

WHAT CONDO DWELLERS ARE READING



CONDOMINIUM CORPORATION AUDITS

Each year, condominium owners are provided with their corporation's audited financial statements and a two-page opinion letter. These financial statements are important, a necessary part of condominium governance, and limited in scope.

Owners, when reviewing their financial statements, look for a healthy reserve fund and a positive cash flow balance as signs that a condominium corporation is reasonably managed.

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FROM THE EDITOR

Toronto Condo News celebrated its 10th anniversary in 2022. Last month we reached another milestone.

Condo Archives now contains over 2,000 articles each of which is categorized and searchable for easy access. No other source of information on condominium living and management comes close in terms of coverage and accessibility.

It is not sufficient to make information available to condominium owners, directors and management. The resource must be organized and searchable so anyone can find what they seek regardless of the issue or topic. Each **Condo Archives** article appears in one or more of 90 accessible categories. Since this is not sufficient for all requirements, we include a search feature allowing users to enter any search terms they desire.

A lot of work goes into making this extensive library so easy to use. We are proud of this achievement and its popularity!

A PEEK

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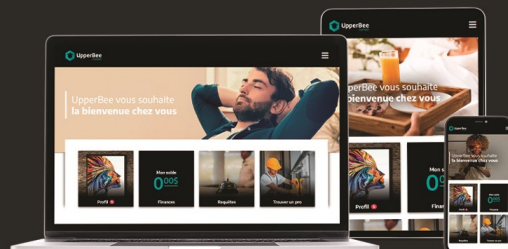
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CONDO DISPUTES WITHOUT CAT

The Condominium Authority of Ontario is celebrating its fifth year of operation. In this five-part series, **Toronto Condo News** looks at how CAO and the Condominium Authority Tribunal have impacted on condominium living and management, and present an inside-view of what it is like to appear before the Tribunal.

February 2022 - Fairness and Justice in Condominium Communities

March 2022 - What they Don't Want you to Know - Lurking behind their closed door

April 2022 - Making a Successful CAT Submission

May 2022 - Calling for the Expansion of CAT

June 2022 - Condo Disputes without CAT

You wake up in the middle of the night to someone working in their backyard, a neighbour playing music too loud, or late-night and noisy parties.



Imagine all the people living life in peace

You may say I'm a dreamer But I'm not the only one

Imagine, John Lennon

Disputes between neighbours are difficult regardless of where or how you live. Those who live in single-family housing have little recourse when a neighbour is noisy, disruptive or dangerous. Imagine what high-rise condominium living would be like if everyone did what they want, when they want and failed to consider the impact on neighbours. Peaceful and enjoyable high-rise condominium living would never work. Anarchy would reign in our homes and shared spaces.

Everyone fights with their neighbours. It is not unique to condos. The difference is that condo residents have something they can do

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CONDO DISPUTES WITHOUT CAT... CONTINUED FROM PAGE 3

about it other than taking someone to court or complaining on Facebook.

One of the responsibilities of condominium management is to deal with these disputes. Condominium communities have rules residents are expected to follow. When management is unwilling or incapable of addressing disputes, establishing reasonable rules or enforcing them, there is the Condominium Authority Tribunal (CAT).

Disputes between neighbours are now fought at the CAT. Since 2017, they have been the final decider on disputes within their jurisdiction rather than the courts. Their jurisdiction has been growing.

Condo boards and the CAT have become governance authorities that impact on more than two million people in Toronto and the GTA. When disagreements arise in a condominium community, CAT provides somewhere to resolve them without resorting to violence or the court system. CAT rulings are published and available on the internet providing unwanted publicity to individuals and communities failing to act reasonably, and hopefully curtailing their actions.

A December 2022 report from Ontario's Auditor General, a follow-up to a 2020 report on condo oversight, notes that CAT had expanded beyond administrative matters to now include a range of disputes including pets, parking, balcony furniture, odours and noise. The report notes that their authority may expand to eventually cover all condo-related disputes.

When there is a dispute between an owner and the condominium corporation, it is more difficult for condo owners to afford lawyers whereas condo boards have access to owner funds. CAT leveled the field by establishing a system that doesn't require a lawyer and costs no more than \$200. While condominium boards are still more likely to employ a lawyer, CAT rarely compensates them for this, placing the corporation at greater risk of financial loss.

