

Volume 27

CONDOCONTACT

CREATING A VIBRANT, WELL-INFORMED EASTERN ONTARIO CONDOMINIUM COMMUNITY



Policies and Procedures: Now and in the Future

Reopening
Condo Amenities:
Implementing
Proper COVID
Protocols

Preparing for the
Audit – Policies
or Procedures
Condominium
Corporations Should
Have to Ensure That
the Audit Goes
Smoothly

Short-Term Pain
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Volume 27

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Nancy Houle, LLB
President, CCI Eastern Ontario
Lawyer/Avocate
Davidson Houle Allen LLP

Much has been said about 2020... many words have been used to describe it... and those words are not generally positive!

However, as I think over the past many months as it relates to our CCI-EO community, the following words come to mind: strength and perseverance.

Throughout this most unusual of years, I have been continuously amazed by the strength and perseverance of all of our members: the property managers, directors, unit owners, service providers... and your CCI-EO Board of Directors. Here's why:

The condominium industry continuously works together to find solutions through crises, even while there is disagreement and disruption!

This past year has shown me the creativity and resiliency of the Eastern Ontario condominium community: adapting to ever-changing directives and guidelines, creating new policies to support the community, supporting fellow owners and

residents, and helping property managers and directors navigate the ever-evolving environment to keep us all as safe as possible... while also keeping the condos operating!

The CCI-EO Board (and their counterparts in other Chapters) quickly pivoted its educational offerings to our members to high-quality online content, receiving rave reviews from attendees!

The pride I feel as a member of this Chapter comes from my gratitude for each member for stepping up in one's respective role, whether it be helping a neighbour with their groceries, finding new ways to communicate with your owners and contractors, or staying home to keep everyone safe. The ability of each of our members to show your support in your own way was amazing to see.

I look forward to seeing everyone in 2021, be it by screen or in person – I can't wait to see what the next year will bring!

Sincerely,
Nancy Houle, President CCI-EO



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Cheryl Wood, J.D., Lawyer
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Michael Lewicki, Broker
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With 2021 in sight, we reflect on a year full of change. With that in mind, we are making some changes to the regular features and content of our newsletter. We will still have fantastic content, but we are making some regular columns that you can look forward to in each edition, including:

- **CCI National Update** – what is going on with CCI across the nation;
- **Finance** – an article about financial matters;
- **Legal** – a legal update on a key legal issue; and
- **Q & A** – it is not in this edition, but we are hoping that you will submit questions to info@cci-easternontario.ca and you may see the answer in an upcoming edition.

In addition to the foregoing, we will have a key topic and include an article or articles related to that theme. This edition is focusing on policies and procedures that condominium corporations should consider as we transition to a new year.

- Are you getting organized for your upcoming audit? Check out **Christopher Szubzda's** article "Preparing for the Audit – Policies or Procedures Condominium Corporations Should Have to Ensure That the Audit Goes Smoothly".

- Are you getting lots of questions about re-opening amenities? Look to **Rod Escayola's** article on "Reopening Condo Amenities and Implementing Proper COVID Protocols".
- Are you keeping up with the changes impacting management and directors as it applies to record-keeping? **Michael Trendota** provides a manager's perspective on "Policies and Procedures: Now and in the Future".
- Are you on track for financial success? Review **Sally Thompson** and **Justin Tudor's** article entitled "Short-Term Pain for Long-Term Gain" (a reprint from CCI Toronto's *CondoVoice*).

We hope that our readers get a chance to enjoy some down time over the next few weeks and reflect on the changes brought about over the last year. We look forward to implementing some of the helpful tips provided in this edition's articles as we start 2021.

Wishing everyone Happy Holidays and a very happy and healthy New Year!

Sincerely,
Cheryl Wood, co-editor
Michael Lewicki, co-editor

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- The Newsletter Advertising Rate Sheet may be found on our website at **CCI-EasternOntario.ca**

Contributing to CCI **CONDOCONTACT** EDITOR'S CONTACT INFORMATION

A benefit of CCI membership is the opportunity to share perspectives with one another by contributing and reading articles in CCI Eastern Ontario's quarterly newsletter *CondoContact*.

If you are a condominium director, owner or manager, and have a unique tale to tell or advice to relay to other condominium boards, let us know! If you are a professional or represent a trade company offering services or product to condominiums and have relevant articles, let us know!

The subject matter should be current, concise and helpful. Topics should relate to management and operations of condominiums and not be of a commercial nature.

Articles may be forwarded to:

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CCI Director Interview

(This could be you!)



Vincenza Galatone

Why did you join CCI-EO?

I was attracted to CCI's emphasis on outreach, education, and building a learning environment in condominium communities. As a condominium owner (since 2012) in both Ottawa and Montreal and more recently in Toronto, and a Board member for over four years, I have familiarity and prior experience with self-managed and professionally managed condominiums and with resident and non-resident ownership. My engineering background and 35 years in policy and regulatory work certainly assisted me in synthesizing quickly what I knew and what I didn't know in the condo world and in bridging the gap as quickly as possible. Having been on the Boards of professional organizations (e.g., the Chemical Institute of Canada), I am very familiar with the important role these organizations play, and, as Chair of Tarion's Consumer Advisory Council, the importance of providing that consumer voice for the benefit of the whole community.

