

Treasurer's Report for Phillips Lofts – 2008/09

April 12, 2010

2008/2009 was a good year for our Condo Corporation. We came through the fiscal year in excellent financial shape with \$44,000 in our operating account. Lower commodity prices helped keep our utility costs, our most volatile expense, under budget. An insurance claim and an unanticipated engineering study were not budgeted for, pushing our administration expenses well over budget.

We ended the year with a fully funded Capital Replacement Reserve Fund of \$263,000. The 2009 reserve fund study was completed in July, along with an engineering study. The Board is in the process of reviewing the updated studies and will incorporate this information into next year's budget. We do anticipate an increase for the 2010/11 year to cover the increased replacement costs, as well as unanticipated expenses related to roof and brick restoration work. As Phillips Lofts is a Municipal Heritage Resource, our Corporation must abide by restoration guidelines set forth by the city. Having said that, our Corporation also qualifies for a grant every five years, to help cover the cost. The Board is in the process of getting the roof and brickwork contracted and then will apply for the grant.

The Capital Improvements Reserve Fund is also well funded at \$67,000. Out of the \$16,000 that was spent improving the building (these are improvements that are outside of the Capital Replacement Reserve Fund plan) during the year, the roof-top patio was the largest expenditure at \$5,000. We did not get the main elevator refurbishment completed, and this will be deferred to the 2009/2010 fiscal year. Other than this, we have no major capital improvement items on the horizon and thus will be decreasing the contribution to this fund going forward, and further funding the Capital Replacement Reserve Fund.

The Board is continuing to look for ways to hedge utility costs, as well as reducing general operating costs. We feel we are now in a great position with reliable contractors, that after some "catch up" work, our maintenance costs should stabilize. The Board also continues to look for innovative ways to make our Building the most desirable Loft Condominium in the City. Any suggestions you have are most welcome! With our corporation's financial position secure and financials up to date, 2009/10 will be spent on ensuring that our building's reserve funds remain well-funded for the upcoming years.

Regards,
Shauna Warwick
Treasurer