

YORK CONDOMINIUM CORPORATION NO. 323

FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2015

YORK CONDOMINIUM CORPORATION NO. 323

FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2015

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Reserve Fund	3
Statement of Operating Fund	4
Schedule of Expenses	5 – 6
Statement of Cash Flows	7
Notes to Financial Statements	8 – 13

TAPP & COMPANY

Chartered Accountants
160 Eglinton Avenue East, Suite 300
Toronto, Ontario M4P 3B5

Tel: 416-487-2000
Fax: 416-487-5225
contact@tappandco.com

INDEPENDENT AUDITOR'S REPORT

To the Owners of
York Condominium Corporation No. 323

We have audited the accompanying financial statements of York Condominium Corporation No. 323, which comprise the statement of financial position as at April 30, 2015, and the statements of reserve fund, operating fund and 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

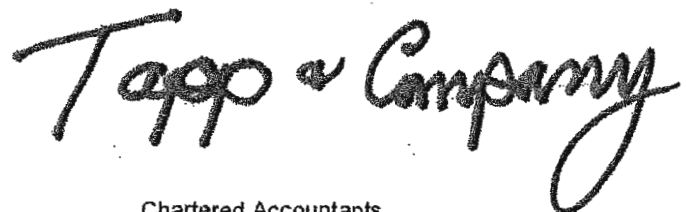
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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 Corporation'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 York Condominium Corporation No. 323 as at April 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.



Toronto, Ontario
July 28, 2015

Chartered Accountants
Licensed Public Accountant

YORK CONDOMINIUM CORPORATION NO. 323

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2015

ASSETS

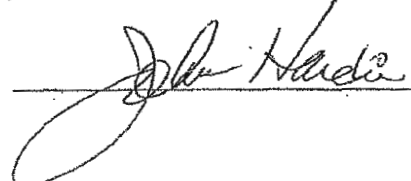
	<u>2015</u>	<u>2014</u>
Current		
Operating fund cash	\$ 173,348	\$ 180,219
Due from High Park Green Recreation Centre	10,526	3,840
Due from Y.C.C. No. 435	<u>4,097</u>	<u>4,020</u>
	187,971	188,079
Reserve fund cash and investments (Note 2)	<u>2,004,622</u>	<u>2,426,628</u>
	<u>\$2,192,593</u>	<u>\$2,614,707</u>

LIABILITIES AND FUND BALANCES

Current		
Accounts payable and accrued liabilities:		
Operating fund	\$ 60,690	\$ 76,989
Reserve fund	<u>140,077</u>	<u>172,177</u>
	200,767	249,166
Fund balances		
Reserve fund (Note 3)	1,873,476	2,254,451
Operating fund	<u>118,350</u>	<u>111,090</u>
	<u>1,991,826</u>	<u>2,365,541</u>
	<u>\$2,192,593</u>	<u>\$2,614,707</u>

Approved on behalf of the Board:

 Director

 Director

See Notes to Financial Statements

YORK CONDOMINIUM CORPORATION NO. 323

STATEMENT OF RESERVE FUND

YEAR ENDED APRIL 30, 2015

	<u>2015</u>	<u>2014</u>
Revenue		
Allocation from operating fund	\$ 724,404	\$ 710,200
Interest earned	<u>43,560</u>	<u>45,559</u>
	<u>767,964</u>	<u>755,759</u>
Expenses		
Boiler repairs	1,771	6,786
Building envelope repairs	346,862	1,554
Electrical repairs	8,652	-
Emergency generator repairs	-	18,476
Emergency generator replacement	109,277	-
Front door replacement	-	11,577
Garage exhaust fan repairs	-	2,769
Garage roof repairs	11,865	-
Garbage service room repairs	-	2,062
Landscaping project	12,967	-
Lobby refurbishment	15,389	-
Plumbing repairs	9,280	-
Reserve fund study	2,825	-
Security equipment	1,762	-
Storm drain repairs	-	2,446
Swimming pool repairs	-	6,793
Window and balcony door repairs	81,796	457,986
Windows and doors	<u>546,493</u>	<u>-</u>
	<u>1,148,939</u>	<u>510,449</u>
Excess (deficiency) of revenue over expenses	(380,975)	245,310
Fund Balance, beginning of year	<u>2,254,451</u>	<u>2,009,141</u>
Fund Balance, end of year	<u>\$1,873,476</u>	<u>\$2,254,451</u>

