

**CARLETON CONDOMINIUM CORPORATION NO. 272**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Owners,  
**Carleton Condominium Corporation No. 272:**

### **Opinion**

We have audited the financial statements of Carleton Condominium Corporation No. 272 ("the Corporation"), which comprise the statement of financial position as at December 31, 2018, and the statements of general 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 significant accounting policies.

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.

### **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.

*Ottawa Deep*

**OUSELEY HANVEY CLIPSHAM DEEP LLP**

Licensed Public Accountants

Ottawa, Ontario

March 27, 2019

**CARLETON CONDOMINIUM CORPORATION NO. 272****STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
General fund		
Cash	\$ 86,759	\$ 36,880
Accounts receivable	-	14,483
Prepaid expenses	<u>180</u>	<u>2,960</u>
	<u>86,939</u>	<u>54,323</u>
Reserve fund		
Cash	87,481	21,773
Investments (note 4)	150,000	151,891
Accrued interest receivable	<u>690</u>	<u>797</u>
	<u>238,171</u>	<u>174,461</u>
	<u>\$ 325,110</u>	<u>\$ 228,784</u>
<b>Liabilities</b>		
General fund		
Accounts payable	\$ <u>11,533</u>	\$ <u>9,431</u>
<b>Fund balances</b>		
General fund	75,406	44,892
Reserve fund	<u>238,171</u>	<u>174,461</u>
	<u>313,577</u>	<u>219,353</u>
	<u>\$ 325,110</u>	<u>\$ 228,784</u>

Approved on behalf of the Board:

*Peter Fuchs*  
Director Treasurer

*Alum*  
Director PRESIDENT

**CARLETON CONDOMINIUM CORPORATION NO. 272****STATEMENT OF GENERAL FUND OPERATIONS AND FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budget</u> (note 8)	<u>2018</u>	<u>2017</u>
<b>Revenue</b>			
Owners' contribution	\$ 216,000	\$ 216,000	\$ 150,000
Less allocation to reserve fund	<u>70,000</u>	<u>70,000</u>	<u>-</u>
	146,000	146,000	150,000
Legal fees recovery	<u>-</u>	<u>20,000</u>	<u>-</u>
	<u>146,000</u>	<u>166,000</u>	<u>150,000</u>
<b>Expenses</b>			
Utilities			
Hydro	2,100	1,980	1,765
Water	47,000	43,395	38,730
Maintenance			
General	16,000	6,554	5,185
Landscaping	12,000	5,671	9,803
Snow removal	12,000	8,701	9,887
Administration			
Condominium Authority fee	1,000	719	238
Insurance	18,000	16,614	15,948
Management fees	16,700	21,925	19,655
Office	2,200	2,283	1,576
Audit	4,000	2,620	5,000
Legal	<u>15,000</u>	<u>5,024</u>	<u>23,812</u>
	<u>146,000</u>	<u>115,486</u>	<u>131,599</u>
Net revenue for the year	\$ <u>-</u>	50,514	18,401
Fund balance - beginning of year		44,892	26,491
Transfer to reserve fund		<u>(20,000)</u>	<u>-</u>
Fund balance - end of year		<u>\$ 75,406</u>	<u>\$ 44,892</u>

**CARLETON CONDOMINIUM CORPORATION NO. 272****STATEMENT OF RESERVE FUND OPERATIONS AND FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Plan</u> (notes 6 and 8)	<u>2018</u>	<u>2017</u>
<b>Revenue</b>			
Owners' contribution	\$ 70,000	\$ 70,000	\$ -
Interest	<u>3,107</u>	<u>1,874</u>	<u>2,172</u>
	<u>73,107</u>	<u>71,874</u>	<u>2,172</u>
<b>Expenses</b>			
Asphalt paving	9,180	3,119	-
Exterior caulking	11,220	4,746	-
Interlocking pavement	11,220	-	-
Professional fees	-	-	5,594
Wood fences	2,040	1,130	-
Wood siding	<u>20,400</u>	<u>19,169</u>	<u>18,842</u>
	<u>54,060</u>	<u>28,164</u>	<u>24,436</u>
Increase (decrease) for the year	19,047	43,710	(22,264)
Fund balance - beginning of year	159,260	174,461	196,725
Transfer from general fund	<u>-</u>	<u>20,000</u>	<u>-</u>
Fund balance - end of year	<u>\$ 178,307</u>	<u>\$ 238,171</u>	<u>\$ 174,461</u>

