

**MIDDLESEX STANDARD  
CONDOMINIUM CORPORATION  
NO. 644**

Financial Statements  
Year ended December 31, 2020



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of Middlesex Standard Condominium Corporation No. 644

### Opinion

We have audited the financial statements of Middlesex Standard Condominium Corporation No. 644 ("the Corporation"), which comprise the Statement of Financial Position as at December 31, 2020, and the Statement of General Operations and Changes in Fund Balance, Reserve Operations and Changes in Fund Balance 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 December 31, 2020 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.

### 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 Those Charged with Governance for the Financial Statements

Management is 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 determines 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 is 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 either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

### 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.

## Bringing Solutions Together

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 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 achieve fair presentation.

We communicate with those charged with governance 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.

London, Ontario  
March 10, 2021

*Ford Keast LLP*

**Chartered Professional Accountants  
Licensed Public Accountants**

# MIDDLESEX STANDARD CONDOMINIUM CORPORATION NO. 644

Statement of Financial Position as at December 31, 2020

	2020	2019
<b>ASSETS</b>		
RESTRICTED ASSETS - Reserve Fund (Note 3)	\$ 321,357	\$ 303,598
<b>LIABILITIES</b>		
CURRENT		
Cheques written in excess of cash on hand	\$ 19,016	\$ 715
Accounts payable and accrued liabilities	12,713	19,606
	<u>31,729</u>	<u>20,321</u>
<b>FUND BALANCES</b>		
Reserve Fund	321,357	303,598
Operating Deficit	<u>(31,729)</u>	<u>(20,321)</u>
	<u>289,628</u>	<u>283,277</u>
	<u>\$ 321,357</u>	<u>\$ 303,598</u>

APPROVED ON BEHALF OF THE DIRECTORS:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# MIDDLESEX STANDARD CONDOMINIUM CORPORATION NO. 644

## Statement of General Operations and Changes in Fund Balance

Year ended December 31, 2020

	Budget 2020	Actual 2020	Actual 2019
	Unaudited (Note 5)		
<b>REVENUE</b>			
Common element fees	\$ 318,780	\$ 321,885	\$ 293,940
Investment	-	-	99
Contribution to Reserve Fund	(33,700)	(33,700)	(25,493)
	<u>285,080</u>	<u>288,185</u>	<u>268,546</u>
<b>EXPENSES</b>			
<b>Landscaping and Snow Removal</b>			
Landscaping and snow removal contract (Note 8)	154,000	154,848	154,398
Seeding, sod, shrubs and trees, snow extras	35,500	21,336	52,938
	<u>189,500</u>	<u>176,184</u>	<u>207,336</u>
<b>Swimming Pool</b>			
Supplies, chemicals and maintenance	13,100	10,906	11,962
Opening, closing and wage costs	4,400	5,160	4,684
Utilities	4,000	3,386	3,247
	<u>21,500</u>	<u>19,452</u>	<u>19,893</u>
<b>Administration</b>			
Insurance	27,000	40,792	25,841
Property management (Note 8)	21,500	21,513	21,201
Legal and audit	3,500	3,794	3,543
Office expenses and bank charges	4,000	3,094	2,893
Social events	3,500	-	3,385
	<u>59,500</u>	<u>69,193</u>	<u>56,863</u>
<b>Other</b>			
Repairs and maintenance	5,000	19,007	12,004
Irrigation and water	5,619	9,625	7,735
Irrigation repairs and maintenance	-	3,398	3,559
Irrigation contract	2,381	2,381	2,381
Common area utilities	500	353	432
	<u>13,500</u>	<u>34,764</u>	<u>26,111</u>
	<u>284,000</u>	<u>299,593</u>	<u>310,203</u>
Net revenue (expense)	<u>\$ 1,080</u>	(11,408)	(41,657)
Operating Fund (Deficit), Beginning of year		<u>(20,321)</u>	21,336
Operating Deficit, End of year		\$ (31,729)	\$ (20,321)

