

**DURHAM STANDARD CONDOMINIUM  
CORPORATION NO. 293**

**Financial Statements**

**Year ended February 29, 2020**

**DURHAM STANDARD CONDOMINIUM CORPORATION NO. 293**

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**February 29, 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Owners of  
Durham Standard Condominium Corporation No. 293

### *Opinion*

We have audited the financial statements of Durham Standard Condominium Corporation No. 293, which comprise the balance sheet as at February 29, 2020, and the statements of reserve fund, operating fund, revenue and expenditures 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 February 29, 2020, and its results of 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 Directors for the Financial Statements*

Management and Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management and Directors determine 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 and Directors are 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 and Directors either intend to terminate the Corporation or to cease operations, or have no realistic alternative but to do so.

Directors are responsible for overseeing the Corporation's financial reporting process.

## INDEPENDENT AUDITOR'S REPORT - cont'd

### *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 and Directors.
- Conclude on the appropriateness of management and Directors' 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 Directors 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.

*Adams & Miles LLP*

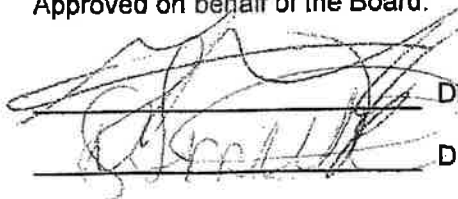
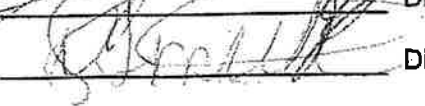
Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Canada  
August 12, 2020

**DURHAM STANDARD CONDOMINIUM CORPORATION NO. 293****Balance Sheet****February 29, 2020**

	2020	2019 (Note 11)
<b>Assets</b>		
Current		
Cash	\$ 95,523	\$ 186,855
Accounts receivable (Note 4)	39,673	13,828
Prepaid expenditures	4,195	6,569
	139,391	207,252
Reserve investments (Note 5)	644,326	104,185
	<b>\$ 783,717</b>	<b>\$ 311,437</b>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 85,528	\$ 62,106
Due to Declarant	-	43,097
	85,528	105,203
<b>Fund balances</b>		
Reserve fund	644,326	104,185
Operating fund	53,863	102,049
	698,189	206,234
	<b>\$ 783,717</b>	<b>\$ 311,437</b>

Approved on behalf of the Board:

  
\_\_\_\_\_  
Director  
  
\_\_\_\_\_  
Director

**DURHAM STANDARD CONDOMINIUM CORPORATION NO. 293****Statement of Reserve Fund****Year ended February 29, 2020**

	2020	2019 (Note 11)
<b>Balance, beginning of year</b>	\$ 104,185	\$ -
<b>Add</b>		
Allocation from common element assessment	163,241	103,776
Transfer from operating fund	373,559	-
Interest	3,341	409
<b>Balance, end of year</b>	\$ 644,326	\$ 104,185

**Statement of Operating Fund****Year ended February 29, 2020**

	2020	2019 (Note 11)
<b>Balance, beginning of year</b>	\$ 102,049	\$ -
<b>Add (deduct)</b>		
Excess of revenue over expenditures	325,373	102,049
Transfer to reserve fund	(373,559)	-
<b>Balance, end of year</b>	\$ 53,863	\$ 102,049

**DURHAM STANDARD CONDOMINIUM CORPORATION NO. 293****Statement of Revenue and Expenditures****Year ended February 29, 2020**

	2020 Budget (Note 10)	2020 Actual	2019 Actual (Note 11)
<b>Revenue</b>			
Common element assessments	\$ 1,380,128	\$ 1,342,379	\$ 520,597
Interest and other	1,387	7,890	1,460
	1,381,515	1,350,269	522,057
Less allocation to reserve fund	174,321	163,241	103,776
	1,207,194	1,187,028	418,281
<b>Expenditures (See analysis of certain expenditures on page 6)</b>			
Contracts	607,736	300,044	122,731
Administration	307,656	212,534	83,321
Utilities	117,303	55,288	75,494
Insurance	110,940	252,092	34,686
Repairs and maintenance	46,225	19,137	-
Supplies	17,334	19,710	-
Major purchases and additions	-	2,850	-
	1,207,194	861,655	316,232
<b>Excess of revenue over expenditures</b>	<b>\$ -</b>	<b>\$ 325,373</b>	<b>\$ 102,049</b>

