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THE  
CALEDON  
MOUNTAIN ESTATES  
LIMITED

ANNUAL REPORT  
1970





# The Caledon Mountain Estates Limited

SUITE 1400 - 4 KING STREET WEST - TORONTO 105, ONTARIO - TELEPHONE 364-4814

## PRESIDENT'S REPORT TO THE SHAREHOLDERS

This report covers our first ten months of operations. This has been a difficult period in two respects. Firstly, due to the uncertainty in investment markets and also in part to tight money, real estate securities have declined in value. Secondly, your Company has been unable to finalize sales of lots in the Company's proposed subdivision since final approval of the Official Plan for the Township of Caledon from the Ontario Municipal Board has not yet been received. Favourable decisions are expected during 1970. This delay was more fully described in the Interim Report sent to shareholders on January 30, 1970.

Your Company currently owns 2,650 acres in Caledon Township and 255 acres in Chinguacousy Township. Plans for two subdivisions totalling 800 acres involving 190 lots have been submitted to the planning authorities.

During the past year your Company's policy of liquidity has been most helpful and in this uncertain period expenses have been kept at a minimum. The statement of profit and loss shows a loss for the ten months of \$2,694 which includes some non-recurring items.

The demand for land by the city dweller in areas close to Toronto continues. Consequently, your Directors feel that your Company's property is well situated to capitalize on this demand and the Company has had encouraging indications for sales in the current year.

On behalf of the Board,

MICHAEL MEREDITH,  
President.

March 31, 1970  
Brochure enclosed

## AUDITORS' REPORT

To the Shareholders of

THE CALEDON MOUNTAIN ESTATES LIMITED:

We have examined the balance sheet of The Caledon Mountain Estates Limited as at December 31, 1969 and the statements of income and retained earnings and source and application of funds for the ten months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and the source and application of its funds for the ten months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Toronto, Ontario, January 30, 1970.

PRICE WATERHOUSE & CO.  
Chartered Accountants.

# THE CALEDON MOUNTAIN ESTATES LIMITED

## BALANCE SHEET — DECEMBER 31, 1969

### ASSETS

Cash .....		\$ 31,094
Short-term investments, at cost .....		476,800
Accounts receivable:		
From sale of land, including accrued interest .....	\$ 31,750	
Other .....	<u>2,025</u>	
		33,775
Prepaid expenses .....		2,127
First mortgages receivable .....		31,509
Properties, at cost:		
Acquisition costs .....	2,164,112	
Development costs .....	79,303	
Carrying charges .....	<u>68,773</u>	
		2,312,188
Fixed assets, at cost less accumulated depreciation of \$185 .....		4,880
Unamortized debenture discount and financing expense .....		143,895
Organization expenses .....		<u>1,527</u>
		<u>\$3,037,795</u>

### LIABILITIES

Accounts payable and accrued charges .....	\$ 26,259
Accrued development costs on land sold .....	17,737
Deposits on sale options .....	11,500
Income taxes payable .....	4,958
Mortgages payable (Note 2) .....	98,927
7½ % Unsecured Convertible Sinking Fund	
Debentures due April 1, 1989 (Note 3) .....	<u>1,312,500</u>
Total liabilities .....	<u>1,471,881</u>
Capital stock:	
Authorized (Note 4) —	
1,000,000 shares without par value	
Issued and fully paid —	
377,060 shares .....	1,511,228
Contributed surplus .....	730
Retained earnings .....	<u>53,956</u>
	<u>1,565,914</u>
	<u>\$3,037,795</u>

Approved on behalf of the Board:

DOUGLAS NEVILLE KENDALL, *Director*

MICHAEL MEREDITH, *Director*

# THE CALEDON MOUNTAIN ESTATES LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS for the ten months ended December 31, 1969

