

**TORONTO STANDARD CONDOMINIUM CORPORATIONS
2647 AND 2658 SHARED FACILITIES
FINANCIAL STATEMENTS
MARCH 31, 2020**

INDEPENDENT AUDITOR'S REPORT

**TO: The Owners of
Toronto Standard Condominium Corporations 2647 and 2658 Shared Facilities**

Opinion

We have audited the financial statements of **Toronto Standard Condominium Corporations 2647 and 2658 Shared Facilities** which comprise the statement of financial position as at March 31, 2020, and the statements of operating fund, cash flows and schedule to the financial statements 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 **Toronto Standard Condominium Corporations 2647 and 2658 Shared Facilities** as at March 31, 2020, 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 these 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 these financial statements, management is responsible for assessing **Toronto Standard Condominium Corporations 2647 and 2658 Shared Facilities'** ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate **Toronto Standard Condominium Corporations 2647 and 2658 Shared Facilities** or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing **Toronto Standard Condominium Corporations 2647 and 2658 Shared Facilities'** financial reporting process.

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 these financial statements.

As part of our audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

INDEPENDENT AUDITOR'S REPORT - cont'd

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 for 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 corporation's internal control.
- 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 **Toronto Standard Condominium Corporations 2647 and 2658 Shared Facilities'** ability 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 **Toronto Standard Condominium Corporations 2647 and 2658 Shared Facilities** 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 the Board of Directors 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.



Furlong and Company LLP
Chartered Professional Accountants
Licensed Public Accountants

August 24, 2020
Toronto, Ontario

**TORONTO STANDARD CONDOMINIUM CORPORATIONS 2647 AND 2658 SHARED
FACILITIES
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020**

2020
\$
(Note 6)

Assets

Current

Bank - operating	200,360
Accounts receivable - utilities	<u>56,033</u>
	<u>256,393</u>

Liabilities and Fund Balances

Current

Accounts payable and accruals	177,849
TSCC 2647, TSCC 2658 - surplus	<u>78,544</u>
	<u>256,393</u>

Fund balances

Operating fund (Page 5)	<u>-</u>
	<u>256,393</u>

On behalf of the Board:

 Director

 Director

The accompanying notes and schedule are an integral part of these financial statements.

**TORONTO STANDARD CONDOMINIUM CORPORATIONS 2647 AND 2658 SHARED
FACILITIES
STATEMENT OF OPERATING FUND
FOR THE YEAR ENDED MARCH 31, 2020**

	BUDGET 2020 \$ (Note 6)	ACTUAL 2020 \$ (Note 6)
Revenue (Note 7 (a))		
TSCC 2647 (51.4%)	488,843	488,843
TSCC 2658 (48.6%)	<u>462,213</u>	<u>462,213</u>
	951,056	951,056
Other income (Note 8)	<u>-</u>	<u>9,813</u>
	<u>951,056</u>	<u>960,869</u>
Common expenses		
Utilities (Schedule 1)	269,837	246,351
Contracts (Schedule 1)	402,931	386,831
Repairs and maintenance (Schedule 1)	73,520	91,068
General and administrative (Schedule 1)	29,028	24,164
Project shared costs (Note 7(b))	<u>175,740</u>	<u>133,911</u>
	<u>951,056</u>	<u>882,325</u>
Excess (deficiency) for the year	<u>-</u>	<u>78,544</u>
Allocated to		
TSCC 2647 (51.4%)		(40,372)
TSCC 2658 (48.6%)		<u>(38,172)</u>
		<u>(78,544)</u>
Fund balance, end of year		<u>-</u>

The accompanying notes and schedule are an integral part of these financial statements.

