

CARLETON CONDOMINIUM CORPORATION 264

Audited Financial Statements

Carleton Condominium Corporation No. 264
Financial Statements
For the year ended December 31, 2016

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Operating Fund Operations and Changes in Fund Balance	5
Statement of Reserve Fund Operations and Changes in Fund Balance	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 11

Independent Auditor's Report

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

We have audited the accompanying financial statements of Carleton Condominium Corporation No. 264, which comprise the statement of financial position as at December 31, 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. 264 as at December 31, 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

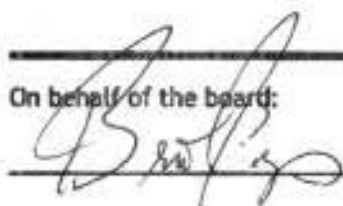
Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
May 15, 2017

Carleton Condominium Corporation No. 264
Statement of Financial Position

December 31	Operating Fund	Reserve Fund	2016	2015
Assets				
Current				
Cash	\$ 759	\$ 995,785	\$ 996,544	\$ 733,109
Investments (Note 3)	-	739,389	739,389	759,284
Accounts receivable	7,002	-	7,002	5,341
	<u>\$ 7,761</u>	<u>\$ 1,735,174</u>	<u>\$ 1,742,935</u>	<u>\$ 1,497,734</u>
Liabilities				
Current				
Accounts payable and accrued liabilities	\$ 17,091	\$ 1	\$ 17,092	\$ 14,960
Prepaid fees	-	-	-	2,179
Due to reserve fund (Due from operating fund)	(962)	962	-	-
	<u>16,129</u>	<u>963</u>	<u>17,092</u>	<u>17,139</u>
Contractual obligations (Note 5)				
Fund balances				
Operating fund	(8,368)	-	(8,368)	1,461
Reserve fund (Note 2)	-	1,734,211	1,734,211	1,479,134
	<u>(8,368)</u>	<u>1,734,211</u>	<u>1,725,843</u>	<u>1,480,595</u>
	<u>\$ 7,761</u>	<u>\$ 1,735,174</u>	<u>\$ 1,742,935</u>	<u>\$ 1,497,734</u>

On behalf of the board:

 Director

 Director

Carleton Condominium Corporation No. 264

Statement of Financial Position

December 31	Operating Fund	Reserve Fund	2016	2015
Assets				
Current				
Cash	\$ 759	\$ 995,785	\$ 996,544	\$ 733,109
Investments (Note 3)	-	739,389	739,389	759,284
Accounts receivable	7,002	-	7,002	5,341
	<u>\$ 7,761</u>	<u>\$ 1,735,174</u>	<u>\$ 1,742,935</u>	<u>\$ 1,497,734</u>
Liabilities				
Current				
Accounts payable and accrued liabilities	\$ 17,091	\$ 1	\$ 17,092	\$ 14,960
Prepaid fees	-	-	-	2,179
Due to reserve fund (Due from operating fund)	(962)	962	-	-
	<u>16,129</u>	<u>963</u>	<u>17,092</u>	<u>17,139</u>
Contractual obligations (Note 5)				
Fund balances				
Operating fund	(8,368)	-	(8,368)	1,461
Reserve fund (Note 2)	-	1,734,211	1,734,211	1,479,134
	<u>(8,368)</u>	<u>1,734,211</u>	<u>1,725,843</u>	<u>1,480,595</u>
	<u>\$ 7,761</u>	<u>\$ 1,735,174</u>	<u>\$ 1,742,935</u>	<u>\$ 1,497,734</u>

On behalf of the board:

_____ Director _____ Director

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

For the year ended December 31	Budget	2016	2015
	(Unaudited)		
Revenues			
Condominium fees	\$ 601,440	\$ 601,437	\$ 589,989
Parking and miscellaneous	11,288	10,627	10,569
	<u>612,728</u>	<u>612,064</u>	<u>600,558</u>
Expenses			
Hydro	7,109	7,071	7,616
Insurance	37,043	37,043	33,634
Management fees	40,756	40,647	40,453
Office and administration	3,168	3,243	2,266
Parking control	3,617	3,512	3,512
Professional fees	4,596	4,979	3,936
Repairs and maintenance (Note 4)	44,174	36,369	43,067
Snow removal	64,121	54,123	54,120
Summer grounds	20,145	22,562	25,535
Swimming pool	20,111	20,493	19,535
Waste removal	9,446	9,782	10,063
Water	80,008	93,497	85,010
	<u>334,294</u>	<u>333,321</u>	<u>328,747</u>
Excess of revenues over expenses before transfer	278,434	278,743	271,811
Transfer to reserve fund (Note 2)	<u>288,572</u>	<u>288,572</u>	<u>274,830</u>
Deficiency of revenues over expenses	\$ (10,138)	(9,829)	(3,019)
Operating fund balance, beginning of the year		<u>1,461</u>	<u>4,480</u>
Operating fund balance (deficiency), end of the year		<u>\$ (8,368)</u>	<u>\$ 1,461</u>

