

CARLETON CONDOMINIUM CORPORATION NO. 279
FINANCIAL STATEMENTS
MARCH 31, 2018



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SUMMARY

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Carleton Condominium Corporation no. 279

We have audited the accompanying financial statements of Carleton Condominium Corporation no. 279, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net assets and cash flow 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 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, the financial statements present fairly, in all material respects, the financial position of Carleton Condominium Corporation no. 279 as at March 31, 2018, 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.



Boyer & Boyer, CPA
Licensed Public Accountants

Ottawa
August 9, 2018

CARLETON CONDOMINIUM CORPORATION NO. 279**STATEMENT OF OPERATIONS****FOR THE YEAR ENDED MARCH 31, 2018**

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	Budget	2018	2017
Income			
Owners' assessment	\$ 251,940	\$ 251,940	\$ 263,530
Allocations to the Reserve Fund	(102,668)	(102,668)	(87,750)
Other revenue	2,000	855	1,635
Interest earned	100	715	-
	151,372	150,842	177,415
Administrative expenses			
Hydro	60,000	48,255	53,411
Superintendent	24,200	23,364	17,141
Repairs and maintenance	12,000	23,864	28,641
Insurance	11,600	11,950	11,513
Water	11,000	10,139	11,819
Property Manager	9,221	10,413	8,184
Elevator maintenance	5,200	6,005	5,119
Heat, ventilation and air conditioning	4,500	2,234	4,413
Professional fees	3,500	6,190	3,329
Landscape	3,400	4,611	3,310
Snow removal	3,400	3,390	3,390
Fire protection service	3,400	2,345	3,382
Miscellaneous expenses	3,150	2,406	1,375
Security	2,400	3,034	1,982
Window cleaning	1,100	1,337	1,017
Pest control	-	303	371
	158,071	159,840	158,397
Excess (deficiency) of revenues over expenses	\$ (6,699)	\$ (8,998)	\$ 19,018



CARLETON CONDOMINIUM CORPORATION NO. 279
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2018

	Reserve Fund	General Fund	2018 Total	2017 Total
Balance, beginning of year	\$ 171,623	\$ 28,849	\$ 200,472	\$ 239,616
Excess (deficiency) of revenues over expenses	-	(8,998)	(8,998)	19,018
Excess (deficiency) of revenues over expenses - Reserve Fund (note 8)	12,732	-	12,732	(58,162)
Balance, end of year	\$ 184,355	\$ 19,851	\$ 204,206	\$ 200,472

CARLETON CONDOMINIUM CORPORATION NO. 279**STATEMENT OF FINANCIAL POSITION****AS AT MARCH 31, 2018**

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	2018	2017
Assets		
Current assets		
Cash - General Fund	\$ 26,660	\$ 70,928
Cash - Reserve Fund	141,860	34,510
Investments - Reserve Fund (note 3)	52,417	106,717
Other amount receivable	2,853	5,825
Interest Receivable - Reserve Fund	103	99
Receivable from Reserve Fund	8,895	-
Receivable from General Fund	-	33,224
	\$ 232,788	\$ 251,303
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	\$ 19,687	\$ 17,607
Due to Reserve Fund	-	33,224
Due to General Fund	8,895	-
	28,582	50,831
Net assets		
Reserve Fund	184,355	171,623
General Fund	19,851	28,849
	204,206	200,472
	\$ 232,788	\$ 251,303

_____, Director

_____, Director

CARLETON CONDOMINIUM CORPORATION NO. 279**STATEMENT OF CASH FLOW****FOR THE YEAR ENDED MARCH 31, 2018**

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	2018	2017
Operating activities		
Excess (deficiency) of revenues over expenses	\$ 3,737	\$ (39,144)
Net change in non-cash working capital items:		
Other amount receivable	2,972	(5,825)
Interest Receivable - Reserve Fund	(4)	514
Accounts payable and accrued liabilities	2,080	4,142
	<u>8,785</u>	<u>(40,313)</u>
Investing activities		
Investment acquisition	(369)	-
Investment proceeds	-	52,034
	<u>(369)</u>	<u>52,034</u>
Increase (decrease) in cash and cash equivalents	8,416	11,721
Cash and cash equivalents, beginning of year	160,104	148,383
Cash and cash equivalents, end of year	\$ 168,520	\$ 160,104
Cash and cash equivalents		
Cash - General Fund	\$ 26,660	\$ 70,927
Cash - Reserve Fund	141,860	34,510
Cash - Special account Reserve Fund	-	54,667
	<u>\$ 168,520</u>	<u>\$ 160,104</u>

1. Nature of activities

The Carleton Condominium Corporation #279 (the "Corporation") was incorporated without share capital under the laws of the Condominium Act of Ontario. The Corporation was formed to manage and maintain, on behalf of the owners, the common elements of 17 residential units commonly known as «Strathcona Place», located in the City of Ottawa. For Canadian income tax purposes, the Corporation qualifies as a not-for-profit organization which is exempt from income tax under the Income Tax Act.

