

**Ottawa-Carleton Standard Condominium Corporation No.
1009**

Financial Statements

For the year ended January 31, 2020

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Independent Auditor's Report

**To the Condominium Owners of
Ottawa-Carleton Standard Condominium Corporation No. 1009
Report on the Audit of the Financial Statements**

Opinion

We have audited the financial statements of Ottawa-Carleton Standard Condominium Corporation No. 1009 (the Corporation), which comprise the statement of financial position as at January 31, 2020, and the statements of operating fund and reserve fund operations and fund balance and cash flows for the year then ended, and notes to the financial statements, including a summary of 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 January 31, 2020, 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 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
REPORT DATE

Draft - Subject to change

Ottawa-Carleton Standard Condominium Corporation No. 1009

Statement of Financial Position

January 31	Operating Fund	Reserve Fund	2020	2019
Assets				
Current				
Cash	\$ 81,971	\$ 140,075	\$ 222,046	\$ 120,131
Accounts receivable	816	-	816	-
Prepaid expenses	7,830	-	7,830	7,670
	<u>\$ 90,617</u>	<u>\$ 140,075</u>	<u>\$ 230,692</u>	<u>\$ 127,801</u>
Liabilities				
Current				
Accounts payable and accrued liabilities	\$ 33,952	\$ 5,544	\$ 39,496	24,691
Prepaid condominium fees	-	-	-	80
Deferred contributions - furniture	4,418	-	4,418	4,418
Due to reserve fund (Due from operating fund)	30,180	(30,180)	-	-
	<u>68,550</u>	<u>(24,636)</u>	<u>43,914</u>	<u>29,189</u>
Contractual obligations (Note 3)				
Subsequent event (Note 4)				
Fund balances				
Operating fund	22,067	-	22,067	12,603
Reserve fund (Note 2)	-	164,711	164,711	86,009
	<u>22,067</u>	<u>164,711</u>	<u>186,778</u>	<u>98,612</u>
	<u>\$ 90,617</u>	<u>\$ 140,075</u>	<u>\$ 230,692</u>	<u>\$ 127,801</u>

On behalf of the board:

Director

Director

Ottawa-Carleton Standard Condominium Corporation No. 1009
Statement of Operating Fund Operations and
Changes in Fund Balance

For the year ended January 31	Budget	2020	2019
	(Unaudited)		
Revenues			
Condominium fees	\$ 149,536	\$ 149,548	\$ 149,536
Developer contribution	-	-	12,833
Interest income	500	604	692
Parking income	15,029	15,133	14,960
	<u>165,065</u>	<u>165,285</u>	<u>178,021</u>
Expenses			
Bad debt (recovery)	-	(166)	166
Cleaning	8,200	8,242	7,492
Elevator	10,250	10,012	9,777
Gas	2,500	1,156	2,725
Hydro	12,552	12,171	10,666
Insurance	8,200	8,473	6,578
Management fees	5,000	5,000	5,239
Office	1,708	1,278	652
Professional fees	7,300	5,374	9,968
Repairs and maintenance	15,756	10,792	7,364
Snow removal	2,900	1,885	2,050
Summer grounds	1,500	286	421
Telecommunications	2,500	3,076	2,297
Waste removal	2,353	1,523	1,888
Water	5,000	3,694	4,302
	<u>85,719</u>	<u>72,796</u>	<u>71,585</u>
Excess of revenues over expenses before transfer	<u>79,346</u>	<u>92,489</u>	<u>106,436</u>
Transfer to reserve fund (Note 2)	<u>83,025</u>	<u>83,025</u>	<u>81,000</u>
Excess (deficiency) of revenues over expenses	\$ (3,679)	9,464	25,436
Operating fund balance (deficiency), beginning of the year		<u>12,603</u>	<u>(12,833)</u>
Operating fund balance, end of the year		\$ 22,067	\$ 12,603

Ottawa-Carleton Standard Condominium Corporation No. 1009
Statement of Reserve Fund Operations and
Changes in Fund Balance

For the year ended January 31	2020	2019
Revenues		
Interest income	\$ 1,246	\$ 678
Expenses		
Bank charges	25	-
Pavers	5,544	-
Reserve fund study	-	509
Excess (deficiency) of revenues over expenses before transfer	(4,323)	169
Transfer from operating fund (Note 2)	83,025	81,000
Excess of revenues over expenses	78,702	81,169
Reserve fund balance, beginning of the year	86,009	4,840
Reserve fund balance, end of the year	\$ 164,711	\$ 86,009

Ottawa-Carleton Standard Condominium Corporation No. 1009

Statement of Cash Flows

For the year ended January 31	2020	2019
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	\$ 9,464	\$ 25,436
Changes in non-cash working capital:		
Accounts receivable	(816)	12,184
Prepaid expenses	(160)	3,866
Accounts payable and accrued liabilities	13,273	(13,962)
Prepaid condominium fees	(80)	80
Due to/from reserve fund	23,559	7,345
Net increase in cash	45,240	34,949
Cash, beginning of the year	36,731	1,782
Cash, end of the year	\$ 81,971	\$ 36,731

Ottawa-Carleton Standard Condominium Corporation No. 1009

Notes to Financial Statements

January 31, 2020

1. Accounting Policies

Purpose of Organization	<p>Ottawa-Carleton Standard Condominium Corporation No. 1009 is a not-for-profit organization incorporated without share capital on January 26, 2017 under the Condominium Act of Ontario.</p> <p>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 9 dwelling units and 13 parking units of the condominium in the city of Ottawa.</p> <p>The Corporation is a non-profit organization under the Income Tax Act and, as such, is exempt from income taxes.</p>
Basis of Accounting	<p>The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.</p>
Fund Accounting	<p>The Corporation follows the restricted fund method of accounting for contributions.</p> <p>The operating fund reports the contributions from owners and expenses related to the operation and administration of the common elements.</p> <p>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.</p> <p>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.</p>
Revenue Recognition	<p>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.</p>
Common Elements	<p>The common elements of the property are owned proportionately by the unit owners and consequently are not reflected as assets in these financial statements.</p>

Ottawa-Carleton Standard Condominium Corporation No. 1009

Notes to Financial Statements

January 31, 2020

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.

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 Buchan, Lawton, Parent Ltd. dated May 22, 2018. The Corporation's plan for contribution to the reserve fund for 2020 was \$83,025 and plan for expenses from the reserve fund for 2020 was \$NIL. The study projected a reserve fund balance on January 31, 2020 of \$166,787. The actual reserve fund balance on January 31, 2020 is \$164,711.

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Notes to Financial Statements

January 31, 2020

3. Contractual Obligations

The Corporation has entered into a contract for elevator maintenance services ending July 31, 2021. Minimum payments under the contract, including HST, are as follows:

	<u>Elevator</u>
2021	\$ 10,368
2022	<u>5,184</u>
	<u>\$ 15,552</u>

4. Subsequent Event

The global pandemic, as a result of COVID-19, has disrupted economic activities and supply chains. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruptions and the related financial impact cannot be reasonably estimated at this time. The Corporation's ability to continue to meet obligations as they come due is dependent on the continued ability to generate revenues and cash flows.

In addition, if the impacts of COVID-19 continue, there could be a further impact on the Corporation and its major suppliers and other third party business associates that could impact the financial statements. At this time, the full potential impact of COVID-19 on the entity is not known.

5. Budget Information

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

6. Remuneration of Directors and Officers

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