**DURHAM STANDARD CONDOMINIUM CORPORATION NO. 293****Schedules to Financial Statements****Year ended February 29, 2020**

	2020 Budget (Note 10)	2020 Actual	2019 Actual (Note 11)
<b>Contracts</b>			
Landscaping and snowplowing	\$ 328,429	\$ 78,833	\$ 61,768
Garbage disposal	196,726	161,814	40,913
Security monitoring	22,373	30,843	-
Fire alarm monitoring	60,208	25,849	20,050
Pest control	-	2,705	-
	<b>\$ 607,736</b>	<b>\$ 300,044</b>	<b>\$ 122,731</b>
<b>Administration</b>			
Management	\$ 244,966	\$ 141,312	\$ 73,711
Office	25,205	19,134	7,463
Performance audit	25,464	35,482	-
Audit	10,715	7,051	2,147
Legal	1,306	175	-
Doubtful accounts	-	6,488	-
Parking control	-	2,892	-
	<b>\$ 307,656</b>	<b>\$ 212,534</b>	<b>\$ 83,321</b>
<b>Utilities</b>			
Water (Note 8)	\$ 88,412	\$ 26,869	\$ 68,304
Electricity	28,891	28,419	7,190
	<b>\$ 117,303</b>	<b>\$ 55,288</b>	<b>\$ 75,494</b>



**DURHAM STANDARD CONDOMINIUM CORPORATION NO. 293****Statement of Cash Flows****Year ended February 29, 2020**

	2020	2019 (Note 11)
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenditures	\$ 325,373	\$ 102,049
Changes in		
Accounts receivable	(25,845)	(13,828)
Prepaid expenditures	2,374	(6,569)
Accounts payable and accrued liabilities	23,422	62,106
Due to Declarant	(43,097)	43,097
	282,227	186,855
<b>Financing activities</b>		
Allocation to reserve fund	163,241	103,776
<b>Investing activities</b>		
Increase in reserve investments	(540,141)	(104,185)
Reserve fund interest	3,341	409
	(536,800)	(103,776)
<b>Change in cash</b>	(91,332)	186,855
<b>Cash, beginning of year</b>	186,855	-
<b>Cash, end of year</b>	\$ 95,523	\$ 186,855

## **DURHAM STANDARD CONDOMINIUM CORPORATION NO. 293**

### **Notes to Financial Statements**

**Year ended February 29, 2020**

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#### **1. Nature of operations**

The Corporation was registered on March 16, 2018 under the Condominium Act, 1998 and is a not-for-profit organization that is exempt from taxes under the Income Tax Act. Its purpose 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 a 162 unit (Phase 1), 115 unit (Phase 2) and 204 unit (Phase 3) residential condominium community located at 2440-2588 Bromus Path, 24-100 Aquatic Ballet Path and 80-101 Sarita Path in Oshawa, Ontario known as U.C. Towns.

#### **2. Summary of significant accounting policies**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires the Corporation's management and Directors to make estimates and assumptions that affect the reported amount of assets, liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the year. These estimates and assumptions are reviewed periodically, and adjustments are reported in the Statement of Revenue and Expenditures in the year in which they become known. Significant accounting policies are as follows:

##### **Accrual basis of accounting**

Revenue and expenditures are recorded on the accrual basis of accounting under which they are recorded in the financial statements in the year they are earned or incurred respectively, whether or not such transactions have been settled by the receipt or payment of money.

##### **Common elements**

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

##### **Reserve fund**

The Corporation is required by the Condominium Act, 1998 to allocate to a reserve fund amounts that are calculated from expected repair and replacement costs and life expectancies of the common elements of the Corporation and are reasonably expected to provide sufficient funds to repair and replace the common elements. The reserve fund is charged with the cost of major repair and replacement of the common elements and assets of the Corporation.

**DURHAM STANDARD CONDOMINIUM CORPORATION NO. 293**

**Notes to Financial Statements**

**Year ended February 29, 2020**

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**2. Summary of significant accounting policies - cont'd**

**Fund accounting**

Revenue and expenditures related to major repair and replacement of the common elements are reported in the Statement of Reserve Fund.

Revenue and expenditures for operations of the Corporation and for maintenance of the common elements are reported in the Statement of Revenue and Expenditures.