2. Significant accounting policies

The corporation applies the Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting.

Common element

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

The corporation follows the restricted fund method of accounting for contributions which have externally imposed restrictions.

General Fund

The General Fund is used for the general operating activities of the Corporation. The co-owners' assessments are determined annually by the directors based on the expenses related to the rendering of service and administration. This Fund includes the unrestricted balances of assets, liabilities, revenue and expenses.

Reserve Fund

The Corporation, as required by the Condominium Act of Ontario, has established a Reserve Fund for financing future major repairs and replacements of the common elements. The basis for determining the amounts required to finance major repairs and replacements is explained in Note 3. Only major repairs and replacements of the common elements are charged directly to the Reserve Fund, with the exception of the cost of the Reserve Fund study which may be charged to the Reserve Fund at the discretion of the Board of Directors. Minor repairs and replacements are charged to repairs and maintenance expense of the General Fund.

The Corporation segregates funds accumulated for the purpose of financing future charges to the Reserve Fund in special accounts, for the use only to finance such charges. Interest earned on these restricted funds is credited to the Reserve Fund.



2. Significant accounting policies (continued)

Revenue recognition

Owners assessments are recognized as revenue in the Statement of Operations 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.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenses for the periods covered. Actual results could differ from management's best estimates as additional information becomes available in the future.

The main item for which a significant estimate was made is the accrued liabilities.

Contributed services

The Corporation could not sustain its activities without the dedicated efforts supplied by its directors and owners who offer a considerable amount of hours in this regard. Due to the complexity inherent to recording such hours and to assess the value of those hours, the services rendered by volunteers are not reflected in the financial statements.

Financial instruments

Measurement of financial instruments

The corporation initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The corporation subsequently measures all its financial assets and financial liabilities at cost or amortized cost.

Financial assets measured at amortized cost on a straight-line basis include cash, term deposits, and other accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis include the accounts payable.

3. Investments - Reserve Fund

	2018	2017
GIC, interest rate at 0.5%, maturing December 26, 2018	\$ 25,944	\$ 25,814
GIC, interest rate at 0.9%, maturing December 16, 2018	26,473	26,236
	<u>52,417</u>	<u>52,050</u>
Savings account	-	54,667
	<u>\$ 52,417</u>	<u>\$ 106,717</u>

4. Accounts payable and accrued liabilities

	2018	2017
Accounts payable	\$ 3,637	\$ 9,110
Accounts payable - Reserve	1,130	2,927
Accrued liabilities	14,920	5,570
	<u>\$ 19,687</u>	<u>\$ 17,607</u>

5. Financial instruments

Financial risks

The corporation is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The main risks are broken down below.

Liquidity risk

Liquidity risk is the risk that the corporation will encounter difficulty in meeting obligations associated with financial liabilities. The corporation is exposed to this risk mainly in respect to accounts payable.

5. Financial instruments (continued)

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the corporation by failing to discharge an obligation. The corporation's credit risk is mainly related to accounts receivable.

The corporation provides credit to its clients in the normal course of its operations.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The corporation is exposed to interest rate risk on its fixed-interest rate financial instruments. Fixed interest rate instruments subject the corporation to a fair value risk, since fair value fluctuates inversely to changes in market interest rates.

6. Remuneration of directors and officers

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

7. Reserve Fund

The directors have used the comprehensive Reserve Fund study of the firm Keller Engineering, dated December 7, 2015, and such other information available to them in evaluating the adequacy of the Reserve Fund. The board has accepted the recommendations of the study which suggests for 2017-2018 an annual contribution of \$102,668; and expenditures of \$74,389 (actual amount of \$91,164) and an ending balance at March 31, 2018 of \$37,608 (actual amount was an excess of \$184,355). According to the Reserve Fund Study the proposed reserve fund levels for the next five years are as follows:

2018-2019:	\$ 24,627
2019-2020:	\$ 17,122
2020-2021:	\$ 39,416
2021-2022:	\$106,737
2022-2023:	\$128,248

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 requires that Reserve Fund studies be updated every three years.

8. Statement of Operations - Reserve Fund

	2018	2017
Income		
Owner's assessments to the Reserve Fund	\$ 102,668	\$ 87,750
Interest earned on investments	1,228	436
	<u>103,896</u>	<u>88,186</u>
Expenses		
Garage	46,020	6,121
Engineering Services	13,135	5,769
Common Room	10,305	-
Electrical & Lightning	9,473	-
Plumbing	8,339	-
Sliding, Trim & Flashing	2,966	-
Windows & Skylights	865	116,446
Others	61	189
Exterior Concrete	-	12,236
Asphalt	-	2,825
Generator	-	1,788
Parging, Brick & Masonry	-	974
	<u>91,164</u>	<u>146,348</u>
Excess (deficiency) of revenues over expenses	\$ 12,732	\$ (58,162)