**TORONTO STANDARD CONDOMINIUM CORPORATIONS 2647 AND 2658 SHARED
FACILITIES
FOR THE YEAR ENDED MARCH 31, 2020**

	BUDGET 2020 \$ (Note 6)	ACTUAL 2020 \$ (Note 6)
UTILITIES (Note 3(b))		
Water and sewage	12,120	14,817
Gas	3,600	1,812
Hydro	318,749	283,077
Utilities recovery (Note 5)	<u>(64,632)</u>	<u>(53,355)</u>
	<u>269,837</u>	<u>246,351</u>
CONTRACTS		
Superintendent	76,294	71,074
Fire and health safety	29,758	28,994
HVAC	41,348	41,346
Landscaping and snow removal	24,875	30,823
Security	77,040	75,532
Window washing	10,170	5,085
Cleaning	119,416	118,919
Telecommunications	12,600	13,643
Other contracts	<u>11,430</u>	<u>1,415</u>
	<u>402,931</u>	<u>386,831</u>
REPAIRS AND MAINTENANCE		
Exterior	9,700	12,501
Cleaning supplies	11,900	6,307
Garage	30,750	19,117
Plumbing, electrical, mechanical	10,575	6,887
General building	<u>10,595</u>	<u>46,256</u>
	<u>73,520</u>	<u>91,068</u>
GENERAL AND ADMINISTRATIVE		
Office expenses	7,290	2,703
Legal, audit, consulting	<u>21,738</u>	<u>21,461</u>
	<u>29,028</u>	<u>24,164</u>
PROJECT SHARED COSTS (Note 7 (b))		
PATH	111,504	70,795
Fire alarm system	45,288	47,571
Landscape, sidewalk and driveway	18,441	14,905
Other shared costs	<u>507</u>	<u>640</u>
	<u>175,740</u>	<u>133,911</u>

The accompanying notes and schedule are an integral part of these financial statements.

**TORONTO STANDARD CONDOMINIUM CORPORATIONS 2647 AND 2658 SHARED
FACILITIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020**

2020

\$

(Note 6)

Cash flows from operating activities

Owners' assessment	951,056
Other income	9,813
Common expenses	<u>(882,325)</u>

78,544

Changes in other non-cash operating accounts	<u>121,816</u>
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Increase in cash during the year	<u>200,360</u>
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Comprised of :

Cash - operating bank	<u>200,360</u>
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The accompanying notes and schedule are an integral part of these financial statements.

**TORONTO STANDARD CONDOMINIUM CORPORATIONS 2647 AND 2658 SHARED
FACILITIES
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

1. OPERATIONS

The shared facilities commenced operations on April 1, 2019. Its purpose is to manage and maintain the common elements and to provide common services for the benefit of the owners of TSCC 2647 and TSCC 2658.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting principles are as follows:

(a) FUND ACCOUNTING

The operating fund reports the assessments from owners and expenses related to the operations and administration of the common elements.

Each of TSCC 2647 and 2658 maintains reserve funds related to their portion of the shared facilities.

(b) ACCRUAL BASIS OF ACCOUNTING

Revenues and expenses are recorded on the accrual basis, whereby they are reflected in the accounts in the period in which they have been earned and incurred respectively, whether or not such transactions have been finally settled by the receipt or payment of money.

(c) COMMON ELEMENTS

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

(d) INCOME TAXES

No provision for income taxes has been made in the financial statements as any excess of revenue over expenses is regarded as a reduction in owners' assessments towards the operations of the corporation and not as income of the corporation or its owners.

(e) REVENUE RECOGNITION

Revenue is recognized on a monthly basis by way of a common element assessment, based on the annual budget. Investment and other revenues are recognized as income of the related fund when earned.

(f) CONTRIBUTED SERVICES

Directors and owners volunteer their time to assist in the shared facilities' activities. These services materially benefit the shared facilities, however a reasonable estimate of the time spent and its fair market value cannot be made and accordingly, these contributed services are not recognized in the financial statements.

**TORONTO STANDARD CONDOMINIUM CORPORATIONS 2647 AND 2658 SHARED
FACILITIES
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd

(g) 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 amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. COMMITMENTS

(a) The corporation has engaged several companies to provide services such as elevators, security, cleaning and property management at approximate annual costs of \$400,000.

(b) The corporation entered into a two year agreement to December 2021 with EQ Building Performance to perform quarterly meter reads for applicable hydro, gas and water meters. EQ will prepare quarterly reconciliation reports to provide meter reading, consumption and estimated costs for all applicable meters and a recommendation on how amounts are to be re-allocated.