In my experience, owning a condo is based on certain expectations (whether espoused or not) of an owner's desired lifestyle within the chosen community. Owners are generally confident that their expectations will be met. Despite all of the documentation on condo living provided to owners, their expectations may or may not be shared within the community, and while some expectations may be met, others may lapse into disappointments which over time erode confidence in the community.

The key ingredient for establishing (or re-establishing) confidence is trust in individual owners and trust in the Board. Owners place their trust in the Board when they confer the responsibility of the stewardship of their collective investment to them. The Board members collectively need to earn the trust of the owners, and in order to do so, they must build up a track record with the community they serve. I am a strong believer in a continuous learning environment, stamping out "don't confuse me with the facts" with "where can I find out more to make the best decision possible". Building a more trusting

and confident condominium community requires strong leadership, a leadership that CCI provides.

Favorite Hobby?

My father was a tinsmith, and in his spare time, he repurposed or made many objects out of various metal containers: coffee containers were turned into watering cans, 3-litre oil tins became vases of various sorts. At one point, there were so many objects of various sizes and purposes that I got into painting these to offer as gifts or to use as donations in auctions. From this, I branched out to painting on patio stones, rocks, wood (bird houses), and many other materials. This connects me to the past (the trades) and the future (repurposing).

What do you love about Condo Living?

Downsizing was one component that was a prerequisite to condo living and one that had many benefits – re-centering life on 'who we are' and not on 'what we have'. The other component was the 'promise' of carefree living and freedom in a community of our choice in order to devote more time to travel, family, friends, and activities (volunteering) which I really enjoy.

What is the last book/movie you watched that you'd recommend to our condo community? (i.e., COVID-friendly activities)

I am an avid and eclectic reader in both English and French. I gleaned some great insight from Thomas Homer-Dixon's most recent book, *Commanding Hope* (especially in a COVID world). Every generation has had its challenges and this book brings that out in spades... and provides some good fodder for our troubles today. Another suggestion and a fairly light read is Dr. Li Qing's book *Forest Bathing: How Trees Can Help You Find Health and Happiness*. After reading this book, you'll never take a walk in a city park without a whole new awareness of the benefits you're reaping and a great motivation for continuing your strolls. I also read biographies on a regular basis and have completed a series on the Canada's female Governor Generals, including Jeanne Sauvé, Adrienne Clarkson, and Michaëlle Jean (all three of whom were journalists, in contrast to our current office holder), to learn about the challenges they faced. For those who want to have a glimpse of behind the scenes of the British Royalty, and as an alternative to Netflix series, I strongly suggest *Elle ne voulait pas être reine* by Marc Roche, released this year and available in both languages. For the scholars amongst us, or those really into understanding condos more in a disciplinary way, Randy Lippert's book *Condo Conquest* is a good eye-opener and offers considerable matter for reflection. ■



Michael Trendota
Alwington Communities



Policies and Procedures: Now and in the Future

The condominium industry is changing in many ways. New condominiums are being built larger with more complex systems and more challenging refurbishments, while simultaneously, older condominiums are reaching critical points where important updates are required. Legislation is changing as well, imposing stricter requirements, and promising more to come in the future. Licensing and education are also playing an increased role for managers and Board members, with CMRAO licencing and the CAO Board Member's course. All of this means that managers and Boards need to have policies, procedures, and systems in place to manage the new and complex elements of the industry. With these changes in mind, let's review where we stand:

State of the Industry

Our industry is in transition: there are Boards and managers who have adapted to the new environment, those that still operate using the older methods, and those in between.

We are moving from a more paper-based industry where the primary method of storing documents relied on paper and thick binders of documents. Contracts, Board meeting minutes, invoices, and everything else was stored in boxes. Those boxes lived in a basement somewhere, and were not always properly accessible or rapidly searchable, and were at risk of damage in an emergency such as fire or flood.

With the recent changes to the *Condominium Act*, condominium corporations are being required to move towards increased owner communication and virtual platform for preparation of

notices. In the past, for some condominium corporations, there was little owner communication outside of the Annual General Meeting. In addition, delivery methods for announcements often occurred by placing letters underneath unit doors or by posting them on announcement boards. Condominium corporations did not always have annual operating plans or written procedures to deal with important events. Without a plan, Managers or Boards would have to come up with plans on the spot. Without proper procedures in place, important steps or action items could be missed. The older methods need to give way to the change that is happening.

The condominium industry has recognized the importance of accessibility of information (to owners, Board members, and managers), and the undertaking of key inspections, disclosures, and filings correctly and on time.

Many managers and Boards now operate using newer methods, including:

- Building annual plans and storing them electronically
- The managers refer to these plans monthly and have systems in place to make sure that items are completed on time.
- Boards sign up for electronic communication tools, and their managers use them to inform owners of events and key developments.