CAT has earned respect from condominium owners by providing a way to address disputes outside the court system

The process can be slow with CAT taking an average of six and a half months to resolve disputes. This is faster than the former option of going to court at a much greater cost. Landlord and Tenant Board hearings, by way of comparison, can take ten months or longer assuming no delays or extension.

CAT has earned respect from condominium owners by providing a way to address disputes outside the court system.



CONDOMINIUM CORPORATION AUDITS... CONTINUED FROM PAGE 1

Why the audit is required

The Condo Act requires that condominium corporations undertake an annual audit. Owners and prospective owners have more confidence in financial data when it is audited.

Every condominium corporation with more than 25 units must have their financial statements audited annually. Those with fewer than 25 units can choose not to have an audit if all owners have consented in writing to waive this requirement.

Condo Act Requirements



The Condo Act exists to protect consumers. Consistent with this, the audit is required to ensure compliance with the Condo Act, particularly with regard to finances.

One requirement is that two bank

accounts be maintained. One is an operating account. Money flows into this account primarily when condo fees are paid but can include other revenues such as fees for use of a party room, elevator or rental suites. Funds flowing from this account are expenses for maintaining the building and community on a daily basis, otherwise known as day-to-day operating expenses.

The second required account is to ensure reserve fund monies are not being used for daily

operations. Reserve fund inflows are that portion of condo fees intended for this purpose. Most of the reserve fund money is not immediately needed so can be invested. Typically, invested funds have staggered maturity dates to ensure funds are available when needed. Types of investments are restricted to ensure the principal amount is not lost. Excess cash in the operating account must be convertible to cash within 90 days

Both accounts must be in the name of the corporation.

Investing Condominium Corporation Funds		
	Reserve Investment	Operating Investment
Issued/guaranteed by government of Canada or a provincial government	✓	✓
Issued by an institution located in Ontario and insured by CDIC or FSRAO	✓	✓
Security of a prescribed class (none to date)	✓	✓
Registered in the name of the Corporation	✓	✓
Held in a separate account by a member of the Canadian Investment Dealers Association and insured by the CIPF	✓	✓

Another requirement is that the corporation must have an investment plan completed after conducting a reserve fund study and prior to investing any monies. This is to ensure funds are available when needed.

The Condo Audit is required to provide a reasonable degree of assurance that requirements as stated in Section 115 of the Condo Act are being followed.

CONTINUED PAGE 6

CONDOMINIUM CORPORATION AUDITS... CONTINUED FROM PAGE 5**Appointment of an Auditor**

Appointment of an auditor is the responsibility of unit owners per Section 60 of the Condo Act. This occurs at the annual general meeting (AGM). An auditor then holds office until the next AGM.

Roles of Auditor, Management and Directors

A condominium audit is a financial audit to ensure that whatever amounts were paid by the condominium corporation are properly recorded in the financial statements. The auditor's role is to obtain a reasonable assurance that the provided numbers are reliable and to offer an opinion on this.

The auditor looks at corporation procedures and a sampling of records prior to providing their opinion which is based on reasonableness. They focus on the riskier areas of financial operations which, for condominium corporations, is reserve fund expenditures.

Management and directors are tasked with performing accounting and record keeping, and to issue financial statements.

The Condo Audit differs from other types of audits

The Condo Audit is not a performance audit which reviews physical infrastructure and is typically conducted by an engineer.

The Condo Audit is not a value-for-money audit which deals with cost control or efficiency. It is unlikely to review the quality of a reserve fund study, project future cash requirements, or the

quality of oversight over assets.

The Condo Audit is not a fraud investigation. This responsibility lies with directors and management. If concerns are noted by the auditor, they will be identified to the board and questions would likely be asked. Further steps may be taken depending on responses.

The Condo Audit is not a test of internal controls or review of all processes. The mandate of a condo audit is to review some of this but not to test or address them. Recommendations or comments may be provided.

In short, a Condo Audit is intended solely to ensure compliance with the Condo Act.

The Audit Process

The corporation is required to maintain records and to make them available for examination. These are records to document and back up all the money received and spent including bank statements, records of deposits and payments. There should be a deposit slip for all monies provided to the corporation. Many condominium corporations only accept payment of fees by cheque or electronic means to ensure proper records. For other revenues such as fees for rental of spaces, there should be a log book or other records showing when spaces were used and fees paid.