(c) For the 2021 fiscal year, the shared facilities is planning for elevator fob access for the two corporation's at an approximate cost of \$72,000.

4. FINANCIAL INSTRUMENTS

The shared facilities' financial instruments consist of cash, accounts receivable, accounts payable and accruals. Unless otherwise noted, it is the Board's opinion that the shared facilities is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

5. UTILITIES CHARGEBACKS

As described in Note 3(b) sub metering is managed by a third party, EQ Building Performance. Most of the receivable balance is due from Pure Fitness (Note 7). This receivable dates from April 1, 2019. In April 2020, \$12,501 was paid by Pure Fitness to the Shared Facilities. If any of this receivable is not paid by Pure Fitness, it will be written off to the corporation's expenses.

6. FINANCIAL STATEMENTS

The financial statements balances cover the period from April 1, 2019 to March 31, 2020. The budget figures also cover a one year period; they were approved by the Board of Directors and are unaudited.

**TORONTO STANDARD CONDOMINIUM CORPORATIONS 2647 AND 2658 SHARED
FACILITIES
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

7. RECIPROCAL AGREEMENTS

(a) Residential agreement

TSCC 2647 and TSCC 2658 were required by their declarants to enter into a reciprocal agreement with the Fitness Amenity Unit Owner (the declarant). Until March 31, 2019 each entity paid its appropriate share on an individual invoice basis. As of April 1, 2019 a separate entity was created to manage the shared facilities with each entity paying a monthly budgeted contribution.

This agreement provides control over the use, operation, maintenance, repairs and replacement of the various residential condominium shared facilities including easements. It will provide for the allocation of responsibility for the payment of the shared facilities.

The shared facilities include, amongst other things, mechanical and electrical installations, water and gas mains, sanitary and storm sewers and fire alarms.

Costs are shared mostly as follows:

TSCC 2647	51.4 %
TSCC 2658	<u>48.6 %</u>
	<u>100.0 %</u>

The Fitness Amenity Unit Owner is responsible only for 8% of shared costs for escalator and elevator costs related to the food court and fitness levels.

(b) Project agreement

TSCC 2647 and TSCC 2658 were required by their declarants to enter into a reciprocal agreement with One York Street Inc, (the office/commercial space owner) and the Fitness Amenity Unit Owner (the declarant).

This agreement provides control over the use, operation, maintenance, repairs and replacement of the various shared facilities including easements (but not the residential shared facilities (See Note 7(a)) . It will provide for the allocation of responsibility for the payment of the shared facilities. The shared facilities include, amongst other things, PATH, PATH bridges, peripheral landscaping, sidewalks, driveways, mechanical and electrical installations, water and gas mains, sanitary and storm sewers and fire alarms.

The management of the shared facilities is the responsibility of One York Street Inc. Costs are shared mostly by One York Street Inc. (between 50% and 90%) and by TSCC 2647 and TSCC 2658 (between 10% and 50%).

The Fitness Amenity Unit Owner is responsible only for 8% of the shared costs for the escalator and elevator costs related to the food court and fitness level (as more particularly set out in Note (g) on Schedules C1 and C2 of the Project Reciprocal Agreement).

For the 2019 fiscal year, these costs were shown in the financial statements of each of TSCC 2647 and TSCC 2658.

**TORONTO STANDARD CONDOMINIUM CORPORATIONS 2647 AND 2658 SHARED
FACILITIES
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

8. OTHER INCOME

	BUDGET 2020 \$ (Note 6)	ACTUAL 2020 \$ (Note 6)
Interest	-	2,526
Other	-	7,287
	<u>-</u>	<u>9,813</u>

9. RESERVE - CASH

Interest rate at March 31, 2020 was 2.05%.

10. RELATED PARTIES

(a) Note 7 describes two reciprocal agreements to which the declarant as owner of the fitness amenity unit (Pure Fitness) is a party.

(b) The corporation's management company (Menres Property Management Inc.) is related to the declarant.

(c) A member of the Board of Directors is an employee of the declarant.

11. COVID-19

Events have occurred as a result of the COVID-19 pandemic that have caused economic uncertainty. The related financial impact and duration of this disruption cannot be reasonably estimated at this time.