Together, they use these tools to store documents so that they are easily accessible to owners. Utilizing these tools, managers and Boards are able to make timely decisions and make sure they are on top of legal requirements.

The Future

The future of the condominium industry is the growth and refinement of systems and procedures. Condominiums using older methods will need to transition to more modern and virtual systems.

In the next few years, we are expecting that every Board and manager will need to use comprehensive planning documents and have procedures in place for every common occurrence (a new owner takes possession of a unit or annual inspections, etc.), and the not-so-common events (fire, flooding, pandemic, etc.). Condominium corporations, through their managers and Boards, should ensure that planning documents are built out so that the manager and Board know exactly what type of work is scheduled for the entire year, and when to expect it to take place.

What happens if our corporation keeps using the old methods in the future?

A Board or manager who does not adapt to the new environment could find the condominium corporation at an increased risk of missing key deadlines (and the penalties that they bring). They could miss out on important preventative maintenance and put themselves and the corporation at financial risk. Corporations that fail to undertake proper maintenance could find themselves paying more in the future for emergency repairs. Corporations that fail to make required disclosures or send out the required forms could face difficulties with owners, contractors, or from administrative authorities. Finally, corporations that don't put plans in place to deal with emergencies (including responding to public health risks [COVID-19, etc.]) could find that they face increased challenges when emergencies strike.

Check your future-readiness: A Test to help determine if your current methods set you up for success

1. Who were the Board members of your corporation in 2007?
2. When does the next contract expire for your corporation?



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3. How fast can you get access to the financials for March 2015?
4. What is your procedure for informing owners of a COVID-19 case in your corporation?
5. Are your physical building inspections conducted monthly and stored online, complete with photographs?

If your corporation's systems, policies, and procedures are properly prepared for the future, the records requested above should be readily accessible.

1. Your Board member register should be kept electronically and be readily available to permit a quick answer to question #1. The register should include the start and end of each director's term, when/if education requirements were completed, and copies of relevant documents (including disclosure statements and education certificates).
2. Your corporation should have a record of all active contracts with expiration dates noted. These records should be stored electronically (allowing a quick answer to question #2).
3. Every Board member should have online access to previous financial information (and be able to quickly answer question #3).
4. For question #4, your corporation should have a procedure in place for handling COVID-19 cases (or any future pandemic), including plans to respond to public health directives, closure of amenities, and communication plans with owners.

5. Finally, to be able to answer question #5, every condominium corporation should have a monthly common elements inspection completed by the condominium manager / Board with photographic evidence. The documentation should be reviewed by the Board and stored online.

With the rapid transition into a digital age and the subsequent impact on every element of life, managers and Board members will see very quickly that following the traditional way of running a condo community will start to have drawbacks that could have serious consequences. These guidelines provide a solid foundation for the future of the condominium industry and allow for the continued success of both new and old condominiums. ■

Michael Trendota, RCM
Chief Operating Officer of Alwington Communities*

Michael is a property management professional with experience operating a diverse set of buildings, including high-rise, low-rise, and townhouse-style. His passion is bringing neighbours together to build exciting and vibrant communities. Michael draws from his own condo Board member experience to advise Board members on the opportunities and challenges facing their communities. Michael holds a Masters of Business Administration from Queen's University and is a Certified Property Manager.

** Though written by a qualified and experienced Condominium Manager, this article is not intended as legal advice. Please consult your own experts for advice.*

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Information Round-Up: Editors' Summary

Key Information and Resources from across Canada

In our last newsletter, we compiled a list of articles, webinars, and blogs from across Canada related to COVID-19. We received positive feedback about this addition, so we have decided to make it a regular installation in the Newsletter.

We have reviewed webinars and other resources and provide a list below of some of the content that your condominium may find helpful.

Have you seen a webinar, article, or blog post that helped your condo? Let us know at info@cci-easternontario.ca



WEBINARS TO CHECK OUT:

CCI National
October 22, 2020
Insurance

Huronia Chapter
October 16, 2020
Virtual Meetings – helpful summary of how to use Zoom (from a participant and host perspective)

South Alberta Chapter
August 19, 2020
Speedy Board Meetings and the Art of Taking Minutes



RECENT CASES:

Are you curious about recent case law from across Canada? Check out [*Condo Cases Across Canada*](#), published by Jim Davidson exclusively for CCI members. The website is available to CCI members. The current password is “**condocases**”.



RESOURCE CENTRE (CCI NATIONAL):

LEGISLATIVE NEWSFLASH
Proposed Changes to the *Employment Standards Act* – December 2020 – if your condominium corporation has an employee, this is a must-read.

Additional Legislative newsflashes about:
The increase to minimum wage;

Timeline extension for virtual meetings;

The upcoming “Condo Guide”;

COVID-19;

Future Educations requirements for Managers; and

The Auditor General’s report.



