
WENTWORTH COMMON ELEMENT CONDOMINIUM CORPORATION NO. 538

FINANCIAL STATEMENTS

JUNE 30, 2018

<u>Index</u>	<u>Page</u>
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of General Operations	3
Statement of Expenses	4
Statement of Operating Fund	5
Statement of Reserve Fund	6
Statement of Cash Flows	7
Summary of Significant Accounting Policies	8 - 9
Notes to Financial Statements	10 - 12

INDEPENDENT AUDITOR'S REPORT

To the Unit Owners of Wentworth Common Element Condominium Corporation No. 538

I have audited the accompanying financial statements of Wentworth Common Element Condominium Corporation No. 538, which comprise the statement of financial position as at June 30, 2018 and the statements of general operations, expenses, operating fund, reserve fund 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 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 risk 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 and directors, 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.

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at June 30, 2018 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.

Ancaster, Ontario
December 13, 2018

Tony P. Gatto

CHARTERED ACCOUNTANT
PROFESSIONAL CORPORATION
Authorized to practise public accounting by
the Chartered Professional Accountants of
Ontario

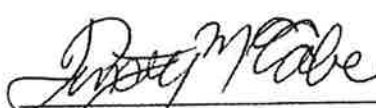
WENTWORTH COMMON ELEMENT CONDOMINIUM CORPORATION NO. 538

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

ASSETS	2018	2017
OPERATING FUND		
Cash	\$ 25,370	\$ -
Accounts receivable	5,611	18,129
Accounts receivable other	-	46,571
Prepaid expenses	4,558	-
	35,539	64,700
RESERVE FUND		
Cash	37,416	19,395
Due from operating fund	3,321	5,838
	40,737	25,233
	\$ 76,276	\$ 89,933
LIABILITIES		
OPERATING FUND		
Bank indebtedness	\$ -	\$ 2,837
Accounts payable and accrued liabilities	11,070	40,382
Due to developer	8,433	-
Due to reserve fund	3,321	5,838
	22,824	49,057
FUND BALANCES		
OPERATING FUND	12,715	15,643
RESERVE FUND	40,737	25,233
	53,452	40,876
	\$ 76,276	\$ 89,933

APPROVED ON BEHALF OF THE BOARD:

 Director (Tim McCabe, President)

 Director Melita Vraskala, Treasurer

WENTWORTH COMMON ELEMENT CONDOMINIUM CORPORATION NO. 538

STATEMENT OF GENERAL OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2018

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
REVENUE			
Common elements assessment	\$ 90,581	\$ 90,577	\$ 91,333
Less reserve fund assessment	(15,182)	(15,182)	(10,065)
General operating assessment	75,399	75,395	81,268
Interest and other income	-	831	118
	75,399	76,226	81,386
EXPENSES (page 4)			
Administration	27,040	28,784	25,465
Contract services	38,194	37,694	30,535
Insurance	6,600	6,494	6,246
Repairs and maintenance	565	2,788	1,322
Utilities	3,000	3,394	2,175
	75,399	79,154	65,743
Operating surplus(deficiency) for the year	\$ -	\$ (2,928)	\$ 15,643

WENTWORTH COMMON ELEMENT CONDOMINIUM CORPORATION NO. 538

STATEMENT OF EXPENSES

FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017	
	Budget	Actual	Actual
	(Unaudited)		
ADMINISTRATION			
Audit	\$ 2,600	\$ 3,142	\$ 3,751
CAO fees	-	788	-
Legal	500	1,148	-
Management fees	20,700	20,844	20,797
Office	1,300	2,272	917
Parking control	250	590	-
Performance audit	1,690	-	-
	27,040	28,784	25,465
CONTRACT SERVICES			
Landscaping and snow removal	38,194	37,694	30,535
INSURANCE			
Insurance	6,600	6,494	6,246
REPAIRS AND MAINTENANCE			
General repairs	565	2,788	1,322
UTILITIES			
Hydro	2,500	1,348	1,521
Water and sewer	500	2,046	654
	3,000	3,394	2,175
	\$ 75,399	\$ 79,154	\$ 65,743

**WENTWORTH COMMON ELEMENT CONDOMINIUM
CORPORATION NO. 538**

**STATEMENT OF OPERATING FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	2018	2017
OPERATING FUND , beginning of year	\$ 15,643	\$ -
Operating surplus(deficiency) for the year	(2,928)	15,643
OPERATING FUND , end of year	\$ 12,715	\$ 15,643

