



Toronto Standard Condominium Corporation No. 1551

Financial Statements

September 30, 2015

Independent Auditor's Report

To the Owners of **Toronto Standard Condominium Corporation No. 1551**

We have audited the accompanying financial statements of **Toronto Standard Condominium Corporation No. 1551** (the "Corporation"), which comprise the statement of financial position as at **September 30, 2015**, and the statements of operations and operating fund, reserve fund and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management and Directors' Responsibility for the Financial Statements

Management and directors are 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 and directors 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 about whether the financial statements are free from 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 Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and directors, 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, the financial statements present fairly, in all material respects, the financial position of **Toronto Standard Condominium Corporation No. 1551** as at September 30, 2015 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.

Fazzari + Partners

FAZZARI + PARTNERS LLP

Chartered Accountants

Licensed Public Accountants

Vaughan, Ontario
November 30, 2015

Toronto Standard Condominium Corporation No. 1551

Statement of Financial Position

As at September 30

	2015	2014
Assets		
Cash	\$ 257,485	\$ 392,984
Owners' assessments receivable	9,467	2,968
Prepaid expenses	22,983	18,446
	289,935	414,398
Reserve cash and investments (Note 3)	3,398,852	2,808,606
	\$ 3,688,787	\$ 3,223,004

Liabilities

Accounts payable and accrued liabilities	\$ 63,674	\$ 107,179
Government remittances	13,384	10,764
Unit fees deposits	-	-
	77,058	117,943

Fund Balances

Operating fund	212,877	296,455
Reserve fund (Note 4)	3,398,852	2,808,606
	3,611,729	3,105,061
	\$ 3,688,787	\$ 3,223,004

Commitments (Note 5)

Approved on behalf of the Board

Director

Director

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

Toronto Standard Condominium Corporation No. 1551

Statement of Reserve Fund

Year Ended September 30

	2015	2014
Balance, beginning of year	\$ 2,808,606	\$ 2,379,060
Add: Annual allocation from owners' assessments	407,064	393,156
Interfund transfer	150,544	-
Interest income	32,638	36,390
	590,246	429,546
Balance, end of year	\$ 3,398,852	\$ 2,808,606

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

Toronto Standard Condominium Corporation No. 1551

Statement of Operations and Operating Fund

Year Ended September 30

	2015	2014
Revenue		
Owners' assessments	\$ 1,929,171	\$ 1,874,803
Less: allocation to reserve fund	(407,064)	(393,156)
	1,522,107	1,481,647
Miscellaneous income (Note 6)	48,348	41,017
	1,570,455	1,522,664
Expenses		
On site wages & benefits - payroll	462,645	404,389
Utilities	434,312	365,285
Contracts	295,447	373,594
Mechanical	57,975	22,617
Housekeeping and maintenance	55,457	47,707
General and administrative	49,138	42,414
Exterior repairs and maintenance	40,351	26,908
Building safety feature	34,958	25,788
Insurance	26,456	27,116
Electrical and elevator maintenance	26,033	16,397
Contracts - on site personnel	11,478	9,642
Amenities and recreation	9,239	14,896
	1,503,489	1,376,753
Excess of revenues over expenses	66,966	145,911
Balance, beginning of year	296,455	150,544
	363,421	296,455
Interfund transfer	(150,544)	-
Balance, end of year	\$ 212,877	\$ 296,455

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

Toronto Standard Condominium Corporation No. 1551

Statement of Cash Flows

Year Ended September 30

	2015	2014
Cash flows from (used in):		
Operating activities		
Owners' assessments	\$ 1,929,171	\$ 1,874,803
Miscellaneous income	48,348	41,017
Operating expenditures	(1,503,489)	(1,376,753)
Reserve fund interest income	32,638	36,390
	506,668	575,457
Changes in non-working capital items:		
Owners's assessments receivable	(6,498)	4,977
Prepaid expenses	(4,537)	1,351
Accounts payable and accrued liabilities	(43,505)	23,879
Government remittances	2,620	6,034
	(51,920)	36,241
Investing activity		
Acquisition of reserve fund investments	(590,247)	(429,545)
Increase (decrease) in balance	(135,499)	182,153
Balance, beginning of year	392,984	210,831
Balance, end of year	\$ 257,485	\$ 392,984

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

Toronto Standard Condominium Corporation No. 1551

Notes to Financial Statements

September 30, 2015

1. Nature of operations

The Toronto Standard Condominium Corporation No. 1551 ("the Corporation") was registered without share capital on October 17, 2003 under the Condominium Act, 1998, and is a non-profit organization that is exempt from taxes under the Income Tax Act.

The purpose of the Corporation is to manage and maintain, on behalf of the owners, the common elements (as defined in the Corporation's Declaration and Bylaws) and to provide common services for the benefit of the owners of the 231 units and three residential condominium buildings located at 18 Beverley Street, Toronto, ON, M5T 3L2.

2. Significant accounting policies

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

(a) 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.

(b) Revenue recognition

Owners' assessments are recognized as revenue in the statement of operations on a monthly basis as outlined in the annual budget distributed to the owners each year. The Corporation recognizes revenue at the first of each month when assessments are due and collection is reasonably assured. Interest and other revenue are recognized as revenue of the related fund when earned.

(c) Income taxes

The Corporation qualifies as a non-profit organization which is exempt from income taxes under the Income Tax Act.