THE BASICS – A FOUR-PART SERIES FOR DIRECTORS

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Part 2 – Getting started as a Director

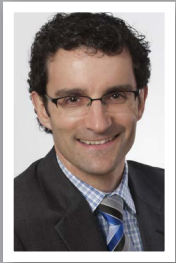
Part 3 – The Director’s Responsibilities and Governance

Part 4 – Property Management

Also

don't forget the law blogs out there providing timely and relevant information related to the condominium industry.

Reopening Condo Amenities: Implementing Proper COVID Protocols



Rod Escayola



We've now been dealing with the current global pandemic for some nine months. As the news of a vaccine being rolled out is welcome, the reality is that it will take the best part of next year before all who want to be vaccinated can be.

Corporation liability

A condominium corporation is the "occupier" of all common elements. As such, it is potentially liable and responsible for injuries (including virus infection) which may occur on said common elements. Under the *Occupiers Liability Act*, condo corporations must take all reasonable steps to ensure the reasonable safety of those on their premises.

In the meantime, it is not time to lower our guards. While condo dwellers are anxious to have access to their amenities (including swimming pools, patios, and fitness rooms), condominium corporations ought to be very prudent when considering whether to reopen these amenities and, if so, under what conditions.

In line with this, condominium corporations, through their Board of Directors, have a duty to control, manage, and administer the common elements and the assets of the corporation.

The risks associated with a community transmission are unknown, but the stakes are high. Community transmission can result in serious and permanent health consequences, including death. It may also result in claims being advanced against corporations in a setting where it is far from certain whether the insurance industry will cover COVID-related claims.

Having said the above, the province is considering the adoption of legislation that may help mitigate the risk of lawsuits, provided that the corporation and its directors have exercised good faith efforts to follow public health advice and have not acted in a grossly negligent manner. Still, litigation is costly, lengthy, and stressful. Litigation must also be clearly noted on the Status Certificate and on PICs, which can potentially have an impact on units' marketability and value.

Check Provincial and Municipal restrictions

The starting point to any discussion regarding the reopening of your amenities will be to determine whether it is *permissible* to reopen them.

Under Ontario's current COVID-19 Response Framework, each of Ontario's 34 Public Health Units is placed under one of five colour zones, ranging from green to red, with the ultimate restriction level being grey (also known as the "lockdown" stage). Under each of these colour zones, the Province imposes escalating COVID-related restrictions applicable to various sectors, industries, or businesses.

Presently (at the time of writing), Ottawa and some other Eastern Ontario Health Units are under the ORANGE level of restrictions (or moving there), but this can change at a moment's notice. It is best to consult with your favourite condo lawyer or with your local public health authorities to ascertain exactly what restrictions are applicable at any given time and what it means for your condo.

In addition to the provincial regulations, each Public Health Unit (and in fact each municipality) can adopt additional restrictions. This is the case for Ottawa and Eastern Ontario's Public Health Unit.

Once you have determined whether you are permitted to open one of your amenities, the next question you will have to answer is how to do it safely.

A range of options from "unsafe" to "safest"

In circumstances where we are faced with a global pandemic, with ever-changing directions and guidelines from various health authorities, corporations ought to be very prudent in their approach on this question.

Corporations are faced with a range of options going from "unsafe" (opening all amenities without any precautions) to "safest" (not opening amenities until there is a vaccine).

Corporations must balance risks, rewards, and costs in finding the "sweet spot" where they have taken sufficient reasonable precautions. Indeed, corporations are not "insurers". They are not expected to guarantee absolute safety, but they must take "reasonable steps to ensure the reasonable safety" of those on their premises. In the balance, the corporation must also

consider the costs of reopening their amenities in a "safer" environment.

At the end of the day, each corporation will have to determine for itself what is the best approach, but we thought you may benefit from considering the following measures.

Measures/Protocols

If you are considering re-opening your amenities, you should consider implementing as many of the following safeguards and precautions as reasonably possible:

Regarding Users

1. All users should be required to complete a health-screening questionnaire, which would contain an undertaking to abide by the new COVID-related protocols and an undertaking to stop using the amenities if their personal COVID-related circumstances were to change.
2. Access to the amenities should be restricted to occupants [no guests and no visitors].
3. The corporation should consider reducing the number of individuals using the amenities at any given time. The number of users to be allowed will vary depending on:
 - The existing provincial or municipal COVID-related restrictions;
 - Whether the amenity is interior or exterior;
 - The otherwise legal capacity limits of the amenity;
 - The size and layout of the amenities;
 - The corporation's ability to implement as many of these measures as possible; and
 - The density of the corporation and its demographics.
4. Consider implementing a booking system or a rotation schedule. This will:
 - Allow more individuals with an opportunity to use the amenity;
 - Facilitate traffic control to and from the amenity; and
 - Allow for thorough cleaning and disinfecting between rotations.
5. Consider implementing a booking or reservation process. The province is presently recommending that such booking be done online. This scheduling process should include gathering information on the users (such as who used the amenity, and when and how to contact them). This will both:
 - Assist in controlling how many users are using the amenity at any given time; and
 - Assist in tracing back who has used the amenity at any given time in the event that there is a community flare-up.