WENTWORTH COMMON ELEMENT CONDOMINIUM CORPORATION NO. 538

**STATEMENT OF RESERVE FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	2018	2017
RESERVE FUND, beginning of year	\$ 25,233	\$ -
Add		
Reserve fund assessment	15,182	10,065
Interest income	322	72
Additional contribution	-	15,096
	15,504	25,233
RESERVE FUND, end of year	\$ 40,737	\$ 25,233

WENTWORTH COMMON ELEMENT CONDOMINIUM CORPORATION NO. 538

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Owners' assessments	\$ 103,095	\$ 73,204
Additional contribution	-	15,096
Interest and other receipts	1,153	190
Operating expenses	(58,020)	(71,932)
	46,228	16,558
INCREASE IN CASH	46,228	16,558
CASH, beginning of year	16,558	-
CASH, end of year	\$ 62,786	\$ 16,558
Represented by the following:		
Operating fund bank	\$ 25,370	\$ (2,837)
Reserve fund bank	37,416	19,395
	\$ 62,786	\$ 16,558

WENTWORTH COMMON ELEMENT CONDOMINIUM CORPORATION NO. 538

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED JUNE 30, 2018

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(a) 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 and assets of the Corporation. The basis for determining reserve fund requirements is explained in Note 2. 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 allocations of those assessments to other funds and expenses related to the operation and maintenance of the common elements of the Corporation.

(b) 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 earned.

(c) Financial Instruments

All assets and liabilities, with the exception of prepaid expenses are financial instruments, and are initially recorded at fair market value and are subsequently recorded at amortized cost.

WENTWORTH COMMON ELEMENT CONDOMINIUM CORPORATION NO. 538

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED JUNE 30, 2018

(d) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires directors and management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from their best estimates as additional information becomes available in the future and adjustments, if any, are recorded as that information becomes known.

(e) 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.

(f) Contributed Services

Directors, committee members and owners 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.

(g) Investments

Investments are purchased to be held to maturity and accordingly are recorded at cost plus accrued interest, calculated using the effective interest rate method.

(h) Interfund transfers

Interfund transfers not included in the annual budget or that are in excess of budgeted amounts are not recorded in the statement of operations; they are recorded in the related fund statements as additions or deductions, as applicable.

WENTWORTH COMMON ELEMENT CONDOMINIUM CORPORATION NO. 538

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

1. NATURE OF OPERATIONS

Wentworth Common Element Condominium Corporation No. 538 was registered without share capital on June 28, 2016 under the provisions of the Condominium Act, 1998. The Corporation was formed to manage and maintain, on behalf of the owners, the common elements of a condominium containing 78 residential units, located in the City of Stoney Creek. The Corporation qualifies as a non-profit organization which is exempt from income taxes under the Income Tax Act.

2. RESERVE FUND

The Corporation, as required by the Condominium Act, 1998, has established a reserve fund for financing future major repair and replacement of the common elements and assets of the Corporation. The directors have used the Comprehensive reserve fund study of Brown & Beattie Ltd., dated March 14, 2018 and such other information as was available to them in evaluating the adequacy of the reserve fund. The board has accepted the recommendations of the study which suggests an annual contribution of \$11,125 for 2018; expenditures of \$0 and an ending balance as at July 31, 2018 of \$20,007.

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 changes may be material; accordingly, the Condominium Act, 1998 requires that reserve fund studies be updated every three years.

3. COMMITMENT

The Corporation, in the normal course of operations, enters into a number of contracts for services all of which contain short-term cancellation clauses.

4. RELATED PARTY TRANSACTIONS

During the year, the directors did not receive any remuneration.

WENTWORTH COMMON ELEMENT CONDOMINIUM CORPORATION NO. 538

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

5. BUDGET INFORMATION

The budget amounts presented for comparison purposes are unaudited and are those approved by the directors. They have been reclassified to conform to the financial statement presentation adopted for 2018.

6. INTEREST RATES

The Corporation receives interest at prime less 1.85% on the balance in its bank accounts.

7. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

Interest rate risk

Interest rate risk is the risk of potential financial loss caused by fluctuations in fair value of future cash flow of financial instruments due to changes in market interest rates. The Corporation is exposed to this risk through its interest bearing investments. The Corporation manages this risk through investing in fixed-rate securities with short to medium term maturity and plans to hold the securities to maturity.

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 owners' assessments 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 obligation 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 and other funds. Cash is held in an interest bearing account which provides a rate of return as well as liquidity.

**WENTWORTH COMMON ELEMENT CONDOMINIUM
CORPORATION NO. 538**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

8. COMPARATIVE AMOUNTS

The comparative amounts were audited by another Chartered Professional Accountant.

Certain items have been reclassified to conform to the presentation adopted for the current year.