

**OTTAWA CARLETON
STANDARD CONDOMINIUM
CORPORATION 735**

Audited Financial Statements

OTTAWA-CARLETON STANDARD CONDOMINIUM CORPORATION NO. 735
"East Market III"

FINANCIAL STATEMENTS

AUGUST 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the Owners,
Ottawa-Carleton Standard Condominium Corporation No. 735:

We have audited the accompanying financial statements of Ottawa-Carleton Standard Condominium Corporation No. 735, which comprise the statement of financial position as at August 31, 2017, and the statements of general fund and reserve fund operations and fund balance and 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 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 Ottawa-Carleton Standard Condominium Corporation No. 735 as at August 31, 2017, 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

In accordance with Section 67(4) of the Condominium Act, 1998 (the Act), we report that the Corporation has not complied with the requirements of Section 115(4) of the Act, which requires the Corporation to deposit monies received from the owners to be allocated to the reserve fund into a reserve fund bank account. As a result at August 31, 2017 \$8,961 was owing by the general fund to the reserve fund.



OUSELEY HANVEY CLIPSHAM DEEP LLP

Licensed Public Accountants
Ottawa, Ontario
October 26, 2017

OTTAWA-CARLETON STANDARD CONDOMINIUM CORPORATION NO. 735

STATEMENT OF FINANCIAL POSITION AS AT AUGUST 31, 2017

	<u>2017</u>	<u>2016</u>
Assets		
General fund		
Cash	\$ 249,566	\$ 124,424
Accounts receivable	1,400	3,711
Rebate receivable	-	18,000
Due from reserve fund	-	13,953
	<u>250,966</u>	<u>160,088</u>
Property (note 4)	-	1,731
	<u>250,966</u>	<u>161,819</u>
Reserve fund		
Cash	376,896	263,983
Investments (note 5)	1,872,102	1,664,614
Accrued interest receivable	15,991	18,759
Due from general fund	8,961	-
	<u>2,273,950</u>	<u>1,947,356</u>
	<u>\$ 2,524,916</u>	<u>\$ 2,109,175</u>
Liabilities		
General fund		
Accounts payable	\$ 88,893	\$ 110,220
Due to reserve fund	8,961	-
	<u>97,854</u>	<u>110,220</u>
Reserve fund		
Accounts payable	4,068	-
Due to general fund	-	13,953
	<u>4,068</u>	<u>13,953</u>
	<u>101,922</u>	<u>124,173</u>
Fund balances		
General fund	153,112	51,599
Reserve fund	<u>2,269,882</u>	<u>1,933,403</u>
	<u>2,422,994</u>	<u>1,985,002</u>
	<u>\$ 2,524,916</u>	<u>\$ 2,109,175</u>

Approved on behalf of the Board:

Director

Director



OTTAWA-CARLETON STANDARD CONDOMINIUM CORPORATION NO. 735

STATEMENT OF GENERAL FUND OPERATIONS AND FUND BALANCE FOR THE YEAR ENDED AUGUST 31, 2017

	Budget (note 9)	2017	2016
Revenue			
Owners' contribution	\$ 1,337,337	\$ 1,337,208	\$ 1,311,517
Less allocation to reserve fund	<u>338,964</u>	<u>338,964</u>	<u>291,707</u>
	998,373	998,244	1,019,810
Miscellaneous	<u>2,500</u>	<u>4,756</u>	<u>9,608</u>
	<u>1,000,873</u>	<u>1,003,000</u>	<u>1,029,418</u>
Expenses			
Utilities			
Electricity	293,777	259,353	313,139
Gas	115,000	92,580	83,594
Water	105,032	90,780	91,585
Maintenance			
Amortization	-	1,731	1,732
Building	62,300	48,338	81,174
Cleaning	83,943	84,025	85,795
Electrical	7,204	3,125	64,013
Elevator	20,000	23,572	18,805
Fire safety system	15,000	18,629	16,970
Grounds	12,500	19,849	14,244
Mechanical	22,000	12,941	24,546
Plumbing	14,000	13,250	6,138
Recreational facilities	5,650	1,959	5,504
Security	34,000	29,520	28,444
Shared facilities	45,000	41,347	45,088
Waste disposal	20,000	13,040	14,663
Window cleaning	17,000	16,211	15,743
Administration			
Insurance	41,000	43,579	40,763
Management fees	70,569	71,619	75,190
Office and communications	6,500	9,046	14,695
Professional fees	<u>10,150</u>	<u>6,993</u>	<u>4,592</u>
	<u>1,000,625</u>	<u>901,487</u>	<u>1,046,417</u>
Net revenue (expenses) for the year	\$ <u>248</u>	101,513	(16,999)
Fund balance - beginning of year		<u>51,599</u>	<u>68,598</u>
Fund balance - end of year		\$ <u>153,112</u>	\$ <u>51,599</u>