6. The corporation should ensure that there's no undue or unnecessary gatherings on common elements (including in the amenities):

- Fitness classes, parties, functions, or group activities should be cancelled/prevented; and
- Those not actively using the amenity should not be allowed to congregate in/on them (unless they are required to supervise children or for other health/safety reasons [think of lifeguards, etc.]).

7. Users should maintain a 2-metre distance and should be encouraged to follow proper hygienic measures.

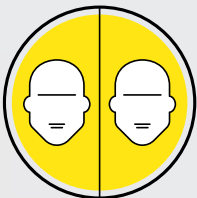
8. Masks should be made mandatory (or at the very least be strongly encouraged) while using amenities, unless some exception applies (young children or individuals who cannot easily/safely use masks or unless engaged in an activity making wearing a mask difficult [while eating, drinking, or while exercising]).

9. For pools, users should be encouraged to wear goggles/water masks.

10. Consider removing BBQs or reducing their numbers. Consider not providing cooking tools, cooking space, and other tools that people would otherwise share.

11. The corporation should think of how they can enforce these measures and limits. Using a "reservation" system is one way. Using security guards or lifeguards may be another option, although it may not always be required. You need to find a solution that works.

Physical changes/precautions



12. The corporation should consider installing physical barriers, directional signage to manage traffic, and visual cues to ensure physical distancing and to remind users of the required heightened hygienic measures.

13. Access to the amenities should be controlled:

- If possible, the corporation could consider making some doors "entry" points only and other doors "exit" points only to avoid in/out traffic through the same door.
- If possible, consider granting access to the amenity from an exterior entry point rather than through the building.



14. If applicable, the corporation should consider closing any lockers and shower facilities and instead recommend that users shower/change at home, in their unit, prior to accessing the pool.

15. The corporation should consider removing any non-essential furniture/tools (or pool toys/accessories) provided by the corporation.

- Owners should be encouraged to bring their own but same should be kept to a minimum.
- This will minimize the risk of cross-infection and will also reduce the cleaning requirement between users.
- For pools: the corporation should consider prohibiting any pool toys or accessories (with the exception of flotation devices).

16. Saunas, steam rooms, whirlpools, diving boards, rope swings, and water slides must remain closed at this time.

17. Some corporations have installed HEPA filters in interior amenities to assist in filtering and circulating the air.

18. Plexiglas shields should be installed where useful and applicable and if you have a customer service desk (to protect workers and users).

19. If washrooms are opened, consider only opening one and making it unisex, or consider closing every second urinal and every second sink.



Sanitizing and gathering controls

20. The corporation should implement its own stringent and regular cleaning/disinfecting schedule, preferably between each user or, at the very least, on a regular and frequent schedule (or at key points: morning, lunch, supper, closure).

21. For pools, consider disinfecting any and all equipment and high touch surfaces which are not regularly in contact with chlorinated water.

22. The corporation should provide adequate and sufficient hand sanitizing products at the entrances and throughout (depending on the size of the amenity).

23. The corporation should provide adequate and sufficient disinfecting cleaning products for users to thoroughly disinfect high touch surfaces, including doors, door handles, railings, etc. (This is in addition to the corporation's own cleaning/disinfecting schedule).

24. Consider having a lifeguard or a security guard to control access to the amenities and to avoid social gatherings.
25. Finally, consider having a newsletter and posting permanent signs educating users on these new protocols.



Waivers and “use at own risks”

In our view, corporations cannot offload onto owners their responsibility to ensure the safety and security of those on their premises.

Similarly, we are of the view that corporations cannot force owners to sign “waivers of liability” as a precondition to using some of the amenities. While waivers may (on a purely contractual basis) afford some additional protection to the corporation, the actual level of protection and the enforceability of these waivers may be limited.

Moreover, we question whether corporations can ban owners who have not signed these waivers from using the amenities. It may also be difficult to control who has signed a waiver and who has not.

Conclusion

We are not suggesting that all of these precautions are necessarily required or mandatory. Some of these precautions will change over time, new ones will become required, and some may no longer be necessary.

The concept, however, is to implement reasonable precautions and protocols to ensure that, in the event of a community flare-up, the corporation is able to demonstrate that it has taken all reasonably required precautions to ensure the safety and health of its occupants.

Naturally, there may very well be a cost associated with some of these precautions. This may be the cost of doing business in this COVID era. ■

Rod Escayola leads the Condo Law Group at Gowling WLG and is the publisher of the CondoAdviser.ca Condo Law blog. He has been on his condo Board of Directors since 2009.



Lawyers, Guns & Money

WEBINAR

Thursday, January 21, 2021 | 7:00-9:00 pm

Lawyers, Guns and Money, is CCI Eastern Ontario Chapter’s mid-winter seminar that is a review of some of the past year’s most important condominium court decisions. Watch this rapid-fire session and hear from renowned legal minds and industry leaders. There’s always plenty of opportunity for questions and discussion about these court decisions and other areas of condominium law. You can’t afford to miss it!

