

**METROPOLITAN TORONTO
CONDOMINIUM CORPORATION NO. 690**

*REPORT AND FINANCIAL STATEMENTS
DECEMBER 31, 2016*

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, 2016, 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, 2016 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 24, 2017

Chartered Professional Accountants
Licensed Public Accountants

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 690

STATEMENT OF FINANCIAL POSITION

As at December 31

	2016	2015
ASSETS		
Current		
Cash	\$ 112,539	\$ 56,115
Accounts receivable	53,865	47,873
Prepaid expenses	1,449	1,426
	167,853	105,414
Reserve fund cash and investments (Note 2)	803,687	816,442
	971,540	921,856

LIABILITIES		
Current		
Accounts payable and accrued liabilities	115,183	74,802
Net assets	\$ 856,357	\$ 847,054

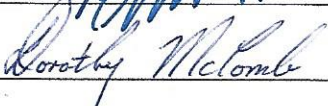
NET ASSETS REPRESENTED BY

Reserve fund (Note 3)	\$ 765,645	\$ 807,136
Operating fund	90,712	39,918
	\$ 856,357	\$ 847,054

On behalf of the Board



Director



Director

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 690

STATEMENT OF RESERVE FUND

For the year ended December 31

	2016	2015
Revenue		
Appropriation from operating fund	\$ 514,162	\$ 504,000
Interest	5,398	3,029
	519,560	507,029
Expenses		
Balcony	10,871	32,092
Building accessibility	11,876	18,480
Consulting	3,054	-
Corridor refurbishment	6,961	64,470
Doors and locks	-	16,955
Electrical	39,852	5,815
Elevator modernization	77,942	7,196
Emergency generator	23,493	-
Fire equipment	8,472	-
Garbage cans	-	3,153
General repairs and replacements	-	3,944
HVAC replacements	37,716	36,999
Plumbing repairs	21,410	14,470
Pool area renovation	302,653	22,128
Window and glass replacement	16,751	32,244
	561,051	257,946
(Deficiency) excess of revenue over expenses for the year	(41,491)	249,083
Reserve fund, beginning of year	807,136	558,053
Reserve fund, end of year	\$ 765,645	\$ 807,136

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 690

STATEMENT OF OPERATING FUND REVENUE AND EXPENSES

For the year ended December 31

	2016		2015
	Budget	Actual	
Revenue			
Owners' assessments	\$ 1,766,500	\$ 1,766,500	\$ 1,666,732
Other	1,762	2,024	2,399
	1,768,262	1,768,524	1,669,131
Less appropriation to reserve fund	514,162	514,162	504,000
	1,254,100	1,254,362	1,165,131
Expenses			
Administration (<i>Schedule A</i>)	130,300	137,267	125,150
Contract services (<i>Schedule A</i>)	215,800	212,943	200,164
Repairs and maintenance (<i>Schedule B</i>)	104,700	106,961	109,789
Staff	495,300	457,037	472,876
Utilities (<i>Schedule B</i>)	308,000	289,360	286,092
	1,254,100	1,203,568	1,194,071
Excess (deficiency) of revenue over expenses for the year	-	50,794	(28,940)
Operating fund, beginning of year	39,918	39,918	68,858
Operating fund, end of year	\$ 39,918	\$ 90,712	\$ 39,918

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 690

SCHEDULE OF OPERATING FUND EXPENSES

For the year ended December 31

SCHEDULE A

	2016		
	Budget	Actual	2015
Administration			
Bank charges	\$ 600	\$ 502	\$ 1,182
Consulting	4,000	678	6,002
General meetings	2,700	1,934	1,597
Insurance and insurance repairs	7,000	14,679	1,163
Office supplies	6,000	3,014	6,869
Parking and miscellaneous	5,000	6,655	4,383
Professional fees	9,000	13,851	5,569
Shared facilities	90,000	89,597	89,608
Telephone	6,000	6,357	8,777
	\$ 130,300	\$ 137,267	\$ 125,150
Contract services			
Elevator	\$ 25,739	\$ 25,239	\$ 24,876
Fire safety	8,040	7,752	5,814
Groundskeeping	29,000	28,205	20,754
Management fees	95,763	95,763	93,876
Mechanical equipment	42,072	40,647	40,647
Pest control	2,000	1,622	2,119
Indoor plants	4,060	5,073	4,178
Water treatment	4,326	4,200	4,200
Waste disposal	4,800	4,442	3,700
	\$ 215,800	\$ 212,943	\$ 200,164

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 690

SCHEDULE OF OPERATING FUND EXPENSES

For the year ended December 31

SCHEDULE B

	2016			2015
	Budget	Actual		
Repairs and maintenance				
Cleaning supplies	\$ 2,400	\$ 1,657	\$	1,694
Contingency	-	-		1,230
Electrical repairs and supplies	3,600	2,921		3,102
Garage repairs and maintenance	8,000	6,082		7,409
General building repairs and maintenance	29,000	19,286		35,717
HVAC	15,000	23,157		17,125
Landscaping	6,000	11,250		4,550
Plumbing repairs	8,000	6,833		5,348
Pool and recreational facilities	6,000	10,964		7,387
Windows, glass and doors	5,700	3,174		4,295
Window washing	21,000	21,637		21,932
	\$ 104,700	\$ 106,961	\$	109,789
Utilities				
Gas	\$ 50,000	\$ 34,289	\$	45,614
Hydro	203,000	198,466		191,635
Water and sewer	55,000	56,605		48,843
	\$ 308,000	\$ 289,360	\$	286,092

METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 690

STATEMENT OF CASH FLOWS

For the year ended December 31

	2016	2015
Cash provided by (used in):		
Deficiency of revenue over expenses for the year	\$ 50,794	\$ (28,940)
Changes in:		
Accounts receivable	(5,992)	(16,555)
Prepaid expenses	(23)	1,056
Accounts payable and accrued liabilities	40,381	10,519
	<u>85,160</u>	<u>(33,920)</u>
Fund activities		
(Decrease) increase in reserve fund	(41,491)	249,083
Investing activity		
Decrease (increase) in reserve fund investments	308,477	(2,448)
Net increase in cash during the year	352,146	212,715
Cash, beginning of the year	564,080	351,365
Cash, end of the year	\$ 916,226	\$ 564,080
Cash comprised of:		
Operating fund cash	\$ 112,539	\$ 56,115
Reserve fund cash	803,687	507,965
	<u>\$ 916,226</u>	<u>\$ 564,080</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

1. Summary of significant accounting policies (continued)

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 cash and investments

	2016	2015
Cash	\$ 803,687	\$ 507,965
Investments	-	308,477
	\$ 803,687	\$ 816,442

3. 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 \$514,162; projected expenditures of \$222,473 and an ending reserve fund balance as at December 31, 2016 of \$480,716. Actual amounts were \$514,162, \$561,051 and \$765,645 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.

4. Budget

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

5. *Commitments*

The corporation entered into a contract to modernize the elevators at a cost of approximately \$312,000, inclusive of HST. By the end of the current year, costs charged to the reserve fund with respect to the elevator project amounted to approximately \$78,000.

6. *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 through 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.

7. *Related party transactions*

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