The audit process begins when the corporation receives its' engagement letter early in its fiscal year. The audit occurs at least 45 to 60 days after the fiscal year end. This allows time for record keeping to be completed.

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CONDOMINIUM CORPORATION AUDITS... CONTINUED FROM PAGE 6

After records are reviewed, questions are asked by the auditor and answered by the board or management. Receivables (money owed to the corporation) more than 90 days late, significant changes from prior year or projections, legal issues, and related party transactions (financial dealings between directors and the corporation) are all red flags an auditor is likely to inquire about. When cash is accepted, an auditor is likely to advise against doing so because of the many risks. Monies paid by cheque or electronic methods are more easily trackable and less likely to be stolen or lost. The corporation is asked if they have a documented investment plan. If not, the auditor will note this in their letter.

Once the Condo Audit is complete, a letter is sent to management and directors for their signature(s) of approval for the final audited statements.

Then final audited statements and report are issued.

The entire audit process can take about a month. In practice, the deadline for delivering final audited financial statements to owners is about six weeks prior to the AGM.

Audit Report



The Audit Report is a two-page letter intended to ensure best practices are followed and that potential improvements in financial processes are made. This letter is

distributed to owners along with the financial statements.

The goal of a Condo Audit is to receive an

unqualified or clean report. This means that the financial statements are fairly stated and there are no concerns.

A qualified opinion means the auditor provided an unqualified or clean opinion on everything except for certain items that are stated. A qualified opinion may identify cash revenues they are unable to verify. Condo Act contraventions may be noted. A reserve fund study may not have been updated. Reserve fund contributions may not be in accordance with the reserve fund study.

A disclaimer means the auditor is unable to provide an opinion. Books or records expected by the auditor were limited or unavailable.

An adverse opinion is rare. This means the financial statements misstate or misrepresent and do not accurately reflect the corporation's records. Owners should not rely on them.

Impact on the Annual General Meeting

It has been common for the auditor to be present at Annual General Meetings for a ten-to-twenty-minute presentation of financial results and to answer questions from attendees. Increasingly, there is a reluctance among auditing firms to have someone to appear at these meetings. Some no longer offer this option while others charge an additional fee for this level of service.

The Condo Audit provides a basic check ensuring the condominium corporation has complied with requirements of the Condo Act. It does not normally, nor is it intended to, address other aspects of building or management operations such as level and adequacy of a reserve fund, director competency, fraud, loss of money, efficiencies or accuracy of a reserve fund study.



SPECIAL TREATMENT IN PAYING CONDO FEES

Monthly condominium fees are due by the 15th of each

month after which a \$25 late fee applies. One owner asks to make payment by the end of each month because of when they get paid at work. This is a typical payment policy in condominium communities and a concession requested by some owners. Some directors support this concession, for certain owners, and others disagree.

When it comes to paying monthly fees, which are necessary to keep the condominium corporation operational and solvent, failure of one owner to pay on time places added financial obligations on other owners.

Empathy and compassion to one struggling to meet their financial obligations is special treatment. Once others learn of this they can and will likely demand a similar concession. The corporation will then have no choice but to agree since all owners are to be

treated equally.

Condominium rules and by-laws are very specific on how and when common fees are to be collected. Changing the rules for one owner sets a dangerous precedent and can be viewed as a failure to protect the corporation's assets without which the corporation cannot survive. It is a disservice to responsible owners who make their payment on time.

Everyone is required to balance payment of their bills, including mortgage and credit cards, while paying for whatever else they choose including restaurants, vacations, lotteries and health. Individuals have chosen to reside in a condominium and must pay their share of expenses. How they manage their financial obligations is a personal matter of no concern to the corporation.

Failing to enforce rules and by-laws regarding payment of fees creates more problems than it solves.

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FIRSTSERVICE RESIDENTIAL ACQUIRES CROSSBRIDGE CONDOMINIUM SERVICES



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FirstService Residential has announced the acquisition of Toronto-based Crossbridge Condominium Services.

Founded in 1996, Crossbridge Condominium

Services, formerly Brookfield Residential, manages over 75 properties and more than 20,000 residential units in Ontario.