Speakers:



Moderator:
Michael Lewicki,
Terra Firma RE



Jim Davidson,
Davidson Houle
Allen LLP



Richard Elia,
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Preparing for the Audit – Policies or Procedures Condominium Corporations Should Have to Ensure That the Audit Goes Smoothly



Christopher Szubzda

An audit may seem like a daunting and stressful task to some, but with proper preparation, you can make it a walk in the park. There are many things you can do before the auditors even start which could greatly reduce your stress and bring ease to yourself and the auditors. Below are some insights from the perspective of an auditor that could facilitate ‘a walk in the park’ audit experience for you:

Build the audit file throughout the year

Treating the audit as a year-long process can save time in the long run. The auditor will be looking at information not only at year-end but also at various points throughout the year. A major focus point for an audit involves reviewing the controls and processes in place between the Board and the Property Manager with emphasis centered around the Board’s review and approval of monthly financial information. This financial information includes, but is not limited to, monthly internal financial statements, monthly bank reconciliations, and monthly budget-to-actual discussions. Board oversight can be done at Board meetings or virtually; the key is to ensure that documentation of these reviews is noted in the minutes or in an email exchange between the Board and the Property Manager.

Maintaining various financial schedules, account reconciliations, financial reports, Board minutes, email approval communications, signed contracts, and other legal correspondence that has occurred throughout the year and storing them in a hard copy or electronic file keeps things at your fingertips when the auditor makes a request.

Be ready when it’s showtime

The audit generally occurs around the same time each year so it should not be a surprise. In most cases, the date has been set months in advance by your audit team to ensure their staff availability. The planned timing is meant to ensure that an efficient and effective audit process occurs.

OK, so life happens, and things might change. If events or circumstances have surfaced that demand your attention and you have not had time to gather the information requested by your auditor, then it may be better to request to defer the start of the audit. Typically, you are ready for the audit to begin

if the monthly reports for your year-end month have been finalized by your finance team. Delays in receiving information from regular vendors or reserve fund project contractors could slow you down, so try to have this information in advance. To ensure your financial statements are accurate, it is imperative that you have all regular expenses as well as reserve fund expenses recorded up to the date of your year-end. If there are significant fluctuations within expense accounts from the prior year or even the budget, it can be beneficial to anticipate these inquiries and provide a summary of these variances to the auditor at the start of the engagement.

Organize the package you send your auditor

Proper organization of information and data is pertinent when preparing for an audit. The easier a specific invoice or contract is for an auditor to find, the more efficient that auditor can be with their time. It may sound obvious, but when preparing and providing requested information to the auditor, it is recommended that information is neatly filed and organized in a logical manner.

When providing information in hard copy form, using folders and binders to sort this information based on vendors or months keeps things neat and tidy and easily searchable. Your preferred method will depend on the size of the condominium. Providing your information electronically is becoming increasingly popular. Organization is still key, and the use of folders organized by vendors or months remains a valid recommendation while ensuring files are named appropriately to allow the auditor to review the items quickly and efficiently.

Be available to meet and communicate with the auditor

Discussions between the auditor and the property manager/condo Board are an important component of the audit process and often the greatest cause of delays in finalizing the file. Discussions with management and the Board regarding

the condominium, its year-over-year changes, and matters that arise specific to the year in question, need to take place and be appropriately documented for the auditor to complete all procedures required under our profession's *Canadian Audit Standards*.

The year 2020 has revealed that it will become more common for these discussions to take place virtually rather than face-to-face. While emails are a quick way of communicating information, it often results in ineffective communication if there are lengthy back-and-forth email exchanges to clarify a question or its response. Therefore, to assist with efficiency, it is highly recommended that property managers and/or Board members be available for a phone or teleconference meeting through tools such as Zoom or Microsoft Teams and that this meeting be scheduled the start of the audit review.

Many auditors provide lists of needed items in advance of the audit process and these lists remain relatively consistent year after year. Being proactive to build your files, ensuring all elements are a go at the audit date, ensuring your files are organized, and making yourself available to the auditors can allow your next audit experience to be a 'walk in the park'. ■

*Christopher Szubzda, CPA, CA
Manager, McCay Duff LLP, Chartered
Professional Accountants*

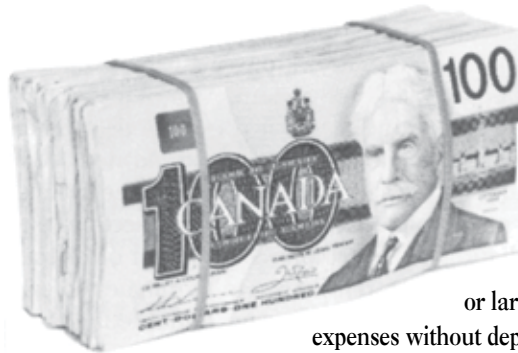
Christopher Szubzda received his CPA, CA, joined the McCay Duff team in 2016 after moving from the GTA. Christopher delivers accounting, auditing and tax services to a multitude of not-for-profit organizations, condominiums and private for-profit enterprises.

