

Carleton Condominium Corporation No. 60
Financial Statements
For the year ended September 30, 2016

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Independent Auditor's Report

To the Condominium Owners of Carleton Condominium Corporation No. 60

We have audited the accompanying financial statements of Carleton Condominium Corporation No. 60, which comprise the statement of financial position as at September 30, 2016, and the statements of operating fund and reserve fund operations and changes in fund balance and the statement of 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 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.

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, 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 Carleton Condominium Corporation No. 60 as at September 30, 2016, 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.

Other Matters

We were engaged to conduct an audit, in accordance with Canadian generally accepted auditing standards, on the financial statements prepared by the Corporation's management in accordance with Canadian accounting standards for not-for-profit organizations. We were not engaged to, nor do we, provide any assurance as to whether the Corporation is in compliance with all aspects of the Condominium Act of Ontario (as proclaimed on May 5, 2001) and we were not engaged to, nor do we, provide any assurance as to the adequacy of the reserve fund to cover future major repairs and replacements.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

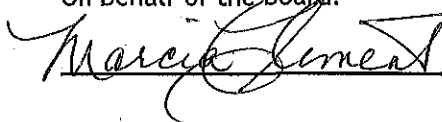
Ottawa, Ontario
November 24, 2016

Carleton Condominium Corporation No. 60

Statement of Financial Position

September 30	Operating Fund	Reserve Fund	2016	2015
Assets				
Current				
Cash	\$ 234,637	\$ 441,550	\$ 676,187	\$ 554,942
Accounts receivable	4,808	348,210	353,018	-
Prepaid expenses	16,821	-	16,821	869
	<u>\$ 256,266</u>	<u>\$ 789,760</u>	<u>\$ 1,046,026</u>	<u>\$ 555,811</u>
Liabilities				
Current				
Accounts payable and accrued liabilities	\$ 46,765	\$ -	\$ 46,765	\$ 46,295
Prepaid fees and assessments	1,109	43,796	44,905	-
Due to reserve fund (Due from operating fund)	239,714	(239,714)	-	-
	<u>287,588</u>	<u>(195,918)</u>	<u>91,670</u>	<u>46,295</u>
Contractual obligations (Note 3)				
Fund balances				
Operating fund (deficiency)	(31,322)	-	(31,322)	5,534
Reserve fund (Note 2)	-	985,678	985,678	503,982
	<u>(31,322)</u>	<u>985,678</u>	<u>954,356</u>	<u>509,516</u>
	<u>\$ 256,266</u>	<u>\$ 789,760</u>	<u>\$ 1,046,026</u>	<u>\$ 555,811</u>

On behalf of the board:

 Director

 Director

Carleton Condominium Corporation No. 60
Statement of Operating Fund Operations and
Changes in Fund Balance

For the year ended September 30	Budget	2016	2015
	(Unaudited)		
Revenues			
Condominium fees	\$ 538,880	\$ 538,880	\$ 479,873
Miscellaneous	1,950	3,253	2,071
Rental	11,500	11,946	10,158
	<u>552,330</u>	<u>554,079</u>	<u>492,102</u>
Expenses			
Cleaning	13,399	13,984	11,786
Elevator	10,000	13,073	15,013
Fire and security	6,815	7,666	7,768
Gas	45,000	26,953	36,180
Hydro	96,853	115,411	105,789
Insurance	18,000	15,498	15,089
Landscaping	4,690	3,447	2,785
Management fees	17,376	17,376	16,870
Office	2,500	1,796	1,678
Professional fees	9,520	14,324	15,728
Repairs and maintenance			
Exterior	27,661	34,473	33,350
Interior	9,000	2,330	3,587
Mechanical	28,287	42,160	26,807
Snow removal	7,300	10,841	6,961
Superintendent	48,693	51,499	48,579
Swimming pool	3,000	2,655	1,335
Telecommunications	6,000	7,325	6,456
Waste removal	8,394	7,501	8,150
Water	33,000	39,357	36,918
	<u>395,488</u>	<u>427,669</u>	<u>400,829</u>
Excess of revenues over expenses before transfer	156,842	126,410	91,273
Transfer to reserve fund (Note 2)	163,266	163,266	121,266
Deficiency of revenues over expenses	\$ (6,424)	(36,856)	(29,993)
Operating fund balance, beginning of the year		5,534	35,527
Operating fund balance (deficiency), end of the year		\$ (31,322)	\$ 5,534

Carleton Condominium Corporation No. 60
Statement of Reserve Fund Operations and
Changes in Fund Balance

For the year ended September 30	2016	2015
Revenues		
Investment income	\$ -	\$ 2,313
Special assessment	550,000	140,719
	<u>550,000</u>	<u>143,032</u>
Expenses		
Balconies and decks	-	4,520
Bank fees	67	219
HVAC	3,472	16,494
Lobbies and entrances	-	18,369
Parging, bricks and masonry	-	7,272
Parking garage	224,234	-
Professional fees	2,543	11,187
Reserve fund study	1,254	17,515
Sewers	-	3,382
Water damage	-	904
	<u>231,570</u>	<u>79,862</u>
Excess of revenues over expenses before transfer	318,430	63,170
Transfer from operating fund (Note 2)	163,266	121,266
Excess of revenues over expenses	481,696	184,436
Reserve fund balance, beginning of the year	503,982	319,546
Reserve fund balance, end of the year	\$ 985,678	\$ 503,982