FirstService Residential is North America's property management leader. They manage more than 9,000 properties representing over 1.8 million residential units across the U.S. and Canada. The company manages nearly 800 communities and 200,000 residential units across Canada.

By reputation, FirstService Residential has been more focused on automating processes and making it easier to get management tasks done including communications. The company reportedly is more efficient in managing accounting and billing. They retain fewer back-office employees while relying on technology to automate and speed up accounting processes and reporting.

CONSUMERS PROTECTED AGAINST MISUSE OF SLAPP

Condo residents posting negative online comments about their community are protected from the corporation's misuse of SLAPP legislation.

One company failed in their attempt to force a client to remove negative online reviews and has been ordered to pay more than \$160,000 after it tried to "bully" the customer with a lawsuit.

Strategic Lawsuits against Public Participation, or SLAPP, legislation is intended to allow the public to participate more freely in public discussions without fear of retribution or being sued. The legislation makes it harder for a larger organization to threaten a costly lawsuit to intimidate or punish opponents and discourage others from speaking out in a public forum.

In the judge's ruling he stated "In my view, the plaintiffs brought this lawsuit to bully the defendants into removing their reviews from the internet so as to control the public narrative about the plaintiffs' business and products." In addition, he stated that online discussion among consumers about the quality of the products and service is a "matter of public interest."

High-rise communities regularly have conflict between actions of a board or management, and residents. Taking such disagreements to a public online forum as is sometimes done by residents, while not always advisable, remains a legitimate response so long as information communicated is truthful and verifiable.



ONTARIO'S RESERVE FUND REQUIREMENT PROTECTS RESIDENTIAL HOMES

Ontario's requirement that each condominium corporation maintain a reserve fund and conduct a reserve fund study protects owners. To better understand how this works, there is no better place to look than Chicago.

Chicago is the United State's capital of condo deconversion. Large numbers of owner-occupied condominiums are being replaced with rentals. Condominium owners in deteriorating buildings and faced with high maintenance costs they are unable pay find deconversion (sale of the entire building) to be their only practical option.

rentals.

One way in which Toronto differs from Chicago is that the Ontario Condominium Act requires condominium corporations to maintain a reserve fund and undertake regular reserve fund studies. This requires owners to contribute more substantially to the reserve fund and undertake necessary maintenance. In Chicago, few condominium corporations do not undertake a reserve fund study and choose to maintain insufficient funds in their reserve fund. This leads

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In the 1970s, Chicago saw many rental buildings converted to condominiums to appeal to middle-income yuppies. These buildings are now among the oldest in the USA. Owners are finding they are unable to recover their investment and fail to keep up with maintenance. They now want a way to leave these properties. Investors are purchasing the buildings at a discount and converting units to



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ONTARIO'S RESERVE FUND REQUIREMENT PROTECTS RESIDENTIAL HOMES... CONTINUED FROM PAGE 10

to insufficient preventative maintenance and large bills for communities that fail to set aside sufficient funds. In Florida, we've seen loss of life because of failure to maintain high-rise buildings. One tower –Champlain Towers– collapsed. Within a couple of months the state began evaluating buildings and evacuated at least nine of them.

Throughout Ontario, condominium corporations have wide discretion on the amount of money set aside in their reserve fund. Many communities choose underfunding and are forced to implement large special assessments to compensate. This choice is preferable to the deconversions that occur in Chicago where investors are able to purchase unmaintained buildings at a discount and convert them to rentals. Once an investor owns a majority of units it becomes easier to force a condo deconversion on other owners. These professional landlords are more efficient than volunteer condo boards when it comes to keeping costs down by improving operational efficiency.

Voting on a deconversion pits owners against owners. Long-term owners want to remain in

their home. More recent owners are angry about paying for maintenance that should have occurred prior to their ownership. They never anticipated a large assessment that can't be justified by a future selling price in the next few years. For them it makes more sense to vote for deconversion and sell to an interested buyer.

Chicago is an example of what happens when board members fail to perform needed maintenance on a timely basis. The Miami building collapse offers a more extreme example. The Ontario Condominium Act protects local condominium corporations and their owners from the more extreme repercussions of poor maintenance by requiring a reserve fund and having a reserve fund study undertaken according to a prescribed schedule.



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ACHIEVING QUORUM IS GETTING EASIER

Quorum is an essential component of condominium governance. For meetings where decisions are to be made, quorum is required before any voting can occur.

