

Statement of Operating Costs and Taxes

METROTOWN PLACE III
BURNABY, BRITISH COLUMBIA

Year ended December 31, 2018



Independent Auditor's Report

To the Greater Vancouver Water District

Opinion

We have audited the Statement of Operating Costs and Taxes for *Metrotown Place III* for the year ended December 31, 2018 and the notes to the Statement of Operating Costs and Taxes for the Property, including a summary of significant accounting policies (together the "Statement").

In our opinion, the accompanying Statement for the year ended December 31, 2018 is prepared, in all material respects, in accordance with the financial reporting provisions of the standard lease agreement (the "Standard Lease Agreement") between Greater Vancouver Water District and the tenants of *Metrotown Place III*.

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 Statement* section of our report. We are independent of the Greater Vancouver Water District in accordance with the ethical requirements that are relevant to our audit of the Statement 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.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 1 to the Statement, which describes the basis of accounting. The Statement is prepared to assist the Greater Vancouver Water District to meet the reporting requirements of the Standard Lease Agreement. As a result, the Statement may not be suitable for another purpose. Our report is intended solely for Greater Vancouver Water District and the tenants of *Metrotown Place III* and should not be distributed to or used by parties other than the Greater Vancouver Water District and the tenants of *Metrotown Place III*. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Statement

Management is responsible for the preparation of the Statement in accordance with the Standard Lease Agreement; this includes determining that the basis of accounting is an acceptable basis for the preparation of the Statement in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Greater Vancouver Water District's financial reporting process.



Auditor's Responsibilities for the Audit of the Statement

Our objectives are to obtain reasonable assurance about whether the Statement is 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 the Statement.

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 Statement, 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 Greater Vancouver Water District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

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.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia

April 30, 2019

METROTOWN PLACE III BURNABY, BRITISH COLUMBIA

Statement of Operating Costs and Taxes
(As defined by the Standard Lease Agreement)

Year ended December 31, 2018

Operating costs (note 1):		
Repairs and maintenance	\$	37,681
Cleaning		55,994
Electricity		69,676
Other services		820
Salaries		29,906
Contract services		34,305
Insurance		15,801
Building administration		7,718
Heating fuel		9,601
Water and sewer		7,609
Amortized costs (note 3)		111,013
Management fees		27,847
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Total operating costs		407,971
Property taxes		60,360
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Total operating costs and taxes	\$	468,331

See accompanying notes to statement of operating costs and taxes.

METROTOWN PLACE III BURNABY, BRITISH COLUMBIA

Notes to Statement of Operating Costs and Taxes

Year ended December 31, 2018

1. Basis of Presentation

The accompanying statement of operating costs and taxes (the "Statement") has been prepared in accordance with the financial reporting provisions of operating costs, described in the standard lease agreement between the Greater Vancouver Regional District and Greater Vancouver Water District as the lessor (the "Lessor") and certain Metrotown Place III tenants (the "Tenant").

The standard lease agreement between the Lessor and the Tenant requires that the Statement be prepared in a manner consistent with Canadian generally accepted accounting principles ("GAAP"). The Lessor has interpreted GAAP to be the recognition and measurement principles of Part II of the CICA Handbook - Accounting, and not the presentation principles or the presentation of all the financial statements or note disclosures required by GAAP for a complete set of financial statements.

2. Significant accounting policies

Expenses are recorded on an accrual basis. Expenses are recognized as they are incurred and measurable as a receipt of goods or services and/or the creation of a legal obligation to pay.

3. Deferred expenditures

In accordance with the Agreement, certain costs of significant repairs to the property are not expensed as incurred, but rather are deferred and amortized on a straight-line basis over a period of ten years as follows:

Year incurred	Balance, December 31, 2018	Amortization Expense
2009	\$ 54,232	\$ 5,423
2010	248,891	24,890
2011	347,144	34,713
2012	289	29
2013	30,818	3,082
2014	5,751	575
2015	379,105	37,911
2016	45,280	4,330
2017	-	-
2018	7,180	60
	\$ 1,118,690	\$ 111,013
Accumulated amortization	(668,888)	
	\$ 449,802	