## MIDDLESEX STANDARD CONDOMINIUM CORPORATION NO. 644

### Statement of Reserve Operations and Changes in Fund Balance

Year ended December 31, 2020

	2020	2019
<b>REVENUE</b>		
Contribution from Operating Fund	\$ 33,700	\$ 25,493
Investment	4,554	5,695
	<u>38,254</u>	<u>31,188</u>
<b>EXPENSES</b>		
Pool repairs	9,590	28,010
Door repairs	7,001	-
Drainage	3,678	4,562
Reserve fund study	226	2,033
	<u>20,495</u>	<u>34,605</u>
Net revenue (expense)	17,759	(3,417)
Reserve Fund, Beginning of year	<u>303,598</u>	<u>307,015</u>
Reserve Fund, End of year	\$ 321,357	\$ 303,598

# MIDDLESEX STANDARD CONDOMINIUM CORPORATION NO. 644

Statement of Cash Flows  
Year ended December 31, 2020

	2020	2019
<b>Cash provided by (used in):</b>		
<b>OPERATING ACTIVITIES</b>		
Net expense	\$ (11,408)	\$ (41,657)
Change in non-cash working capital items:		
Increase (decrease) in accounts payable and accrued liabilities	(6,893)	16,057
	<u>(18,301)</u>	<u>(25,600)</u>
<b>INVESTING ACTIVITIES</b>		
Decrease in investments	-	10,000
Decrease (increase) in restricted assets	(17,759)	3,418
	<u>(17,759)</u>	<u>13,418</u>
<b>FINANCING ACTIVITIES</b>		
Reserve Fund contribution	33,700	25,493
Interest earned on Reserve Fund	4,554	5,695
Reserve Fund expenses	(20,495)	(34,605)
	<u>17,759</u>	<u>(3,417)</u>
Decrease in unrestricted cash	(18,301)	(15,599)
Unrestricted cash (overdraft), Beginning of year	(715)	14,884
Unrestricted overdraft, End of year	\$ (19,016)	\$ (715)

# MIDDLESEX STANDARD CONDOMINIUM CORPORATION NO. 644

Notes to Financial Statements  
December 31, 2020

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## 1. OPERATIONS

Middlesex Standard Condominium Corporation No. 644 ("the Corporation") was incorporated without share capital 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 69 residential units located at 1040 Riverside Drive, London, Ontario. 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

The Corporation prepares its statements in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

### Fund Accounting

The Operating Fund reports the revenue and expenses related to the operations and administration of the common elements.

The Reserve Fund reports the revenue and expenses for major repair and replacement costs of the common elements and assets. The Corporation, as required by The Condominium Act of Ontario, has established a Reserve Fund for financing future major repairs and replacements of the common elements. The assessments to finance the Reserve Fund for major repairs and replacements are calculated on amounts that are reasonably expected to provide sufficient funds for the major repairs and replacements of the common elements and assets of the Corporation calculated on the basis of expected repair and replacement costs and the life expectancy of the common elements and assets of the Corporation. Only major repairs and replacements of the common elements are charged directly to the Reserve Fund.

Minor repairs and replacements are charged to landscaping and snow removal, swimming pool, irrigation or repairs and maintenance in the Statement of General Operations and Fund Balance.

### Revenue Recognition

Common element fees are recognized as revenue based on the budget distributed to the owners each year. The Corporation recognizes revenue at the first of each month when assessments are due and collection is reasonably assured. Interest and other revenue are recognized as revenue of the related fund when earned.

### 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.

The cost of major additions to the common elements are financed by special assessments to the unit owners. These costs are charged directly to the Reserve Fund for major repairs and replacements in the year in which they are incurred.



# MIDDLESEX STANDARD CONDOMINIUM CORPORATION NO. 644

Notes to Financial Statements  
December 31, 2020

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial Instruments

Measurement of Financial Instruments:

The Corporation initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Corporation subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net revenue (expense).

Impairment:

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down and any subsequent reversal are recognized net revenue (expense).

Transaction Costs:

The Corporation recognizes its transaction costs in net revenue (expense) in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

### Cash and Cash Equivalents

Cash as disclosed on the Statement of Financial Position consists of cash on hand and balances with banks.

### Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reported period. Specific estimates include the Reserve Fund allocations. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known.

# MIDDLESEX STANDARD CONDOMINIUM CORPORATION NO. 644

Notes to Financial Statements  
December 31, 2020

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### 3. RESTRICTED ASSETS - RESERVE FUND

The restricted assets are comprised of the following:

	2020	2019
Cash	\$ 143,931	\$ 151,249
1.75% GIC due January 13, 2020	-	50,000
2.25% GIC due February 22, 2020	-	100,000
2.70% GIC due February 22, 2022	104,523	-
2.60% GIC due February 13, 2023	70,000	-
Accrued interest receivable	2,878	2,324
WFCU shares	25	25
	<u>\$ 321,357</u>	<u>\$ 303,598</u>

### 4. RESERVE FUND

The Corporation as required by the Condominium Act, 1998, has established a Reserve Fund for the financing of future major repairs and replacements of the common elements and assets.

The Board of Directors have used the comprehensive reserve fund study update of Robert G. Thomas Engineering dated January 31, 2020 and such other information as was available to them in evaluating the adequacy of annual contributions to the Reserve Fund for major repairs and replacements. The Corporation's plan for contributions to the Reserve Fund for the year was \$33,700 and the actual contributions were \$33,700. The study projected expenses of \$15,300 during the year, while the actual amount incurred was \$20,495. A Reserve Fund balance of \$330,200 on December 31, 2020 was projected by the study, while the actual amount was \$321,357.

The Reserve Fund is evaluated on the basis of expected repair and replacement costs and life expectancy of the common assets of the Corporation. Such evaluation is based on numerous assumptions as to future events.

### 5. BUDGET NUMBERS

Budget numbers are included in these financial statements for comparison purposes only. They are estimates made by management and approved by the Board of Directors which represent expected revenue and expenses for the current year and have not been audited.

### 6. SUBSEQUENT EVENT

In January 2021, a special assessment of \$1,000 per unit was levied by the Corporation to fund shortfalls in the Operating Fund.

# MIDDLESEX STANDARD CONDOMINIUM CORPORATION NO. 644

Notes to Financial Statements  
December 31, 2020

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## 7. FINANCIAL INSTRUMENTS RISK MANAGEMENT

Transactions in financial instruments may result in financial risks being assumed by the Corporation or transferring to another party. The risks identified by the Corporation are as follows:

### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation's investments include guaranteed investment certificates at fixed interest rates. Accordingly, the Corporation is exposed to interest rate risk resulting in changes to future interest rates earned on its guaranteed investment certificates on renewal.

### Credit Risk

Credit risk is the potential for financial loss should a counter-party in a transaction fail to meet its obligations. The Corporation places its operating and reserve cash and investments with high quality institutions and believes its exposure is not significant. The Corporation's credit risk from accounts receivable is also not significant given the ability of the Corporation to place a lien on a unit for outstanding fees and limited financial exposure in a multi-unit condominium.

### Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they become due. The Corporation manages this risk by establishing budgets and funding plans and by levying sufficient owners assessments to fund its operating expenses and the necessary contributions to the Reserve Fund. Reserve cash is held in an interest-bearing account which provides a rate of return as well as liquidity.

The Corporation's financial instruments do not expose the Corporation to significant currency or market risk. The nature and extent of the Corporation's exposure to the above risks did not change during the fiscal year.

## 8. COMMITMENTS

The Corporation has contracted TLC Landscaping Design + Pools for landscaping and snow removal for a three-year term commencing April 1, 2018 at an annual cost of \$134,616 plus HST in year one, \$137,308 plus HST in year two and \$140,054 plus HST in year three. The contract expires March 31, 2021.

The Corporation has contracted Huntington Properties Ltd. for property management services for a three-year term commencing July 1, 2018 at an annual cost of \$18,624 plus HST in year one, \$18,900 plus HST in year two and \$19,176 plus HST in year three. The contract expires June 30, 2021.

The Corporation has contracted Mackenzie Irrigation Services for seasonal maintenance on for the irrigation system for a two year term commencing spring 2020 at an annual amount of \$2,107 plus HST.