See Notes to Financial Statements

YORK CONDOMINIUM CORPORATION NO. 323

STATEMENT OF OPERATING FUND

YEAR ENDED APRIL 30, 2015

	2015 <u>Budget</u> (Note 8)	2015 <u>Actual</u>	2014 <u>Actual</u>
Revenue			
Owners' assessment	\$1,782,850	\$1,782,855	\$1,747,841
Less allocation to reserve fund	<u>(724,404)</u>	<u>(724,404)</u>	<u>(710,200)</u>
	1,058,446	1,058,451	1,037,641
Interest and sundry income	<u>16,940</u>	<u>19,033</u>	<u>18,337</u>
	<u>1,075,386</u>	<u>1,077,484</u>	<u>1,055,978</u>
Expenses (Pages 5 and 6)			
Administration	76,495	65,147	63,816
Contract services	279,528	273,686	269,001
Recreation Centre	39,000	39,278	39,350
Repairs and maintenance	114,685	100,318	116,659
Utilities	499,541	497,228	500,716
Wages and benefits	<u>91,757</u>	<u>94,567</u>	<u>95,525</u>
	<u>1,101,006</u>	<u>1,070,224</u>	<u>1,085,067</u>
Excess (deficiency) of revenue over expenses	<u>\$ (25,620)</u>	7,260	(29,089)
Fund Balance, beginning of year		<u>111,090</u>	<u>140,179</u>
Fund Balance, end of year		<u>\$ 118,350</u>	<u>\$ 111,090</u>

See Notes to Financial Statements

YORK CONDOMINIUM CORPORATION NO. 323

SCHEDULE OF EXPENSES

YEAR ENDED APRIL 30, 2015

	2015 <u>Budget</u> (Note 8)	2015 <u>Actual</u>	2014 <u>Actual</u>
Administration			
Bank charges	\$ 396	\$ 372	\$ 306
Insurance	44,269	38,817	39,156
Meetings	2,800	3,436	3,373
Office and general	9,300	8,332	7,257
Professional fees	13,730	7,952	7,771
Telephones	<u>6,000</u>	<u>6,238</u>	<u>5,953</u>
	<u>76,495</u>	<u>65,147</u>	<u>63,816</u>
Contract Services			
Access control	1,000	966	966
Cable TV	76,460	74,080	70,769
Carpet cleaning	3,100	3,100	3,050
Elevators	12,300	12,360	11,945
Fire protection	4,000	4,287	4,785
Garage cleaning	3,200	3,164	1,582
Garage doors	600	610	576
Grounds maintenance	27,664	27,661	26,860
HVAC	27,300	27,186	30,845
Management fees	112,764	112,751	109,999
Pest control	1,440	1,301	1,342
Waste disposal	7,200	5,881	5,067
Window washing	<u>2,500</u>	<u>339</u>	<u>1,215</u>
	<u>279,528</u>	<u>273,686</u>	<u>269,001</u>
Recreation Centre (Note 4)	<u>39,000</u>	<u>39,278</u>	<u>39,350</u>
Repairs and Maintenance			
Building safety	5,000	6,033	3,371
Common area housekeeping	31,200	25,274	30,205
Electrical	11,600	10,359	11,519
Exterior	7,550	6,983	7,256
General	26,335	20,770	33,015
Mechanical	<u>33,000</u>	<u>30,899</u>	<u>31,293</u>
	<u>114,685</u>	<u>100,318</u>	<u>116,659</u>

See Notes to Financial Statements

YORK CONDOMINIUM CORPORATION NO. 323

SCHEDULE OF EXPENSES (CONTINUED)

YEAR ENDED APRIL 30, 2015

	2015 <u>Budget</u> (Note 8)	2015 <u>Actual</u>	2014 <u>Actual</u>
Utilities			
Gas	\$143,376	\$145,725	\$187,378
Hydro	253,532	251,880	226,475
Water	<u>102,633</u>	<u>99,623</u>	<u>86,863</u>
	<u>499,541</u>	<u>497,228</u>	<u>500,716</u>
Wages and Benefits			
Employee benefits	12,468	13,220	9,218
Superintendents	<u>79,289</u>	<u>81,347</u>	<u>86,307</u>
	<u>91,757</u>	<u>94,567</u>	<u>95,525</u>

See Notes to Financial Statements

Page 6.