In a condominium community environment, quorum traditionally refers to the number of owners representing a certain percentage of units in the condominium corporation who must be present for the meeting either in-person or by proxy. The number is typically 25 percent of corporation owners for an annual general meeting or other meeting with owners. For a condo board meeting, the number is typically just over half of directors. The actual number required for quorum can vary depending on the purpose of a meeting.

When quorum is not met, a meeting is stopped while an attempt is made to obtain quorum. If quorum cannot be reached the meeting must be adjourned. No vote can be taken and no business transacted without quorum.

Since the pandemic and temporary amendments to the Condo Act, quorum has been revised. It currently refers to the number of owners representing a certain percentage of units in the condo corporation who must be present for the

meeting either in-person, by proxy, **through telephonic or electronic attendance, or electronic voting.**

This makes it easier to achieve quorum which can include those voting electronically for matters stated on the meeting notice. Presumably, this change is intended to assist condominium corporations that have difficulty achieving quorum for meetings.

This makes it easier to achieve quorum which can include those voting electronically for matters stated on the meeting notice. Presumably, this change is intended to assist condominium corporations that have difficulty achieving quorum for their annual general meeting.

Proposed amendments to the Condo Act (Bill 91) are intended to make these temporary amendments permanent. They propose to allow electronic meetings without requiring a by-law, allow for all communications to owners without requiring an Agreement to Receive Electronic Notices, and to allow advance electronic voting to count toward quorum.

Unrestricted use of electronic meetings comes with risks.

Direct interaction, the ability to ask spontaneous questions and receive spontaneous answers, is more reliable than what occurs in an electronic or virtual environment. Used improperly, it causes more limited participation of owners at meetings while protecting condo boards and management from scrutiny.

Bill 91 has not yet been passed.

FIRE RISK FACTORS EVOLVE



Sprinkler systems and a decrease in smokers have had the greatest contribution to a drop-off in multi-family building fires according to a study released by the National Fire Protection Association. These two factors have increased fire suppression capabilities while reducing the number for fires.

Most common causes of fire relate to human actions or a failure to act. One example of this is the use of disposable lighters to ignite cigarettes. Annual deaths attributable to fire have dropped by 88 percent between 1994 and 2018. During this period people took greater care in their use of lighters while the technologies for creating fire evolved. For disposable lighters the ignition point and flame height have changed. Candles stand more upright.

The role of smokers and smoking in the creation of fires has changed. Today's smokers typically smoke fewer cigarettes than smokers of earlier generations. More are likely to step outside their home before lighting up.

LED lighting has played a role as it has replaced incandescent and halogen bulbs which can get extremely hot and ignite fires. Artificial candles and gas fireplaces are less likely to be causes of fire than real candles and wood burning fireplaces.

Flammability of home furnishings is a major cause of fire. Bedrooms and living rooms are the most dangerous because synthetic fabrics and polyurethane foam padding, used in mattresses and furniture, burn more quickly than natural materials

such as cotton and wool.

High-rise dwellers have requirements for sprinkler systems, fire alarms and smoke detectors. They benefit from these technologies and trends more than single-family homes.

The study reports a decline in the average death rate from fires; from six fatalities per 1,000 fires in an average year to 3.4 fatalities per 1,000 fires in the most recent decade.

The vast majority of fire-related deaths occur in the room where a fire originates. Building technology to contain fire, known as compartmentalization, and automated sprinkler systems are credited with containing fires to a single object or room of origin.

Emerging concerns in fire risk are linked to an aging population and household furnishings. People living alone, particularly seniors or those with disabilities, are at greater risk. In the event of a fire, the survival rate is greater if there is someone else on the scene and able to alert them, help them evacuate or to control a fire.

While residential fires have become less common, they are more likely to be deadly than in the past.



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FILING A COMPLAINT AGAINST YOUR CONDOMINIUM MANAGER

Condominium managers and condominium management companies are professionals licensed by the province. They are required to adhere to formal regulations in accordance with the Condominium Management Services Act, 2015 (CMSA) and the Condominium Management Regulatory Authority of Ontario (CMRAO). The Act sets out formal regulations for condominium managers and management companies. CMRAO has responsibility for enforcing the CMSA and providing consumer protection through its licensing and education programs. It enforces a Code of Ethics and can revoke licenses.