Toronto Standard Condominium Corporation No. 1551

Notes to Financial Statements

September 30, 2015

2. Significant accounting policies (continued)

(d) Fund accounting

Reserve fund - Externally restricted

The Corporation is required by the Condominium Act, 1998 to establish a reserve fund to be used solely for the purpose of major repair and replacement of common elements and assets of the condominium. The Corporation allocates to the reserve fund amounts that, calculated from expected repair and replacement costs and life expectancies of the common elements and assets of the Corporation, are reasonably expected to provide sufficient funds to repair and replace the common elements and assets. Revenue and costs related to such major repairs and replacements are accounted for in the Reserve fund.

Operating fund - Unrestricted

Revenue and expenses for the general operations of the Corporation are reported in the Statement of Operations and Fund Balances – Operating Fund.

(e) Financial instruments

All assets and liabilities, with the exception of prepaid expenses, are financial instruments, and are initially recorded at fair market value and are subsequently recorded at amortized cost.

Toronto Standard Condominium Corporation No. 1551

Notes to Financial Statements

September 30, 2015

2. Significant accounting policies (continued)

(f) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires the Corporation's directors and management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Estimates are required in determining the allowance for uncollectible owners' assessments receivable, accrued liabilities and contingencies. Actual results may differ from their best estimates as additional information becomes available in the future and adjustments, if any, are recorded as that information becomes known. These estimates and assumptions are reviewed periodically and adjustments are reported in the year which they become known.

(g) 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.

Toronto Standard Condominium Corporation No. 1551

Notes to Financial Statements

September 30, 2015

3. Reserve cash and investments

The reserve fund consists of the following

	2015	2014
Cash (Scotiabank, earning 2% interest)	\$ 2,530,464	\$ 1,953,307
Fixed income investments	300,000	605,980
RBC Investment savings account	568,388	249,319
	<hr/>	<hr/>
	\$ 3,398,852	\$ 2,808,606

Fixed income investments mature between February 2016 and June 2017 and earn interest at rates between 2.0% to 3.47% (2014 - 2.25% and 3.47%). The RBC Investment savings account bears interest at a rate established by the bank, which for most of the year was 1.25%. Interest is generally accrued until maturity.

Toronto Standard Condominium Corporation No. 1551

Notes to Financial Statements

September 30, 2015

4. Reserve fund

The Corporation, as required by the Condominium Act of Ontario, has established a reserve fund study for financing future major repairs and replacements of the common elements and assets of the Corporation.

Subsection 94 (1) of the Condominium Act, 1998, requires the Corporation to conduct periodic studies to determine whether the amount of money in the reserve fund and the amount of contributions collected by the Corporation are adequate to provide for the expected costs of major repair and replacement of the common elements and assets of the Corporation.

The Directors have used the reserve fund study of GENIVAR Consultants Limited Partnership, dated September 10, 2012 and such other information as was available to them in evaluating the adequacy of the reserve fund. The Board has adopted the recommendations of the study which suggests an annual contribution for fiscal 2015 of \$404,159 (2014 - \$393,156) and expenditures of \$330,328 (2014 - \$369,758) and an ending balance as at September 30, 2015 of \$2,360,251 (2014 \$2,217,475). Actual amounts were \$407,064, nil and \$3,398,852 respectively. Annual reserve allocations in the study increase by inflation each year. The Corporation is presently in the process of updating the reserve fund report.

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

Toronto Standard Condominium Corporation No. 1551

Notes to Financial Statements

September 30, 2015

5. Commitments

The Corporation has the following commitments:

(i) Property management

The Corporation was formerly managed by a contracted individual. Subsequent to year end it has entered into a property management contract with ICC Property Managers at a monthly fee of \$9,583 which will be renegotiated annually.

(ii) Elevators

The Corporation has contracted Thyssen Krupp to provide elevator maintenance services for a monthly fee of \$2,860. The contract commenced August 1, 2007 and expires on July 31, 2017.

(iii) Landscaping

The Corporation has contracted with May Flower Landscaping for landscaping and snow removal services for fiscal 2017 and 2018. The amount owing for the fiscal year ended August 31, 2017 is \$43,701 and the amount owing for the fiscal year ended August 31, 2018 is \$44,138.

(iv) H.V.A.C.

The Corporation has contracted Robert Knowlton Refrigeration for H.V.A.C maintenance for a monthly fee of \$2,260. The contract commenced July 1, 2011 and expires on June 30, 2016.

Toronto Standard Condominium Corporation No. 1551

Notes to Financial Statements

September 30, 2015

6. Miscellaneous income

	2015	2014
Guest suites income	\$ 32,060	\$ 29,540
Status certificate	4,718	1,280
Interest income	3,653	3,771
Multi-purpose room income	3,200	4,770
Other income	2,407	960
Access control - keys	2,310	696
	<hr/>	<hr/>
	\$ 48,348	\$ 41,017

Toronto Standard Condominium Corporation No. 1551

Notes to Financial Statements

September 30, 2015

7. Financial instruments - risk management

(i) Interest rate risk

Interest rate risk is the risk of potential financial loss caused by fluctuations in 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.

(ii) 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 operating and reserve 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 and limited financial exposure in a multi-unit condominium.

(iii) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligation as they become due. The Corporation manages this risk by establishing budgets and funding plans and by levying sufficient owners' assessments to fund its operating expenses, debt payments and the necessary contributions to the reserve and other funds. Cash is held in an interest bearing account which provides a rate of return as well as liquidity.

8. Related party transactions

No remuneration was paid to directors and officers during the year and they had no interest in any transactions of the Corporation. Management, in addition to fees, is reimbursed for certain administrative costs and collects fees from owners, purchasers and others for issuing lien notices and status certificates. These transactions were in the normal course of business and were measured at the exchange amount.