Sale of property .....	\$40,000
Cost of sales .....	<u>23,794</u>
	16,206
Income from short-term and other investments .....	<u>32,447</u>
	48,653
Expenses:	
Administrative, including remuneration of a director and senior officer of \$14,232 .....	\$46,041
Financial —	
Bank and other interest charges .....	12,129
Amortization of debenture discount and financing expenses .....	5,609
Other .....	<u>2,857</u>
	66,636
Loss before income taxes .....	<u>17,983</u>
Recovery of deferred income taxes:	
In respect of the loss for the period .....	9,583
In respect of prior years .....	<u>5,706</u>
	15,289
Loss for the period .....	2,694
Retained earnings February 28, 1969 .....	56,650
Retained earnings December 31, 1969 .....	<u><u>\$53,956</u></u>



**THE CALEDON MOUNTAIN ESTATES LIMITED**  
**STATEMENT OF SOURCE AND APPLICATION OF FUNDS**  
**for the ten months ended December 31, 1969**

Source of funds:

Public financing —		
Issue of debentures .....	\$1,250,000	
Issue of 250,000 shares for cash .....	1,250,000	
	<u>2,500,000</u>	
Less — Debenture discount and financing expenses .....	149,504	
		\$2,350,496
Issue of debentures for property acquired .....		62,500
Issue of 12,500 shares for property acquired .....		62,500
Reduction in mortgages receivable .....		10,836
Loss for the period .....	2,694	
Less — Expenses not involving an outlay of funds:		
Amortization of debenture discount		
and financing expense .....	\$ 5,609	
Depreciation expense .....	<u>185</u>	
		5,794
		3,100
Contributed surplus received on the		
issue of share purchase warrants .....		730
		<u>2,490,162</u>

Application of funds:

Purchase and development of property —		
Property purchases, at cost .....	1,771,069	
Less — Deposits applied .....	<u>23,200</u>	
		1,747,869
Development costs .....		30,538
Carrying charges .....		<u>15,442</u>
		1,793,849
Less — Cost of property sold .....		<u>22,725</u>
		1,771,124
Payment of unsecured advances from shareholders .....		179,194
Reduction in mortgages payable .....		41,600
Reduction of deferred income taxes .....		19,231
Purchase of fixed assets .....		<u>5,065</u>
		2,016,214
Increase in funds for the period .....		473,948
Funds at February 28, 1969 .....		<u>9,394</u>
Funds at December 31, 1969 .....		<u>\$ 483,342</u>

Represented by:

Cash, short-term investments, accounts receivable		
and prepaid expenses .....	\$ 543,796	
Less — Accounts payable and accrued charges,		
accrued development costs on land sold, deposits		
on sale options and income taxes payable .....		60,454
		<u>\$ 483,342</u>

# THE CALEDON MOUNTAIN ESTATES LIMITED

## NOTES TO FINANCIAL STATEMENTS

December 31, 1969

1. The Caledon Mountain Estates Limited is the continuing company formed from the statutory amalgamation as of February 28, 1969 of Gretna Investments Limited (incorporated November 21, 1967) and Caledon Mountain Estates Limited (incorporated November 3, 1960).

Comparative financial statements have not been presented because of the significant change in the capital structure of the company, as shown in the statement of source and application of funds.

2. Mortgages payable:

7% due November 2, 1970 .....	\$ 68,927
6% due October 31, 1970 .....	30,000
	<u>\$ 98,927</u>

3. The 7½ % Unsecured Convertible Sinking Fund debentures have been issued pursuant to the provisions of a trust indenture dated April 1, 1969 between the company and National Trust Company, Limited as trustee and are limited to \$1,500,000 principal amount. Interest will accrue from January 1, 1970.

The debentures are convertible, at the option of the holder, into shares of the company up to March 29, 1979 on the basis of one share for each \$6.00 principal amount of debenture so converted.

The company is required to make sinking fund payments sufficient to retire on April 1 in each of the years 1979 to 1988 inclusive, 7.5% of the aggregate principal amount of the convertible debentures outstanding on January 1, 1979; the convertible debentures will not be redeemable by the company prior to April 1, 1979.

4. Common shares have been reserved as follows:

For exercise of share purchase warrants held by directors	
on or before May 31, 1974 .....	73,000
For exercise of stock option granted to the President	
at \$5.40 per share on or before May 27, 1974 .....	5,000
For conversion of 7½ % Unsecured Convertible Sinking Fund	
debentures on or before March 29, 1979 .....	218,741
Common shares reserved .....	<u>296,741</u>