

**Ottawa-Carleton Standard Condominium Corporation No.
976**

Financial Statements

For the year ended September 30, 2017

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 - 10



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Independent Auditor's Report

To the Condominium Owners of
Ottawa-Carleton Standard Condominium Corporation No. 976

We have audited the accompanying financial statements of Ottawa-Carleton Standard Condominium Corporation No. 976, which comprise the statement of financial position as at September 30, 2017, 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 Ottawa-Carleton Standard Condominium Corporation No. 976 as at September 30, 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

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.

A handwritten signature in black ink that reads 'BDO Canada LLP'.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario

April 1, 2018

Ottawa-Carleton Standard Condominium Corporation No. 976

Statement of Financial Position

September 30	Operating Fund	Reserve Fund	2017	2016
Assets				
Current				
Cash	\$ 25,771	\$ 32,302	\$ 58,073	\$ 134,462
Investments (Note 3)	-	166,000	166,000	-
Accounts receivable	13,666	-	13,666	5,484
Prepaid expenses	1,060	-	1,060	1,051
	<u>\$ 40,497</u>	<u>\$ 198,302</u>	<u>\$ 238,799</u>	<u>\$ 140,997</u>
Liabilities				
Current				
Accounts payable and accrued liabilities	\$ 109,399	\$ 4,068	\$ 113,467	\$ 103,786
Prepaid condominium fees	1,257	-	1,257	-
Due to reserve fund (Due from operating fund)	10,520	(10,520)	-	-
	<u>121,176</u>	<u>(6,452)</u>	<u>114,724</u>	<u>103,786</u>
Contractual obligations (Note 4)				
Fund balances				
Operating fund deficiency	(80,680)	-	(80,680)	(4,736)
Reserve fund (Note 2)	-	204,754	204,754	41,947
	<u>(80,680)</u>	<u>204,754</u>	<u>124,074</u>	<u>37,211</u>
	<u>\$ 40,496</u>	<u>\$ 198,302</u>	<u>\$ 238,798</u>	<u>\$ 140,997</u>

On behalf of the board:

 Director

Director

Ottawa-Carleton Standard Condominium Corporation No. 976
Statement of Operating Fund Operations and
Changes in Fund Balance

For the year ended September 30	Budget	2017	2016
	(Unaudited)		
Revenues			
Condominium fees	\$ 754,745	\$ 742,225	\$ 596,230
Developer contribution	-	-	1,844
Miscellaneous	-	800	765
Rental	-	998	500
	<u>754,745</u>	<u>744,023</u>	<u>599,339</u>
Expenses			
Elevator	21,251	21,171	19,030
Fire safety	5,650	7,694	7,289
Gas	55,000	43,973	39,189
Hydro	125,000	113,550	118,538
Insurance	27,205	31,042	24,732
Janitorial	57,603	56,928	42,746
Management fees	48,940	48,227	40,033
Mechanical	9,379	17,515	17,134
Office and administration	2,000	6,731	2,223
Professional fees	8,085	23,294	7,805
Repairs and maintenance (Note 7)	45,521	87,416	43,646
Security	83,200	85,243	109,690
Shared services	-	2,223	-
Snow removal	18,928	21,188	24,673
Summer grounds	19,983	20,474	17,609
Telecommunications	7,000	7,883	6,053
Water	40,000	45,415	28,782
	<u>574,745</u>	<u>639,967</u>	<u>549,172</u>
Excess of revenues over expenses before transfer	180,000	104,056	50,167
Transfer to reserve fund (Note 2)	180,000	180,000	54,903
Deficiency of revenues over expenses	\$ -	(75,944)	(4,736)
Operating fund deficiency, beginning of the year		(4,736)	-
Operating fund deficiency, end of the year		\$ (80,680)	\$ (4,736)

The notes are an integral part of these financial statements.

Ottawa-Carleton Standard Condominium Corporation No. 976
Statement of Reserve Fund Operations and
Changes in Fund Balance

For the year ended September 30	2017	2016
Revenues		
Investment income	\$ 1,000	\$ -
Expenses		
Heating and air conditioning (Note 7)	18,193	-
Reserve fund study	-	12,956
	18,193	12,956
Deficiency of revenues over expenses before transfer	(17,193)	(12,956)
Transfer from operating fund (Note 2)	180,000	54,903
Excess of revenues over expenses	162,807	41,947
Reserve fund balance, beginning of the year	41,947	-
Reserve fund balance, end of the year	\$ 204,754	\$ 41,947

Ottawa-Carleton Standard Condominium Corporation No. 976

Statement of Cash Flows

For the year ended September 30	2017	2016
Cash flows from operating activities		
Deficiency of revenues over expenses	\$ (75,944)	\$ (4,736)
Changes in non-cash working capital:		
Accounts receivable	(8,182)	(5,484)
Prepaid expenses	(9)	(1,051)
Accounts payable and accrued liabilities	18,569	90,830
Prepaid condominium fees	1,257	-
Due to / from reserve fund	10,505	15
	<u> </u>	<u> </u>
Net increase (decrease) in cash	(53,804)	79,574
Cash, beginning of the year	79,574	-
	<u> </u>	<u> </u>
Cash, end of the year	\$ 25,770	\$ 79,574

Ottawa-Carleton Standard Condominium Corporation No. 976

Notes to Financial Statements

September 30, 2017

1. Accounting Policies

Status and Purpose of Organization

Ottawa-Carleton Standard Condominium Corporation No. 976 is a not-for-profit organization incorporated without share capital under the Condominium Act of Ontario on October 6, 2015.

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 146 residential units, 140 parking units and 152 storage 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 financial statements have been prepared in accordance with 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.

Ottawa-Carleton Standard Condominium Corporation No. 976

Notes to Financial Statements

September 30, 2017

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 cash and investments which it chooses to measure at fair value. Changes in fair value of these financial instruments are recognized in the statement of operations in the year incurred.

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 comprehensive reserve fund study by exp Services Inc. dated December 2, 2016. The Corporation's plan for contribution to the reserve fund for 2017 was \$180,000 and plan for expenses from the reserve fund for 2017 was \$16,159. The study projected a reserve fund balance on September 30, 2017 of \$215,440. The actual reserve fund balance on September 30, 2017 is \$204,754.

3. Investments

	<u>2017</u>	<u>2016</u>
Home Trust Company GIC, 2.95%, maturing June 23, 2022	\$ 97,768	\$ -
Canadian Tire Bank GIC, 2.40%, maturing August 3, 2022	53,199	-
ICICI Bank Canada GIC, 2.62%, maturing September 26, 2022	15,003	-
RBC investment savings account	30	-
	<u>\$ 166,000</u>	<u>\$ -</u>

Ottawa-Carleton Standard Condominium Corporation No. 976

Notes to Financial Statements

September 30, 2017

4. Contractual Obligations

The Corporation has entered into contracts for a number of operational services, as noted.

Service	Ending Date
Shared snow removal	April 15, 2018
Management	April 30, 2018
HVAC maintenance	May 31, 2018
Pool maintenance	October 14, 2018
Seasonal maintenance	April 30, 2019
Elevator maintenance	December 8, 2019

The following amounts represent the total minimum annual commitments under the above contracts, including HST.

	Total
2018	\$ 110,453
2019	43,801
2020	3,358
	<u>\$ 157,612</u>

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.

7. Chargeback to Developer

Included in the Corporation's repairs and maintenance expense account in the operating fund and heating and air conditioning expense account in the reserve fund are expenses of \$19,942 and \$18,193 respectively, charged to and paid by the Corporation, for which the Corporation's Board of Directors is seeking reimbursement from the building developer.