

HALTON CONDOMINIUM CORPORATION #372
Financial Statements
Year Ended December 31, 2017

HALTON CONDOMINIUM CORPORATION #372

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Year Ended December 31, 2017

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LES LUCYK PROFESSIONAL CORPORATION

Licensed Public Accountant

Chartered Professional Accountant, Chartered Accountant



Member of the Institute of
Chartered Professional Accountants of Ontario

INDEPENDENT AUDITOR'S REPORT

To the Members of Halton Condominium Corporation #372

I have audited the accompanying financial statements of Halton Condominium Corporation #372, which comprise the statement of financial position as at December 31, 2017 and the statements of revenues and expenditures, reserve fund 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report to the Members of Halton Condominium Corporation #372 (continued)

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Halton Condominium Corporation #372 as at December 31, 2017 and the results of its operations, reserve fund activity and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



LES LUCYK PROFESSIONAL CORPORATION

LES LUCYK, CPA, CA

LICENSED PUBLIC ACCOUNTANT

Mississauga, ON
March 21, 2018

HALTON CONDOMINIUM CORPORATION #372

Statement of Financial Position

December 31, 2017

	2017	2016
ASSETS		
CURRENT		
Operating cash	\$ 14,366	\$ 10,310
Reserve cash and investments (Note 4)	194,900	181,299
Accrued interest receivable	6,190	4,068
Prepaid expenses	251	-
	<u>\$ 215,707</u>	<u>\$ 195,677</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 9)	<u>\$ 17,740</u>	<u>\$ 19,062</u>
RESERVE AND OPERATING FUNDS		
Reserve Fund	186,352	169,117
Operating fund	11,615	7,498
Total Reserve and Operating Funds	<u>197,967</u>	<u>176,615</u>
	<u>\$ 215,707</u>	<u>\$ 195,677</u>

ON BEHALF OF THE BOARD

Shirley Director

Janice King Director

HALTON CONDOMINIUM CORPORATION #372

Statement of Revenues and Expenditures

Year Ended December 31, 2017

	Budget 2017	Actual 2017	Actual 2016
REVENUE			
Common element assessment	\$ 118,800	\$ 118,800	\$ 115,200
Contribution to reserve fund	(65,635)	(65,635)	(63,600)
Interest and other income	-	121	81
AVAILABLE FOR OPERATING EXPENSES	53,165	53,286	51,681
OPERATING EXPENSES			
ADMINISTRATIVE AND GENERAL			
Property management fees	10,300	10,300	9,695
Insurance	10,400	9,953	9,371
Audit and legal	2,400	2,763	2,948
Office and miscellaneous	865	1,008	863
Total Administrative and General	23,965	24,024	22,877
MAINTENANCE AND REPAIRS			
Lawn maintenance and snow removal	17,000	16,009	15,860
General maintenance	8,500	6,399	10,913
Landscaping	2,500	1,709	73
Total Maintenance and Repairs	28,000	24,117	26,846
UTILITIES			
Hydro	1,200	1,028	1,193
Total Utilities	1,200	1,028	1,193
TOTAL EXPENSES	53,165	49,169	50,916
NET UNDER(OVER) EXPENDITURE FROM OPERATIONS			
OPERATING FUND, beginning of year	-	4,117	765
OPERATING FUND, end of year	\$ -	\$ 11,615	\$ 7,498

HALTON CONDOMINIUM CORPORATION #372

Statement of Reserve Fund

Year Ended December 31, 2017

	2017	2016
RESERVE FUND		
Owners' assessment	\$ 65,635	\$ 63,600
Interest earned on reserve funds	3,076	2,772
Landscaping improvements	(1,716)	(3,842)
Reserve fund study	-	(1,977)
Fence installation and repairs	-	(9,251)
Painting	(31,668)	-
Lighting	(5,399)	-
Windows, doors	(1,393)	(5,562)
Stair and step repairs (Note 9)	(11,300)	(21,696)
Driveway and related repairs	-	(10,803)
Catch basins, drain repairs	-	(12,563)
 Increase in Reserve for the year	 17,235	 678
 RESERVE FUND BALANCE, beginning of year	 <u>169,117</u>	 <u>168,439</u>
 RESERVE FUND BALANCE, end of year	 <u>\$ 186,352</u>	 <u>\$ 169,117</u>

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Statement of Cash Flows

Year Ended December 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Under(over) expenditure from operations	\$ 4,117	\$ 765
Accounts payable	(1,322)	14,293
Accrued interest receivable	(2,122)	(2,491)
Prepaid expense	<u>(251)</u>	-
	<u>422</u>	<u>12,567</u>
Cash flow from operating activities	<u>422</u>	<u>12,567</u>
RESERVE ACTIVITY		
Reserve expenditures	(51,476)	(65,694)
Interest	3,076	2,772
Owners' contribution	<u>65,635</u>	<u>63,600</u>
Cash flow from reserve activity	<u>17,235</u>	678
INCREASE IN CASH FLOW		
CASH - BEGINNING OF YEAR	17,657	13,245
CASH - END OF YEAR	191,609	178,364
	<u>\$ 209,266</u>	<u>\$ 191,609</u>
CASH CONSISTS OF:		
Operating cash	\$ 14,366	\$ 10,310
Reserve cash and investments	<u>194,900</u>	<u>181,299</u>
	<u>\$ 209,266</u>	<u>\$ 191,609</u>

