENTED BY		
Reserve fund *(Note 2)*	$ 558,053	$ 1,277,817
Operating fund	68,858	88,840
	$ 626,911	$ 1,366,657

On behalf of the Board

R. Tod ______ Director

Shaun D. Porter ______ Director

STATEMENT OF RESERVE FUND
For the year ended December 31

	2014	2013
Revenue		
Appropriation from operating fund	$ 417,000	$ 417,000
Special assessment	1,100,000	955,088
Interest	2,429	3,600
	1,519,429	1,375,688
Expenses		
Balcony	16,600	42,852
Consulting	15,263	24,219
Corridor refurbishment	1,878,361	-
Courtyard roof and garden	114,763	101,226
Doors and windows	28,817	2,088
Electrical repairs	-	10,169
Elevators	9,944	39,448
Fire safety systems	13,060	8,046
Garage	-	3,537
Garbage cans	2,390	-
General building repairs	4,598	12,029
HVAC replacements	18,971	18,219
Interior renovations and repairs	-	40,066
Other refurbishments	82,161	-
Plumbing repairs	3,098	15,602
Pool expenses	2,938	32,612
Roof anchors and repairs	48,229	8,405
Window and glass replacement	-	2,074
	2,239,193	360,592
(Deficiency) excess of revenue over expenses	(719,764)	1,015,096
Reserve fund, beginning of year	1,277,817	262,721
Reserve fund, end of year	$ 558,053	$ 1,277,817

STATEMENT OF OPERATING FUND REVENUE AND EXPENSES

For the year ended December 31

	2014		
	Budget	Actual	2013
Revenue			
Maintenance fees	$ 1,579,692	$ 1,579,692	$ 1,579,692
Other	-	100	200
	1,579,692	1,579,792	1,579,892
Less appropriation to reserve fund	417,000	417,000	417,000
	1,162,692	1,162,792	1,162,892
Expenses			
Administration *(Schedule A)*	154,900	111,820	135,577
Contract services *(Schedule A)*	206,576	207,741	202,166
Repairs and maintenance *(Schedule B)*	117,800	141,276	132,341
Utilities *(Schedule B)*	276,000	277,819	257,108
Staff *(Schedule B)*	465,300	444,118	440,286
	1,220,576	1,182,774	1,167,478
Deficiency of revenue over expenses for the year	(57,884)	(19,982)	(4,586)
Operating fund, beginning of year	88,840	88,840	93,426
Operating fund, end of year	$ 30,956	$ 68,858	$ 88,840

SCHEDULE OF OPERATING FUND EXPENSES

For the year ended December 31

SCHEDULE A

	2014 Budget	2014 Actual	2013
Administration			
Audit fees	$ 6,000	$ 6,554	$ 6,489
Bank charges	2,800	2,985	2,809
Consulting	4,000	224	-
Contingency	35,000	6,026	-
General meetings	2,100	2,633	1,718
Insurance and shared facilities	92,000	81,195	114,825
Legal fees	3,000	2,439	-
Office supplies	5,000	4,958	5,890
Parking and miscellaneous	5,000	4,806	3,846
	$ 154,900	$ 111,820	$ 135,577
Contract services			
Elevator	$ 28,600	$ 24,905	$ 25,373
Garage cleaning	6,000	10,943	8,837
Landscaping	28,000	40,785	37,000
Management fees	93,876	93,876	93,876
Pagers and radios	2,300	2,100	2,100
Pest control	2,000	1,685	1,455
Plants	3,500	3,346	3,273
Telephone	5,800	6,193	5,704
Waste disposal	7,000	3,044	4,574
Window washing	29,500	20,864	19,974
	$ 206,576	$ 207,741	$ 202,166

SCHEDULE OF OPERATING FUND EXPENSES

For the year ended December 31

SCHEDULE B

	2014		
	Budget	Actual	2013
Repairs and maintenance			
Cleaning supplies	$ 2,300	$ 1,883	$ 1,961
Electrical repairs and supplies	5,000	1,231	6,334
General building repairs and maintenance	45,000	75,664	59,605
Pool and recreational facilities	4,000	5,546	2,773
Preventative maintenance	49,000	47,427	47,427
Uniforms	12,500	9,525	14,241
	$ 117,800	$ 141,276	$ 132,341
Utilities			
Gas	$ 62,000	$ 37,386	$ 34,479
Hydro	170,000	193,104	178,553
Water	44,000	47,329	44,076
	$ 276,000	$ 277,819	$ 257,108
Staff			
Cleaners	$ 59,000	$ 52,371	$ 56,404
Concierge	325,000	311,987	303,986
Employee benefits	71,000	69,460	69,896
Maintenance supervisor	10,300	10,300	10,000
	$ 465,300	$ 444,118	$ 440,286

STATEMENT OF CASH FLOWS

For the year ended December 31

		2014		2013
Cash provided by (used in):				
Deficiency of revenue over expenses for the year	$	(19,982)	$	(4,586)
Changes in:				
Accounts receivable		46,118		(65,174)
Prepaid expenses		25,146		(27,628)
Accounts payable and accrued liabilities		(21,334)		30,958
		29,948		(66,430)
Fund activities				
(Decrease) increase in reserve fund		(719,764)		1,015,096
Investing activities				
Long-term investment		(2,429)		(3,600)
Net (decrease) increase in cash during the year		(692,245)		945,066
Cash, beginning of the year		1,043,610		98,544
Cash, end of the year	$	351,365	$	1,043,610

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 2015 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 updated reserve fund study of Halsall Associates Limited dated January 13, 2014 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 $1,100,000 for 2014; projected expenditures of $2,173,176 and an ending reserve fund balance as at December 31, 2014 of $555,076. Actual amounts were $417,000, $1,100,000, $2,239,193 and $558,053 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.

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.