Carleton Condominium Corporation No. 60

Statement of Cash Flows

For the year ended September 30	2016	2015
Cash flows from operating activities		
Deficiency of revenues over expenses	\$ (36,856)	\$ (29,993)
Changes in non-cash working capital:		
Accounts receivable	(4,808)	-
Prepaid expenses	(15,952)	(13)
Accounts payable and accrued liabilities	14,635	(716)
Prepaid fees and assessments	1,109	(7)
Due to/from reserve fund	161,376	69,396
Net increase in cash	119,504	38,667
Cash, beginning of the year	115,133	76,466
Cash, end of the year	\$ 234,637	\$ 115,133

Carleton Condominium Corporation No. 60

Notes to Financial Statements

September 30, 2016

1. Accounting Policies

Status and Purpose of Organization

Carleton Condominium Corporation No. 60 is a not-for-profit organization incorporated without share capital under the Condominium Act of Ontario.

The purpose of the Corporation is to manage and maintain the common elements of the condominium (as detailed in the Corporation's Declaration and By-Laws) and to provide common services for the benefit of the owners of the 60 units of the condominium in the city of Ottawa.

The Corporation is a non-profit organization under the Income Tax Act and, as such, is exempt from income taxes.

Basis of Accounting

The Corporation applies the Canadian accounting standards for not-for-profit organizations.

Fund Accounting

The Corporation follows the restricted fund method of accounting for contributions.

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

The reserve fund reports the contributions from owners and expenses for major repairs and replacement costs of the common elements. The basis for determining the reserve fund's requirements is explained in note 2. Only major repairs and replacements of the common elements are charged to the reserve, with the exception of the cost of the reserve fund study which may be charged to the reserve fund. Minor repairs and replacements are charged to repairs and maintenance of the operating fund.

The Corporation segregates amounts accumulated for the purpose of financing future charges to the reserve fund in special accounts. Interest earned on these amounts is credited directly to the reserve.

Revenue Recognition

Owners assessments are recognized as revenue in the statement of operations monthly based on the budget distributed to owners each year. Special assessments are recognized as revenue when they become payable by the owners to the Corporation. Interest and other revenue are recognized as revenue of the related fund when earned.

Common Elements

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

Carleton Condominium Corporation No. 60

Notes to Financial Statements

September 30, 2016

1. Accounting Policies (cont'd)

Financial Instruments

Initial and subsequent measurement

The Corporation initially measures its financial assets and liabilities at fair value. The Corporation subsequently measures all its financial assets and liabilities at amortized cost.

Financial instruments measured at amortized cost are cash, accounts receivable and accounts payable and accrued liabilities.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment.

Transaction costs

Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in the statement of operations of the appropriate fund over the life of the instrument using the straight-line method.

2. Reserve for Major Repairs and Replacements

The evaluation of the adequacy of the reserve fund is based on numerous assumptions as to future events. The directors' evaluation is that the reserve should provide sufficient funds to finance such major repairs and replacements as may be necessary based on a comprehensive reserve fund study by Morrison Hershfield Limited dated March 21, 2016. On June 13, 2016, the Board of Directors approved a revised funding plan for the reserve fund and issued notice to the owners under Section 94 (9) (a) of the Condominium Act. Under this plan, the Corporation's plan for contribution to the reserve fund for 2016 was \$163,266 from the condominium fees in addition to a \$550,000 special assessment. Projected expenses from the reserve fund for 2016 were \$103,020. The plan projected a reserve fund balance on September 30, 2016 of \$1,130,251. The actual reserve fund balance on September 30, 2016 is \$985,678.

Carleton Condominium Corporation No. 60

Notes to Financial Statements

September 30, 2016

2. Reserve for Major Repairs and Replacements (cont'd)

A special assessment totaling \$2,300,000 is due over a five year period and is payable by September 30 of each year beginning in 2016. The assessment will be allocated among units according to the terms of the declaration. Remaining assessments are due as follows:

	<u>Total</u>
2017	\$ 500,000
2018	450,000
2019	400,000
2020	400,000
	<u>\$ 1,750,000</u>

The final two years of the special assessment are subject to review as part of the next reserve fund study.

3. Contractual Obligations

The Corporation has entered into a contract for HVAC maintenance services ending March 31, 2017 and a contract for snow removal services ending April 15, 2018. Minimum payments under the contracts, including HST, are as follows:

	<u>HVAC</u>	<u>Snow</u>	<u>Total</u>
2017	\$ 4,497	\$ 3,955	\$ 8,452
2018	-	3,955	3,955
	<u>\$ 4,497</u>	<u>\$ 7,910</u>	<u>\$ 12,407</u>

4. Budget Information

The budget figures presented for comparison purposes are unaudited and are those approved by the Board of Directors.

5. Remuneration of Directors and Officers

No remuneration was paid to Directors or Officers during the year.