HALTON CONDOMINIUM CORPORATION #372

Notes to Financial Statements

Year Ended December 31, 2017

1. PURPOSE OF THE CORPORATION

The Corporation was incorporated without share capital on January 8th, 2001 under the Condominium Act of Ontario. The purpose of the Corporation is to manage and maintain the common elements (as defined in the Corporation's Declaration and By-Laws) and to provide common services for the benefit of the owners of the 30 condominium units. Each unit owner is assessed for a proportionate share of common element expenses. The Corporation qualifies as a non-profit organization which is exempt from income taxes under the Income Tax Act.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund accounting

The statement of reserve fund reports the portion of owners' assessments allocated to it and expenses for the major repair and replacement of the common elements of the Corporation. The basis for determining reserve fund requirements is explained in Note 5. All major repairs and replacements must be charged to the reserve fund; minor repairs and replacements must be charged to expenses in the statement of operations. The Corporation segregates amounts accumulated for the purpose of financing future charges to the reserve fund in bank and investment accounts that must be used solely to finance such charges. Interest earned on these amounts is included in the reserve fund. The statement of operating fund reports all owners' assessments, budgeted allocation of those assessments to the reserve fund and expenses related to the common elements of the Corporation.

Cash equivalents

Highly liquid investments with maturities of one year or less at date of purchase are considered to be cash equivalents.

Common Elements

The common elements of the Corporation are owned proportionately by the unit owners and consequently are not reflected as assets in these financial statements.

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, if any, are recognized as revenue when they become payable by the owners to the Corporation. Interest and other revenue are recognized as revenue when earned.

Contributed Services

Directors volunteer their time to assist in the Corporation's activities. While these services benefit the Corporation considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

HALTON CONDOMINIUM CORPORATION #372

Notes to Financial Statements

Year Ended December 31, 2017

4. RESERVE CASH AND INVESTMENTS

	2017	2016
Cash	\$ 64,900	\$ 37,648
Short-term investments	<u>130,000</u>	<u>143,651</u>
	\$ 194,900	\$ 181,299

Reserve cash and investments earned interest during the year at rates averaging 1.7% (2016 - 1.6%).

5. RESERVE FUND

The Corporation, as required by the Condominium Act, 1998 has established a reserve fund to finance future major repair and replacement of the common elements of the Corporation. The adequacy of the Reserve is based on numerous assumptions as to future events such as changes in interest rates, inflation and physical deterioration rates and therefore cannot be relied upon for accuracy. This uncertainty is partially offset by having a Reserve Fund Study completed on a regular basis as required by the Ontario Condominium Act.

The reserve fund study used for the F2016 year was a Class 3 Reserve Fund Study dated March, 2016 and the Board advised the unit owners of their planned future funding through Form 15 of the Ontario Condominium Act on November 29, 2016. The Reserve Fund Study suggested a Fiscal 2017 contribution of \$65,635, expenditures of \$54,108, interest income of \$4,496 and an ending balance of \$207,273 to December 31, 2017. The actual reserve balance at December 31, 2017 was \$186,352 after contributions of \$65,635, expenditures of \$51,476 and interest of \$3,076. The Board of Directors has discretion to implement timing of Reserve expenditures prescribed by Reserve Fund studies.

6. DUE TO RELATED PARTIES

No remuneration was paid to directors and officers during the year and they had no interest in any Corporate transactions.

7. BUDGET

The unaudited budget figures presented for comparison purposes are those approved by the Board in 2016 reclassified to conform with the presentation in these financial statements.

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Notes to Financial Statements

Year Ended December 31, 2017

8. COMMITMENTS

The Corporation has the following commitments:

Property Management

The Corporation has a three year contract with Orion Property Management commencing January 1, 2017 with a payment schedule as follows:

January 1 – December 31, 2017	\$760.00/month plus HST
January 1 – December 31, 2018	\$800.00/month plus HST
January 1 – December 31, 2019	\$850.00/month plus HST

Grounds and Winter Maintenance

The Corporation has a contract for \$14,035 (plus HST) with A Cut Above Lawn Care Inc. from November 15, 2016 to November 14, 2017.

9. SUBSEQUENT EVENT

Stair and step repairs have been disputed by the Board as to its quality. The full amount of \$11,300 charged for the work done has been accrued as not yet paid. The actual amount paid may differ pending the resolution in the spring of 2018 of the Board's satisfaction of the work performed.

