

**Carleton Condominium Corporation No. 264**  
**Financial Statements**  
For the year ended December 31, 2018

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## Independent Auditor's Report

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### To the Condominium Owners of Carleton Condominium Corporation No. 264

#### Opinion

We have audited the financial statements of Carleton Condominium Corporation No. 264 (the Corporation), which comprise the statement of financial position as at December 31, 2018, and the statements of reserve fund operations and fund balance, operations and accumulated general fund and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 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.

#### 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.

#### 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.

### **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 the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's 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 an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. 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 the Corporation's 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 the Corporation 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 those charged with governance 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.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario  
November 14, 2019

**Carleton Condominium Corporation No. 264**  
**Statement of Financial Position**

December 31	Operating Fund	Reserve Fund	2018	2017
<b>Assets</b>				
<b>Current</b>				
Cash	\$ 31,944	\$ 628,085	\$ 660,029	\$ 1,045,022
Investments (Note 3)	-	529,093	529,093	573,769
Accounts receivable	8,761	-	8,761	8,113
	<u>\$ 40,705</u>	<u>\$ 1,157,178</u>	<u>\$ 1,197,883</u>	<u>\$ 1,626,904</u>
<b>Liabilities</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	\$ 43,297	\$ 148,748	\$ 192,045	\$ 184,017
Due to reserve fund (Due from operating fund)	13,063	(13,063)	-	-
	<u>56,360</u>	<u>135,685</u>	<u>192,045</u>	<u>184,017</u>
<b>Contractual obligations (Note 4)</b>				
<b>Fund balances</b>				
Operating fund deficiency	(15,655)	-	(15,655)	(8,243)
Reserve fund (Note 2)	-	1,021,493	1,021,493	1,451,130
	<u>(15,655)</u>	<u>1,021,493</u>	<u>1,005,838</u>	<u>1,442,887</u>
	<u>\$ 40,705</u>	<u>\$ 1,157,178</u>	<u>\$ 1,197,883</u>	<u>\$ 1,626,904</u>

On behalf of the board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**Carleton Condominium Corporation No. 264**  
**Statement of Operating Fund Operations**  
**and Changes in Fund Balance**

<b>For the year ended December 31</b>	<b>Budget</b>	<b>2018</b>	<b>2017</b>
	(Unaudited)		
<b>Revenues</b>			
Condominium fees	\$ 676,777	\$ 675,536	\$ 625,759
Parking and miscellaneous	8,990	14,333	10,557
Special assessment	-	-	19,000
	<u>685,767</u>	<u>689,869</u>	<u>655,316</u>
<b>Expenses</b>			
Bad debts	-	-	1,236
Hydro	6,710	6,529	6,384
Insurance	40,700	40,787	38,985
Management fees	58,672	58,510	43,914
Office and administration	6,653	5,643	4,901
Parking control	4,000	2,634	3,512
Professional fees	6,700	6,031	6,794
Repairs and maintenance	51,000	36,376	37,578
Snow removal	56,839	56,839	66,077
Summer grounds	19,606	22,340	20,272
Swimming pool	25,111	22,982	21,006
Telecommunications	626	788	614
Waste removal	-	12,024	11,632
Water	91,000	107,646	89,286
	<u>367,617</u>	<u>379,129</u>	<u>352,191</u>
<b>Excess of revenues over expenses before transfer</b>	318,150	310,740	303,125
<b>Transfer to reserve fund (Note 2)</b>	<u>318,150</u>	<u>318,152</u>	<u>303,000</u>
<b>Excess (deficiency) of revenues over expenses</b>	\$ -	(7,412)	125
<b>Operating fund deficiency, beginning of the year</b>		<u>(8,243)</u>	(8,368)
<b>Operating fund deficiency, end of the year</b>		<u>\$ (15,655)</u>	<u>\$ (8,243)</u>

The notes are an integral part of these financial statements.