**CARLETON CONDOMINIUM CORPORATION NO. 272**
**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>		
Owners' contribution revenue	\$ 230,483	\$ 136,117
Legal fees recovery revenue	20,000	-
Interest revenue	1,981	2,092
General fund expenses	(110,604)	(133,131)
Reserve fund expenses	<u>(28,164)</u>	<u>(24,436)</u>
	<u>113,696</u>	<u>(19,358)</u>
<b>Cash flows from investing activities</b>		
Sale of investments	151,891	38,230
Purchase of investments	<u>(150,000)</u>	<u>-</u>
	<u>1,891</u>	<u>38,230</u>
Increase in cash for the year	115,587	18,872
Cash - beginning of year	<u>58,653</u>	<u>39,781</u>
Cash - end of year	<u>\$ 174,240</u>	<u>\$ 58,653</u>
<b>Cash</b>		
General fund	\$ 86,759	\$ 36,880
Reserve fund	<u>87,481</u>	<u>21,773</u>
	<u>\$ 174,240</u>	<u>\$ 58,653</u>

## CARLETON CONDOMINIUM CORPORATION NO. 272

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

#### 1. Purpose of the organization

The Corporation was registered without share capital in 1985 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 the 60 residential units. 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

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

##### a) Estimates and assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The estimates and assumptions are reviewed annually and, as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

##### b) Fund accounting

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

The general 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 repair and replacement costs of the common elements and assets. The basis for determining the reserve fund's requirements is explained in note 6. Only major repairs and replacements of the common elements and assets and the cost of the reserve fund study may be charged to the reserve fund. Minor repairs and replacements are charged to the general fund. The Corporation segregates amounts accumulated for the purpose of financing future charges to the reserve fund in special accounts, for use only to finance such charges. Interest earned on these amounts is credited directly to the reserve fund.

##### c) Financial instruments

Financial instruments are initially recognized at fair value and are subsequently measured at cost, amortized cost or cost less appropriate allowances for impairment.

##### d) Revenue recognition

Owners' contributions are recognized as revenue monthly based upon 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 when earned.

#### 3. Financial instruments

Financial instruments of the Corporation consist of cash, accounts receivable, investments, accrued interest receivable and accounts payable.

Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest rate, currency, credit, liquidity or market risks arising from its financial instruments and the risks have not changed from last year.



**CARLETON CONDOMINIUM CORPORATION NO. 272****NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018****4. Investments**

The Corporation has investment certificates that earn interest at annual rates that range from 2.35% to 2.8% and mature between April 2019 and April 2020.

**5. Major commitments**

The Corporation has engaged the services of a company to provide management services for a term ending February 2021 at an annual cost of approximately \$20,000.

The Corporation has engaged the services of a company to provide snow clearing services for a term ending April 2021 at an annual cost of approximately \$9,500.

**6. Reserve fund**

The Corporation, as required by the Condominium Act, has established a reserve fund for financing future major repairs and replacements of the common elements and assets.

The Board of Directors proposed a plan for the future funding of the reserve fund based on the reserve fund study prepared by Ben Engineering Inc. dated July 2017 and such other information as was available to them.

The reserve fund study was based on numerous assumptions as to future events including: repair and replacement costs; life expectancy of the common elements and assets; annual inflation rates; and the interest to be earned on the reserve fund investments.

The statement of reserve fund operations and fund balance provides a comparison between the planned and actual revenue and expenses of the reserve fund for the year and the accumulated balance thereof at the end of the year.

**7. Related party transactions**

No remuneration was paid to Directors and Officers during the year and they had no interest in any transactions of the Corporation. The management company, in addition to fees, is reimbursed for certain administrative costs and collects fees from owners, purchasers and others for issuing status certificates. These transactions were in the normal course of operations and were measured at the exchange amount.

**8. Budget and plan**

The budget and plan figures have not been audited.