

**PEEL STANDARD CONDOMINIUM
CORPORATION NO. 834**

Financial Statements

Year ended August 31, 2014

PEEL STANDARD CONDOMINIUM CORPORATION NO. 834

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August 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Owners of
Peel Standard Condominium Corporation No. 834

We have audited the accompanying financial statements of Peel Standard Condominium Corporation No. 834, which comprise the balance sheet as at August 31, 2014, and the statements of reserve fund, superintendent and guest suites fund, energy equipment fund (deficit), operating fund, revenue and expenditures and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management and Directors' Responsibility for the Financial Statements

Management and Directors are 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 and Directors determine 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 our 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, we consider 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 and Directors, 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 Peel Standard Condominium Corporation No. 834 as at August 31, 2014, 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.

Adams & Miles LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
December 7, 2014

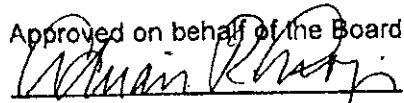
PEEL STANDARD CONDOMINIUM CORPORATION NO. 834

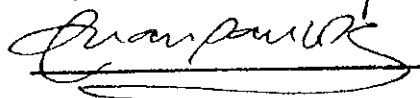
Balance Sheet

August 31, 2014

	2014	2013
Assets		
Current		
Cash	\$ 34,776	\$ 277,983
Operating investments (Note 4)	206,445	203,227
Accounts receivable	5,530	2,774
Prepaid expenditures	70,213	10,933
	316,964	494,917
Reserve investments (Note 5)	2,038,625	1,647,785
Superintendent and guest suites	380,000	380,000
	<u>\$ 2,735,589</u>	<u>\$ 2,522,702</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 147,561	\$ 180,621
Current portion of mortgages (Note 6)	8,237	7,641
Current portion of energy equipment lease obligation (Note 7)	23,440	22,743
	179,238	211,005
Mortgages (Note 6)	334,733	342,970
Energy equipment lease obligation (Note 7)	94,282	117,732
	<u>608,253</u>	<u>671,707</u>
Fund balances		
Reserve fund	1,958,330	1,647,784
Superintendent and guest suites fund	37,030	29,389
Energy equipment fund (deficit)	(117,722)	(140,475)
Operating fund	249,698	314,297
	<u>2,127,336</u>	<u>1,850,995</u>
	<u>\$ 2,735,589</u>	<u>\$ 2,522,702</u>

Approved on behalf of the Board:

 Director

 Director

PEEL STANDARD CONDOMINIUM CORPORATION NO. 834

Statement of Reserve Fund

Year ended August 31, 2014

	2014	2013
Balance, beginning of year	\$ 1,647,784	\$ 1,268,678
Add		
Allocation from common element assessments	347,495	340,681
Interest	47,979	42,041
	395,474	382,722
Deduct		
Plumbing	28,682	-
Doors	24,860	-
Fire protection	14,956	-
Fitness equipment	9,029	-
Reserve fund study	4,633	3,616
Roof	2,768	-
	84,928	3,616
Balance, end of year	\$ 1,958,330	\$ 1,647,784

Statement of Superintendent and Guest Suites Fund

Year ended August 31, 2014

	2014	2013
Balance, beginning of year	\$ 29,389	\$ 22,301
Add (deduct)		
Allocation from common element assessments for mortgage payments	33,818	33,818
Interest	(26,177)	(26,730)
Balance, end of year	\$ 37,030	\$ 29,389

PEEL STANDARD CONDOMINIUM CORPORATION NO. 834

Statement of Energy Equipment Fund (Deficit)

Year ended August 31, 2014

	2014	2013
Balance, beginning of year	\$ (140,475)	\$ (162,562)
Add (deduct)		
Allocation from common element assessments for lease payments	26,619	26,619
Interest	(3,866)	(4,532)
Balance, end of year	\$ (117,722)	\$ (140,475)

Statement of Operating Fund

Year ended August 31, 2014

	2014	2013
Balance, beginning of year	\$ 314,297	\$ 305,016
Add (deduct)		
Excess of (expenditures over revenue) revenue over expenditures	(64,599)	9,281
Balance, end of year	\$ 249,698	\$ 314,297