YORK CONDOMINIUM CORPORATION NO. 323

STATEMENT OF CASH FLOWS

YEAR ENDED APRIL 30, 2015

	<u>2015</u>	<u>2014</u>
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses		
Operating fund	\$ 7,260	\$ (29,089)
Reserve fund	<u>(380,975)</u>	<u>245,310</u>
	<u>(373,715)</u>	216,221
Changes in working capital		
Due from High Park Green Recreation Centre	(6,686)	20,493
Due from Y.C.C. No. 435	(77)	(59)
Accounts payable and accrued liabilities	<u>(48,399)</u>	<u>180,133</u>
	<u>(428,877)</u>	416,788
Investing activity		
Reserve fund investments, net	<u>453,212</u>	<u>(456,088)</u>
Increase (decrease) in cash	24,335	(39,300)
Cash, beginning of year	<u>836,436</u>	<u>875,736</u>
Cash, end of year	<u>\$860,771</u>	<u>\$836,436</u>
Comprised of:		
Operating fund cash	\$173,348	\$180,219
Reserve fund cash	<u>687,423</u>	<u>656,217</u>
	<u>\$860,771</u>	<u>\$836,436</u>

See Notes to Financial Statements

YORK CONDOMINIUM CORPORATION NO. 323

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2015

NATURE OF OPERATIONS

York Condominium Corporation No. 323 was registered without share capital on April 14, 1977 under the Condominium Act of Ontario and is a non-profit organization that is exempt from income taxes under the Income Tax Act.

The purpose of the Corporation is to manage and maintain the common elements (as defined in the Corporation's Declaration and By-laws) and to provide common services for the benefits of 193 residential units in a high rise building and 9 townhouses, located in the City of Toronto.

1. SIGNIFICANT ACCOUNTING POLICIES

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

Common elements

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

Fund accounting

Reserve fund

The Corporation is required by the Condominium Act of Ontario 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 Statement of Reserve Fund.

Operating fund

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

Common elements – recreation centre

The recreational facilities are owned jointly by the unit owners of the Corporation in conjunction with the unit owners of York Condominium Corporation No. 435. As such, the assets of the recreation centre are not reflected in these financial statements.

YORK CONDOMINIUM CORPORATION NO. 323

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Common elements – recreation centre (Cont'd)

The operations in the recreation centre are governed by a committee comprised of members representing both Corporations and are accounted for as a separate entity. The Corporation's payments to the recreation centre are budgeted and accounted for in the operating fund and are adjusted to reflect the Corporation's share of the recreation centre's surplus or deficit.

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. Changes in fair value and the resultant impairment loss are recognized at each reporting date.

Financial assets measured at amortized cost include operating fund cash, due from High Park Green Recreation Centre, due from Y.C.C. No. 435 and reserve fund cash and investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Corporation has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

Revenue Recognition

Owners' assessments are recognized as revenue based on the budget distributed to owners each year. Interest and other revenue are recognized as revenue of the related fund when earned.

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 the time spent and its fair market value cannot be made and accordingly, these contributed services are not recognized in the financial statements.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organization requires the Corporation's management and Directors to make estimates and assumptions that affect the reported amount of assets, liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the year. These estimated and assumptions are reviewed periodically and adjustments are reported in the year in which they become known.

YORK CONDOMINIUM CORPORATION NO. 323

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2015

2. RESERVE FUND CASH AND INVESTMENTS

Description	Maturity	Interest Rate %	2015	2014
Cash			\$418,858	\$ 656,217
BNS investment savings account				
			268,565	-
G.I.C.'S				
B2B Trust	June 16, 2014	2.20	-	49,910
Equitable Trust Company	June 23, 2014	1.86	-	100,000
Home Trust Company	June 23, 2014	1.86	-	100,000
Royal Bank of Canada	July 7, 2014	2.35	-	97,000
Pacific & Western Bank	July 28, 2014	1.90	-	100,000
Home Trust Company	August 12, 2014	1.70	-	100,000
Scotia Mortgage Corporation	November 24, 2014	2.05	-	99,390
Concentra Financial Services	June 29, 2015	2.01	100,000	-
Montreal Trust Company	July 6, 2015	2.70	97,000	97,000
Home Trust Company	August 14, 2015	1.50	100,000	-
CIBC	December 7, 2015	1.73	100,000	100,000
National Bank of Canada	July 5, 2016	3.00	97,000	97,000
Equitable Bank	July 22, 2016	2.20	100,000	100,000
ICICI Bank Canada	June 21, 2017	2.16	100,000	100,000
Manulife Trust Company	July 26, 2017	2.35	100,000	100,000
Advisors Advantage Trust	September 5, 2017	2.55	100,000	100,000
Dundee Bank of Canada	June 18, 2018	2.40	100,000	100,000
Montreal Trust Company	June 23, 2018	2.40	100,000	100,000
HomeEquity Bank	July 5, 2018	2.56	100,000	100,000
Royal Bank of Canada	July 5, 2018	2.55	100,000	100,000
Interest receivable			<u>23,199</u>	<u>30,111</u>
			<u>\$2,004,622</u>	<u>\$2,426,628</u>