Christopher works with a wide range of condominium boards and management companies of varying sizes throughout the National Capital Region. He coordinates and strategically plans with these boards and their respective property managers in order to complete efficient and timely fiscal year end audits along with the required corporate tax fillings.

Christopher routinely assists boards when potential control deficiencies, or areas of higher risk, are identified. He ensures that each board is provided practical solutions that are cost effective in implementing.



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Short-Term Pain for Long-Term Gain



**REPRINT from CCI Toronto's
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the authors Sally Thompson and
Justin Tudor**

Like most things in life, creating financial success in Condominiums requires some short-term pain to create long-term gain. As most *CondoVoice* readers know, the legislation in Ontario currently starts every condominium in the province with a reserve fund contribution that is far too low. The 30-year timeframe of a study also seriously understates required contributions in early years because the thirty-year period includes twenty years of very light spending (the first twenty, when everything is new), and only ten years of heavy spending. The biggest tickets items lie in the 30- to 50-year range and are often not captured or funded in the initial studies.

In a perfect world, each condominium would do their first-year reserve fund study, looking forward 45 or 60 years, recognize the initial underfunding, correct their contributions and set down a path to a financially successful future. But let's face it, we live in the real world, where people will do almost anything to avoid the resultant 30% or 50% increase in their

maintenance fees. Early boards embark on long "phase-in" periods and other strategies to avoid getting the fees to the appropriate levels. This feels like success in the short-term but means that future owners are going to have to contribute much more than their fair share to the fund. If that 40% increase in fees feels untenable to current owners, imagine how challenging it is going to be for future owners to pay double or triple their fair share. But that's what many Notices of Future Funding show!

The impact of the understated first-year reserve contribution unfortunately has ongoing repercussions on condominiums even when they are 25 years old or older, because very few have managed to get their fees to a level that allows future contributions to increase by only inflation each year. They are still phasing-in, delaying and deferring, which allows the buildings to degrade and the backlog of required repairs and replacements to pile up to unmanageable levels. Even when condominiums have addressed these issues, a 25-year old

building, that is only looking ahead 30 years may still be ignoring or underfunding major systems repairs or replacement outside the study period.

Ontario already has nation-leading reserve fund legislations. We shouldn't rest on our laurels though, continuous improvement and doing the work of tweaking a machine that's running well is hard, but the pain associated with reopening the books and changing the rules is critical to the protection of condominiums in Ontario. The good news is that the Ministry has re-opened consultations on the reserve fund portions of the legislation and regulations. Hopefully we can get some of these issues sorted out so that future condominiums don't face what the current buildings have. The amendments should also put more pressure on existing condominiums to get funding to appropriate levels rather than relying on future owners to magically be happy to pay exorbitant fees (that were entirely preventable).

**We have a duty of care to future owners of these condominiums, not just to today's owners.
We don't need the government to force our hands;
let's do the right thing now.**

But why wait? Every condominium board in the province has the opportunity to right the ship starting with their next reserve fund study update. If you are in a building less than 20 years old, make sure your study is looking forward more than 30 years (our suggestion would be 61 years less the age of the building to a minimum of 30 years). And for all buildings, if your study shows that you need an increase in your fees, get it over and done with in the next three years. It may feel painful, but it is the only path to creating a sustainable financial future for your corporation.