PEEL STANDARD CONDOMINIUM CORPORATION NO. 834

Statement of Revenue and Expenditures

Year ended August 31, 2014

	2014 Budget (Note 12)	2014 Actual	2013 Actual (Note 13)
Revenue			
Common element assessments	\$ 2,066,404	\$ 2,066,419	\$ 2,006,275
Interest and other	22,780	27,545	35,320
	2,089,184	2,093,964	2,041,595
Less allocations to:			
Reserve fund	347,495	347,495	340,681
Superintendent and guest suites fund	33,818	33,818	33,818
Energy equipment fund (deficit)	26,616	26,619	26,619
	407,929	407,932	401,118
	1,681,255	1,686,032	1,640,477
Expenditures (See analysis of certain expenditures on pages 6 and 7)			
Utilities	734,887	711,137	641,278
Contracts	565,344	566,918	562,536
Professional services	171,229	171,393	170,010
General maintenance	103,415	194,168	159,498
Administrative	80,966	82,925	75,117
Mechanical	12,861	10,958	6,738
Grounds maintenance	5,000	6,147	5,594
Amenities and recreation	4,640	4,569	8,116
Realty taxes	2,880	2,416	2,309
	1,681,222	1,750,631	1,631,196
Excess of revenue over expenditures			
(expenditures over revenue)	\$ 33	\$ (64,599)	\$ 9,281

PEEL STANDARD CONDOMINIUM CORPORATION NO. 834

Schedules to Financial Statements

Year ended August 31, 2014

	2014 Budget (Note 12)	2014 Actual	2013 Actual (Note 13)
Utilities			
Electricity	\$ 420,128	\$ 390,946	\$ 371,187
Gas	200,364	194,384	155,331
Water	104,395	115,296	105,004
Telephone	10,000	10,511	9,756
	\$ 734,887	\$ 711,137	\$ 641,278

Contracts

Concierge	\$ 183,684	\$ 183,680	\$ 183,199
Cleaning	112,415	112,413	112,411
Recreation centre coordinator	78,948	78,942	78,942
Superintendents	51,950	51,950	51,950
Heating, ventilation and air conditioning	46,163	48,763	45,509
Landscaping and snowplowing	32,205	32,205	31,753
Elevator	30,583	30,723	29,767
Mechanical	11,594	11,594	10,637
Fire protection	6,931	6,076	6,437
Building automation	5,216	5,216	5,496
Odour control	3,960	3,661	4,457
Pest control	1,695	1,695	1,978
	\$ 565,344	\$ 566,918	\$ 562,536

Professional services

Management	\$ 156,329	\$ 156,329	\$ 151,781
Consulting	7,000	-	-
Audit	4,900	4,687	3,699
Legal	3,000	-	433
Special projects	-	10,377	14,097
	\$ 171,229	\$ 171,393	\$ 170,010

PEEL STANDARD CONDOMINIUM CORPORATION NO. 834

Schedules to Financial Statements

Year ended August 31, 2014

	2014 Budget (Note 12)	2014 Actual	2013 Actual (Note 13)
General maintenance			
Contingency	\$ 20,000	\$ 81,279	\$ 78,202
Window cleaning	19,888	10,057	19,888
Garage	17,363	13,265	9,981
General	8,250	17,401	6,657
Electrical	7,800	17,449	9,876
Supplies	7,200	9,386	9,567
Doors and locks	6,614	10,882	5,315
Plumbing	6,500	18,742	11,066
Building safety feature	6,000	8,122	2,188
Equipment	2,000	6,629	6,460
Carpet and flooring	1,800	956	298
	\$ 103,415	\$ 194,168	\$ 159,498

Administrative

Insurance	\$ 60,002	\$ 56,534	\$ 50,574
Office	14,164	17,568	16,639
Meetings	6,800	8,823	7,904
	\$ 80,966	\$ 82,925	\$ 75,117

PEEL STANDARD CONDOMINIUM CORPORATION NO. 834

Statement of Cash Flows

Year ended August 31, 2014

	2014	2013
Cash provided by (used in)		
Operating activities		
Excess of (expenditures over revenue)		
revenue over expenditures	\$ (64,599)	\$ 9,281
Changes in		
Accounts receivable	(2,756)	5,069
Prepaid expenditures	(59,280)	(6,009)
Accounts payable and accrued liabilities	(33,060)	15,690
	(159,695)	24,031
Financing activities		
Allocation to reserve fund	347,495	340,681
Allocation to superintendent and guest suites fund	33,818	33,818
Allocation to energy equipment fund (deficit)	26,619	26,619
Mortgage payments	(33,818)	(33,818)
Energy equipment lease payments	(26,619)	(26,619)
	347,495	340,681
Investing activities		
Increase in operating investments	(3,218)	(203,227)
Increase in reserve investments	(390,840)	(332,316)
Reserve fund interest	47,979	42,041
Reserve fund expenditures	(84,928)	(3,616)
	(431,007)	(497,118)
Change in cash position	(243,207)	(132,406)
Cash, beginning of year	277,983	410,389
Cash, end of year	\$ 34,776	\$ 277,983

1. Nature of operations

The Corporation was registered without share capital on August 25, 2008 under the Condominium Act of Ontario 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 a 407 unit residential condominium located at 388 Prince of Wales Drive in Mississauga, Ontario known as One Park Tower.