**Revenue recognition**

Common element assessments are recognized as revenue monthly based on the budget distributed to owners each year. Interest and other revenue are recognized as revenue of the related fund when earned.

**Reserve investments**

Reserve investments are recorded at cost plus accrued interest.

**Contributed services**

Directors and owners volunteer their time to assist in the Corporation's activities. These services materially benefit the Corporation; however, a reasonable estimate of the time spent and its fair market value cannot be made and accordingly, these contributed services are not recognized in the financial statements.

**Fund balance management**

The Corporation manages its fund balances through annual budgets that accumulate amounts adequate for reserve fund requirements and day-to-day operations and by investment of funds in compliance with the requirements of the Condominium Act, 1998.

**DURHAM STANDARD CONDOMINIUM CORPORATION NO. 293****Notes to Financial Statements****Year ended February 29, 2020**

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**3. Adequacy of reserve fund**

The Directors have used the report of Cion Coulter Engineers & Building Scientists Ltd. dated May 3, 2019 and such other information as was available to them to evaluate the adequacy of the reserve fund. That report proposed allocations of \$64,332 for 2020, expenditures of \$Nil and a year-end balance as at February 29, 2020 of \$130,454. Actual amounts were allocations of \$163,241, a transfer from the operating fund of \$373,559, expenditures of \$Nil and a year-end balance of \$644,326. Based on an updated report of Cion Coulter Engineers & Building Scientists Ltd. dated April 17, 2020, reserve fund allocations are proposed to increase by 372.48% in 2021 to \$303,957, increase by 46.20% annually for 2022 to 2024 and increase by 3.00% annually thereafter.

Any evaluation of the adequacy of the reserve fund is based upon assumptions as to the future interest and inflation rates and estimates of the life expectancy of the building components and their replacement costs. These factors are subject to change over time and the changes may be material; accordingly, the Condominium Act, 1998 requires reserve fund studies be updated every three years.

The Directors' evaluation is that the present reserve fund balance together with the allocations proposed in the Notice of Future Funding of the Reserve Fund can be reasonably expected to provide sufficient funds to pay for future major repair and replacement.

**4. Accounts receivable**

	2020	2019 (Note 11)
Common element accounts receivable	\$ 22,586	\$ 6,704
Water recovery receivable	23,575	7,124
	46,161	13,828
Less: Allowance for doubtful accounts	6,488	-
	\$ 39,673	\$ 13,828

## **DURHAM STANDARD CONDOMINIUM CORPORATION NO. 293**

### **Notes to Financial Statements**

**Year ended February 29, 2020**

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#### **5. Reserve investments**

Reserve investment consist of cash held in a bank account with Royal Bank of Canada earning prime less 1.85% per annum.

#### **6. Related party transactions**

During the year, the Directors did not receive remuneration nor have an interest in any transactions of the Corporation. The management company collects amounts from owners and others for issuing statutory notices.

#### **7. Financial instruments**

The Corporation's financial instruments that are exposed to concentrations of credit risk consist primarily of cash, accounts receivable and reserve investments. The Corporation places its cash and reserve investments with high credit quality institutions and believes its exposure to credit risk is not significant.

#### **8. Commitments**

The Corporation has contractual obligations for various operating expenditures including garbage disposal, landscaping and snowplowing, security monitoring sub-metering and management. All contracts contain short-term cancellation clauses.

In the current year, the Corporation has recovered \$159,526 (2018 - \$35,908) from unit owners for water usage, these recoveries are netted against the water expenditures.

#### **9. Subsequent event**

Subsequent to the year-end, events have occurred as a result of the COVID-19 (coronavirus) pandemic that have caused economic uncertainty. The related financial impact and duration of this disruption cannot be reasonably estimated at this time and, accordingly no adjustments have been made in the accompanying statements.

**DURHAM STANDARD CONDOMINIUM CORPORATION NO. 293**

**Notes to Financial Statements**

**Year ended February 29, 2020**

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**10. Budget amounts**

The budget amounts on the Statement of Revenue and Expenditures and Schedules to Financial Statements are presented for information purposes only, are unaudited and not covered by the Independent Auditor's Report of Adams & Miles LLP, Chartered Professional Accountants, dated August 12, 2020.

**11. Comparative amounts**

Comparative amounts are for the period from March 16, 2018 (Date of Registration) to February 28, 2019.

Certain comparative amounts have been reclassified to conform to the current year's financial statement presentation.