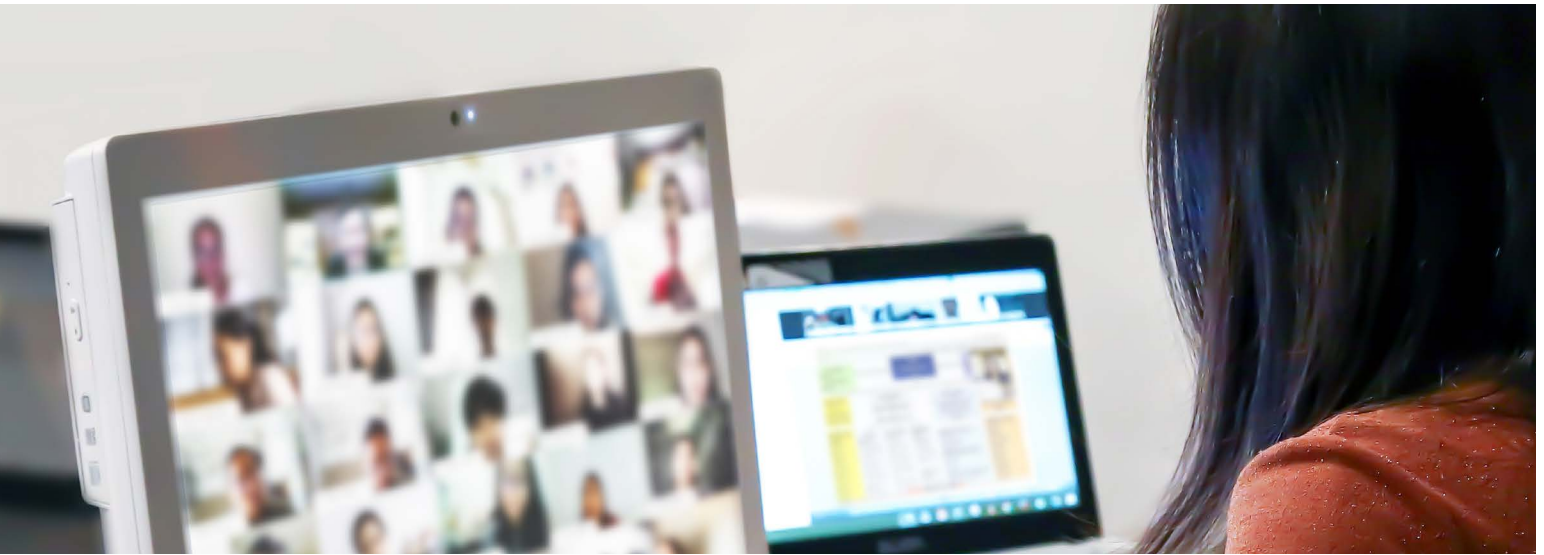
And to the reserve fund study providers out there offering studies that include 10- and 15-year phase-in periods at each update, please stop. With funding plans updated every 3 years, putting the condominium on a funding that defines non-adequate contributions into the next study period virtually guarantees volatility and significant fee adjustments. The math may work long enough for you to complete the study and appease the client, but the physical reality you are creating is nothing short of irresponsible! We have a duty of care to future owners of these condominiums, not just to today's owners. We don't need the government to force our hands; let's do the right thing now. ■



Leaders' Forum: National Conference of the Canadian Condominium Institute



Constance Hudak



CCI – Eastern Ontario is one of many chapters in Ontario and throughout the country that are part of the Canadian Condominium Institute – National. CCI National held its annual conference and AGM in early November. This meeting, called “Leaders’ Forum”, has traditionally been hosted by a local chapter in locations from St John’s, NFLD to Vancouver, BC. This forum was originally to be hosted by the North Saskatchewan Chapter and to be held in Saskatoon. ALAS – COVID-19 struck, and no one was holding any kind of physical gathering.

Condominium Directors and professionals in the industry are a hardy and inventive lot, and so just as all of us have had to adapt to “ZOOM”-like meetings, this fall’s Leaders’ Forum became virtual. A special conference application was used (WHOVA), and the conference, while being different, was a great success. Normally each Chapter is only able to send one or two delegates from their Board because of the costs of travel, and so the overall attendance would be approximately 60 persons including exhibitors. In this case, we had 215 attendees because the full Board membership of each Chapter could attend and participate online. The level of exchange of information and interaction was exceptional, and for many Chapter Board members, this was their first opportunity to engage at the national level.

Like any conference, the agenda was well laid out with seminars and discussion groups held in both mornings and afternoons for 3 days. Seminars topics ranged from the obvious COVID-19 experiences, to Reserve Fund Study Pitfalls, and legal panels which brought forward the latest case law updates. CCI – EO was well represented by our President, Nancy Houle, who led a number of seminars, and by me, who presented an overview of our Chapter’s first webinar with our Front-Line Heroes (Health, Fire and Police). The conference itself was co-chaired by Andrée Ball, who has now left our Board but was elected to Vice President of the CCI National Executive. Andrée will continue her support of CCI – EO by acting as the Co-chair of our Membership Committee with Justin Tudor.

CCI – EO walked away from the Leaders’ Forum with some new ideas about how to deliver information and virtual sessions in innovative ways, and with some hardware with our President, Nancy, receiving the Distinguished Service Award and our Newsletter winning the award for the Best Tier 2 Newsletter. Our Chapter was also a runner-up for the Chapter of the Year award!

We hope to implement the new ideas and strategies learned in the months to come. **Stay tuned!** ■

*Constance Hudak, CCI-EO Director & CCI-EO
National Council Representative (Ontario Caucus)*

New Members



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CCI Eastern Ontario Chapter Remains Socially Conscious






ALL CONDOMINIUMS ARE LEGALLY REQUIRED TO FILE CONDO RETURNS

Under the *Condominium Act*, 1998 (the Act) and Ontario Regulation 377/17, all condominium corporations are legally required to file condominium returns with the Condominium Authority of Ontario (CAO).

Any condominium corporations that have not yet filed their returns with the CAO and paid their annual assessments, must act immediately to avoid legal consequences for not complying with the Act, including late penalties.

PLEASE CONTACT THE CAO AT:
416-901-9356 or
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-  **Did your corporation undertake any important projects recently?**
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Whether you are a director or a property manager, please do share these valuable stories. Feel free to contact CCI and we will assist you in writing your article.

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