YORK CONDOMINIUM CORPORATION NO. 323

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2015

3. RESERVE FUND

The Directors have used the report of R and C Engineering Inc. dated April 9, 2013 and such other information as was available to them to evaluate the adequacy of the reserve fund. That report proposed allocations of \$724,404 for 2015, costs of \$880,360 and a year-end balance as at April 30, 2015 of \$1,487,693. Actual amounts were allocations of \$724,404; costs of \$1,148,939 and a year-end balance of \$1,873,476. Reserve fund allocations are proposed to increase annually by 2% thereafter.

Any evaluation of the adequacy of the reserve fund is based upon assumptions as to 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 of Ontario requires reserve fund studies to be updated every three years.

4. HIGH PARK GREEN RECREATION CENTRE

The Corporation is a party to a reciprocal agreement with York Condominium Corporation No. 435 to manage and maintain the recreational facilities. The costs involved in operating, maintaining, repairing and replacing these facilities are shared between the two condominium corporations based on the number of residential units as follows:

York Condominium Corporation No. 323	36.50%
York Condominium Corporation No. 435	63.50%

The recreation centre does not have any accumulated surplus or deficit at April 30, 2015.

5. RELATED PARTY TRANSACTIONS

No remuneration was paid to Directors during the year.

6. FINANCIAL INSTRUMENTS RISK EXPOSURE

The Corporation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Corporation's risk exposure and concentrations at the balance sheet date.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's credit risk relates to:

YORK CONDOMINIUM CORPORATION NO. 323

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2015

6. FINANCIAL INSTRUMENTS RISK EXPOSURE (CONT'D)

(a) Owners' assessments receivable

Under the Condominium Act of Ontario, the Corporation has the ability to place a lien on an owner's unit to recover an outstanding balance. The Corporation has limited financial exposure in a multi-unit condominium.

(b) Cash and Investments

The Corporation manages this risk by placing funds with chartered banks and financial institutions which are covered under the Canada Deposit Insurance Corporation or the Deposit Insurance Corporation of Ontario and by investing in eligible securities as defined in the Condominium Act of Ontario. The Corporation believes its financial exposure is not significant.

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

Interest rate risk

Interest rate risk is the risk of a potential financial loss caused by fluctuations in fair value of future cash flow of a financial instrument due to changes in market interest rates. The Corporation is exposed to this risk on its interest bearing investments. To manage this risk, the Corporation intends to hold these investments to maturity.

7. COMMITMENTS

The Corporation has entered into the following long-term contracts:

Type	Period	Annual Rate (Inclusive of HST)
Cable TV	January 1, 2011 to December 31, 2015	\$ 74,080 *
Elevators	April 1, 2009 to March 31, 2019	12,360 *
Grounds Maintenance	May 1, 2014 to April 30, 2017	27,724 *
HVAC	December 1, 2014 to November 30, 2018	26,917 *
Management fees	May 1, 2014 to April 30, 2016	112,751 *

* Subject to annual increases.

YORK CONDOMINIUM CORPORATION NO. 323

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2015

7. COMMITMENTS (CONT'D)

The Corporation entered into a contract for the replacement of the balcony windows and doors at a cost of \$841,059, exclusive of consulting fees. At April 30, 2015 an amount of \$494,714 was incurred and charged to the reserve fund.

The Corporation entered into a contract for engineering services in respect of the replacement of the balcony windows and doors at a cost of \$82,490. At April 30, 2015 an amount of \$41,245 was incurred and charged to the reserve fund.

The Corporation entered into a contract for the replacement of the emergency generator at a cost of \$419,709, exclusive of consulting fees. At April 30, 2015 an amount of \$100,248 was incurred and charged to the reserve fund.

8. BUDGET INFORMATION

The 2015 budget amounts are presented for information purposes only. They were approved by the Board of Directors and are unaudited.