**Carleton Condominium Corporation No. 264**  
**Statement of Reserve Fund Operations**  
**and Changes in Fund Balance**

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b>
<b>Revenues</b>		
Investment income	\$ 9,712	\$ 44,810
<b>Expenses</b>		
Bank charges	42	92
Exterior	18,351	-
Privacy walls	-	7,746
Professional fees	19,945	53,901
Reserve fund study	2,091	-
Roofs (recovery)	(4,294)	42,940
Siding, trim and flashing	721,366	516,358
Steps	-	9,854
	<u>757,501</u>	<u>630,891</u>
<b>Deficiency of revenues over expenses before transfer</b>	<b>(747,789)</b>	<b>(586,081)</b>
<b>Transfer from operating fund (Note 2)</b>	<b>318,152</b>	<b>303,000</b>
<b>Deficiency of revenues over expenses</b>	<b>(429,637)</b>	<b>(283,081)</b>
<b>Reserve fund balance, beginning of the year</b>	<b>1,451,130</b>	<b>1,734,211</b>
<b>Reserve fund balance, end of the year</b>	<b>\$ 1,021,493</b>	<b>\$ 1,451,130</b>

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**Carleton Condominium Corporation No. 264**  
**Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenues over expenses	\$ (7,412)	\$ 125
Changes in non-cash working capital:		
Accounts receivable	(648)	(1,112)
Accounts payable and accrued liabilities	1,051	25,155
Prepaid fees		
Due to/from reserve fund	22,207	(8,181)
	<hr/>	<hr/>
<b>Net increase in cash</b>	<b>15,198</b>	<b>15,987</b>
<b>Cash, beginning of the year</b>	<b>16,746</b>	<b>759</b>
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<b>Cash, end of the year</b>	<b>\$ 31,944</b>	<b>\$ 16,746</b>

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# Carleton Condominium Corporation No. 264

## Notes to Financial Statements

December 31, 2018

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### 1. Accounting Policies

#### Status and Purpose of Organization

Carleton Condominium Corporation No. 264 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 184 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.

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# Carleton Condominium Corporation No. 264

## Notes to Financial Statements

December 31, 2018

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### 1. Accounting Policies (continued)

#### 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, except for investments which it chooses to measure at fair value. Changes in fair value are recognized in the statement of operations of the appropriate fund.

##### 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 that will be subsequently measured at fair value are recognized in the statement of operations of the appropriate fund in the year incurred. 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.

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### 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 reserve fund study by Keller Engineering Inc. dated March 30, 2015. The Corporation's plan for contribution to the reserve fund for 2018 was \$318,150 and plan for expenses from the reserve fund for 2018 was \$694,439. The study projected a reserve fund balance on December 31, 2018 of \$1,080,479. The actual reserve fund balance on December 31, 2018 is \$1,021,493.

A reserve fund study update by Keller Engineering dated January 29, 2019 has been completed and its funding plan adopted by the Board of Directors, effective January 2019. This funding plan is based on an estimated reserve fund balance at December 31, 2018 of \$754,750. The funding plan also calls for a special assessment of \$235,000 to be levied in each of 2019, 2020 and 2021 in order to comply with the funding plan contained in the reserve fund study.

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## Carleton Condominium Corporation No. 264 Notes to Financial Statements

December 31, 2018

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### 3. Investments

	2018	2017
TD Canada Trust GIC, 0.95%, matured February 11, 2018	\$ -	\$ 123,564
Toronto-Dominion Bank GIC, 0.95%, matured March 14, 2018	-	180,473
TD Canada Trust GIC, 0.95%, matured March 14, 2018	-	146,269
Bank of Nova Scotia GIC, 1.35%, matured May 24, 2018	-	50,411
TD Mortgage Corp GIC, 1.1732%, maturing May 6, 2019	73,909	73,052
TD Canada Trust GIC, 1.25%, maturing January 9, 2019	182,407	-
TD Canada Trust GIC, 1.55%, maturing March 20, 2019	124,942	-
TD Canada Trust GIC, 1.25%, maturing January 9, 2019	147,835	-
	<u>\$ 529,093</u>	<u>\$ 573,769</u>

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### 4. Contractual Obligations

#### Operating Fund

The Corporation has entered into a contract for snow removal services ending April 30, 2019. Minimum payments under the contract for the year ending December 31, 2019 totals \$37,893 respectively, including HST.

#### Reserve Fund

The Corporation has entered into a contract for a siding replacement project at a total cost of \$808,633. During the year, \$366,313 was charged to the reserve fund reflective of the value of work performed up to December 31, 2018 as approved by the supervising engineer. The remaining balance of \$442,320 will be charged to the reserve fund as the work is completed. All figures above are inclusive of HST.

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### 5. Budget Information

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

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### 6. Remuneration of Directors and Officers

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