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

For the year ended December 31	2016	2015
Revenues		
Investment income	\$ 12,048	\$ 13,452
Expenses		
Attics	-	41,748
Bank charges	67	60
Concrete and interlock	8,373	-
Eavestroughs and downspouts	1,245	-
Exterior painting	4,243	-
Garbage room	5,639	-
Landscaping	15,594	18,967
Parking garage	5,037	-
Railings	-	83,318
Reserve fund study	-	1,396
Roofs	4,139	138,241
Windows and doors	1,206	2,809
	<u>45,543</u>	<u>286,539</u>
Deficiency of revenues over expenses before transfer	(33,495)	(273,087)
Transfer from operating fund (Note 2)	288,572	274,830
Excess of revenues over expenses	255,077	1,743
Reserve fund balance, beginning of the year	1,479,134	1,477,391
Reserve fund balance, end of the year	\$ 1,734,211	\$ 1,479,134

Carleton Condominium Corporation No. 264

Statement of Cash Flows

For the year ended December 31	2016	2015
Cash flows from operating activities		
Deficiency of revenues over expenses	\$ (9,829)	\$ (3,019)
Changes in non-cash working capital:		
Accounts receivable	(1,661)	11,407
Accounts payable and accrued liabilities	2,136	(5,239)
Prepaid fees	(2,179)	2,179
Due to/from reserve fund	(5,684)	(5,092)
Net (decrease) increase in cash	(17,217)	236
Cash, beginning of the year	17,976	17,740
Cash, end of the year	\$ 759	\$ 17,976

Carleton Condominium Corporation No. 264

Notes to Financial Statements

December 31, 2016

1. Accounting Policies

Status and Purpose of Organization	<p>Carleton Condominium Corporation No. 264 is a not-for-profit organization incorporated without share capital 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 184 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 Corporation applies the 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>

Carleton Condominium Corporation No. 264

Notes to Financial Statements

December 31, 2016

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.

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 Newbridge Engineering Inc. dated March 30, 2015. The Corporation's plan for contribution to the reserve fund for 2016 was \$288,572 and plan for expenses from the reserve fund for 2016 was \$80,628. The study projected a reserve fund balance on December 31, 2016 of \$1,763,383. The actual reserve fund balance on December 31, 2016 is \$1,734,211.

Carleton Condominium Corporation No. 264

Notes to Financial Statements

December 31, 2016

3. Investments

	2016	2015
Bank of Nova Scotia GIC, 3.50%, matured September 15, 2016	\$ -	\$ 115,951
Bank of Nova Scotia GIC, 1.25%, matured October 3, 2016	-	115,845
Bank of Nova Scotia GIC, 2.5275%, redeemed during the year	-	50,855
Bank of Nova Scotia GIC, 0.71%, maturing February 27, 2017	55,422	-
TD Mortgage Corp GIC, 1.00%, maturing March 2, 2017	107,480	106,416
Bank of Nova Scotia GIC, 1.42%, maturing May 26, 2017	151,809	-
TD Mortgage Corp GIC, 1.00%, maturing August 24, 2017	156,647	155,096
TD Canada Trust GIC, 0.90%, maturing August 24, 2017	145,047	143,753
TD Mortgage Corp GIC, 1.1732%, maturing May 6, 2019	72,205	71,368
Bank of Nova Scotia GIC, 2.302%, maturing April 29, 2021	50,779	-
	\$ 739,389	\$ 759,284

4. Related Party Transactions

The Corporation made payments totaling \$4,243 (2015 - \$nil) to a company owned by a unit owner for painting services provided during the year. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

5. Contractual Obligations

Operating Fund

The Corporation has entered into a contract for snow removal services ending April 30, 2017 and a contract for swimming pool management services ending September 2, 2018. Minimum payments under the contracts, including HST, are as follows:

	Snow	Pool	Total
2017	\$ 36,081	\$ 19,436	\$ 55,517
2018	-	19,631	19,631
	\$ 36,081	\$ 39,067	\$ 75,148

Reserve Fund

Subsequent to year end the Corporation entered into a contract for a siding replacement project at a total cost of \$695,192, including HST. The project is scheduled to be completed in full during 2017 and will be charged to the reserve fund as the work is completed.

Carleton Condominium Corporation No. 264
Notes to Financial Statements

December 31, 2016

6. Budget Information

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

7. Remuneration of Directors and Officers

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