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.

Superintendent and guest suites

The superintendent and guest suites are recorded at cost and are not amortized as the residual values are expected to be in excess of cost.

Reserve fund

The Corporation is required by the Condominium Act of Ontario to allocate to a reserve fund, amounts that, calculated from expected repair and replacement costs and life expectancies of the common elements of the Corporation, 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 common elements and assets of the Corporation.

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.

Mortgage payments and interest related to the superintendent and guest suites are reported in the Statement of Superintendent and Guest Suites Fund.

Energy equipment lease payments and related interest are reported in the Statement of Energy Equipment Fund (Deficit).

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

Operating and 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, 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.

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Notes to Financial Statements

Year ended August 31, 2014

3. Adequacy of reserve fund

The Directors have used the report of Belanger Engineering dated November 2013 and such other information as was available to them to evaluate the adequacy of the reserve fund. The report proposed allocations of \$347,495 for 2014, expenditures of \$130,152 and a year-end balance as at August 31, 2014 of \$1,868,245. Actual amounts were allocations of \$347,495, expenditures of \$84,928 and a year-end balance of \$1,958,330. Reserve fund allocations are proposed to increase by 5.13% annually for 2015 and 2016 and increase annually by inflation 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 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 reserve fund study can be reasonably expected to provide sufficient funds to pay for future major repair and replacement.

4. Operating investments

	2014	2013
Guaranteed investment certificates	\$ 152,953	\$ 203,227
Investment savings account	53,492	-
	<u>\$ 206,445</u>	<u>\$ 203,227</u>

The guaranteed investment certificates mature in November 2014 and January 2015 and bear interest at rates of 1.80% and 1.55%. The investment savings account bears interest as determined by the bank from time to time. Market value as at year-end approximates cost plus accrued interest.

PEEL STANDARD CONDOMINIUM CORPORATION NO. 834

Notes to Financial Statements

Year ended August 31, 2014

5. Reserve investments

	2014	2013
Guaranteed investment certificates	\$ 1,841,747	\$ 1,532,022
Investment savings account	48,610	14,167
Cash	148,268	101,596
	<u>\$ 2,038,625</u>	<u>\$ 1,647,785</u>

The guaranteed investment certificates mature between November 2014 and June 2019 and bear interest at rates between 2.05% and 3.75%. The investment savings account bears interest as determined by the bank from time to time. Cash is held in a bank account with Royal Bank of Canada earning interest at the bank's prime rate less 1.85%. Market value as at year-end approximates cost plus accrued interest.

6. Mortgages

The mortgages are secured by the superintendent and guest suites, bear interest at 7.66% and are repayable in monthly payments of \$2,818 on account of principal and interest maturing in November 2018.

	2014	2013
Mortgages	\$ 342,970	\$ 350,611
Less current portion	8,237	7,641
Due beyond one year	<u>\$ 334,733</u>	<u>\$ 342,970</u>

Principal repayments are as follows:

2015	\$ 8,237
2016	8,880
2017	9,574
2018	10,321
2019	305,958

7. Energy equipment lease obligation

The lease obligation with the declarant is secured by the building automation system with monthly payments of \$2,218, including interest at 3.40%, maturing in May 2019.

The following is a schedule of future minimum lease payments under the capital lease:

2015	\$ 26,619
2016	26,619
2017	26,619
2018	26,619
2019	19,965
Total future minimum lease payments	126,441
Less amount representing interest	8,719
Present value of minimum net lease payments	117,722
Less current portion	23,440
	\$ 94,282

8. 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.

9. Shared facilities

The Corporation has a shared facilities agreement for pedestrian mews with other condominiums that have not yet been built. Any expenditures will be recorded when such agreements are finalized.

10. Financial instruments

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

11. Commitments

The Corporation has contractual obligations for various expenditures including management, concierge, cleaning, recreation centre coordinator and superintendents. All contracts contain short-term cancellation clauses with the exception of the mechanical contract, which expires in 2017 with an annual cost of approximately \$12,000 and the elevator contract, which expires in 2019 with an annual cost of approximately \$32,300.

12. 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 December 7, 2014.

13. Comparative amounts

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