OTTAWA-CARLETON STANDARD CONDOMINIUM CORPORATION NO. 735

STATEMENT OF RESERVE FUND OPERATIONS AND FUND BALANCE FOR THE YEAR ENDED AUGUST 31, 2017

	Plan (notes 6 and 9)	2017	2016
Revenue			
Owners' contribution	\$ 338,964	\$ 338,964	\$ 291,707
Interest	42,144	24,914	36,087
	<u>381,108</u>	<u>363,878</u>	<u>327,794</u>
Expenses			
Boilers	-	5,537	-
Doors and windows	7,902	13,726	2,643
Electrical	9,800	-	-
Elevators	6,200	-	7,063
Engineering fees	-	-	1,107
Enterphone	-	-	13,874
Fire pits	-	-	1,480
Heating and air conditioning	-	4,068	-
Plumbing	5,537	-	16,894
Reserve fund study	4,100	4,068	-
	<u>33,539</u>	<u>27,399</u>	<u>43,061</u>
Increase for the year	347,569	336,479	284,733
Fund balance - beginning of year	<u>1,933,403</u>	<u>1,933,403</u>	<u>1,648,670</u>
Fund balance - end of year	<u>\$ 2,280,972</u>	<u>\$ 2,269,882</u>	<u>\$ 1,933,403</u>

OTTAWA-CARLETON STANDARD CONDOMINIUM CORPORATION NO. 735

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED AUGUST 31, 2017

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Owners' contribution	\$ 1,338,992	\$ 1,334,862
Miscellaneous revenue	4,756	9,608
Interest revenue	27,682	29,528
General fund expenses	(902,556)	(1,069,312)
Reserve fund expenses	<u>(23,331)</u>	<u>(43,061)</u>
	445,543	261,625
Cash flows from investing activities		
Sale (purchase) of investments	<u>(207,488)</u>	<u>(301,850)</u>
Increase (decrease) in cash for the year	238,055	(40,225)
Cash - beginning of year	<u>388,407</u>	<u>428,632</u>
Cash - end of year	<u>\$ 626,462</u>	<u>\$ 388,407</u>
Cash		
General fund	\$ 249,566	\$ 124,424
Reserve fund	<u>376,896</u>	<u>263,983</u>
	<u>\$ 626,462</u>	<u>\$ 388,407</u>

OTTAWA-CARLETON STANDARD CONDOMINIUM CORPORATION NO. 735

NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2017

1. Purpose of the organization

The Corporation was registered without share capital in 2006 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 199 residential and 2 commercial 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 amounts 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) Property

Property is recorded at cost less accumulated amortization. Amortization is provided on the winter matting on the straight line basis over 3 years.

d) 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.

e) 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.

OTTAWA-CARLETON STANDARD CONDOMINIUM CORPORATION NO. 735

NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2017

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 carrying amount of the financial instruments approximate their fair value.

4. Property

	2017			2016
	Cost	Accumulated amortization	Net	Net
Winter matting	\$ 5,195	\$ 5,195	\$ -	\$ 1,731

5. Investments

The Corporation has investment certificates that earn interest at annual rates that range from 1.61% to 2.71% per annum and mature between May 2020 and March 2026.

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 Keller Engineering Associates 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, was reimbursed for certain administrative costs, \$5,402 for maintenance 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.

OTTAWA-CARLETON STANDARD CONDOMINIUM CORPORATION NO. 735

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017

8. East Market Shared Facilities Fund

By agreement, various expenses are shared between OCSCC No. 668, OCSCC No. 676 and OCSCC No. 735. To facilitate this process the East Market Shared Facilities Fund was started on October 1, 2007. Each corporation contributes to this fund, in accordance with its annual budget, and expenses are paid out of the fund and are allocated in accordance with the agreement.

9. Budget and plan

The budget and plan figures have not been audited.