When a condo owner has a problem with their condominium manager, they should first reach out to the manager, condo board or management company for resolution. Violating the Code of Ethics is a serious complaint. Inaccurate record-keeping, accepting contractor gifts, failing to provide reasonable accommodation for people with disabilities, or acting in a harassing or discriminatory way are other serious allegations.

Complaints can be escalated to the CMRAO, and this option is available if a satisfactory response is not received or resolution not reached through other measures. This is a legal process to determine if a licensed manager or management company has violated the governing Condominium Management Services Act, 2015.

CMRAO has jurisdiction over matters that include:

- Providing services without a valid licence
- Failing to disclose a conflict of interest

- Soliciting proxy forms
- Failing to use best or reasonable efforts to prevent fraud or errors
- Failing to protect the best interests of the condominium corporation



CMRAO will not handle issues that are the responsibility of a condominium corporation's board of directors:

- Complaints about repairs, maintenance or construction projects
- Liens
- Corporation records

These issues are best handled through the condominium manager, condo board or management company. If unresolved, escalation of a complaint can be through the Condominium Authority of Ontario's Condominium Authority Tribunal (CAT).

For more information about the CMRAO, the Code of Ethics, types of complaints they will and will not handle, and the complaints process visit the CMRAO website at www.cmrao.ca.





THE FRONT DOOR

An essential life safety device

The door is a barrier at the entrance to a building, room or vehicle providing protection for those inside. Locks and security systems are enhancements to provide greater protection.

Each door in a high-rise community is also a life safety device. Doors are designed to withstand fire for up to 30 minutes. They protect crucial escape routes if a fire breaks out. A door with defects in it or the frame can prevent it from closing or closing properly which allows fire and smoke to spread from one space to another – such as from a unit to a hallway – which increases the risk to life and property damage.



Unit doors should remain closed except when someone is entering or exiting. Keeping a door open for extended periods – to air out a unit including allowing cooking odours or

smoke to escape to a hallway – is a hazard to all building residents. Condominium management is expected to ensure unit doors don't remain open for extended periods as part of their basic fire safety efforts.

Doors are designed to limit smoke spread in corridors and hallways. Each corridor and hallway is required to have at least two directions of escape with more than 12 meters in length between the

exits. Longer corridors and hallways may be divided in the middle third of the corridor with a wall or screen that provides at least 30 minutes of fire-resistance.

During a fire emergency, effects of a closed door include:

- Reduced smoke, temperature and fire damage in the closed room
- Increased oxygen, survivability and escape times in the closed room
- Decreased oxygen to a fire area and decreased heat release rate
- Slower fire growth

A closed door reduces the likelihood fire or smoke will escape to a hallway or other units. Residents in other units have more time to escape a fire and reduced risk of succumbing to fire or smoke.



CONDENSATION IN YOUR HIGH-RISE HOME



Each winter, high-rise residents contend with frost buildup and fog on windows, water running down glass and window frames, and staining and mould on ceilings or walls. There may also be wetness within exterior walls and deterioration of wood.

If your building suffers from pinhole and other water leaks, this contributes to these visible indicators of internal moisture.

The problem is excessive water vapour in the air of your home. Conversely, you may notice static electricity buildup, cracking furniture, or dry or scratchy throats which result from too little water vapour in the air.

Excessive or too little moisture in the air can be corrected.

Condensation problems occur because air holds a limited amount of water vapour. This amount varies with temperature such that cold air holds less water than warm air. Surface condensation results when there is excessive water vapour in the air. Air cooled when exposed to cold surfaces will retain less water vapour and leave some behind when in contact with glass or walls.

This surface condensation which is visible on windows, walls, ceilings and floors results from high building humidity. Air movement and moisture in the building is impacted by the building envelope and vapour barrier that prevents moisture from entering walls and ceilings from outside, and your HVAC system.

Household activities such as bathing and showering, washing clothes and dishes, and cooking all contribute to internal moisture as do plants and pets.

High humidity is a greater problem in high-rise communities with a more secure air barrier intended to make the home more airtight. There is less air leakage, which is good, and higher indoor humidity.

Solutions to moisture and condensation in a high-rise community are complex. Water leaks can be reduced or prevented by following a proper regimen of protecting and repairing pipes. Water detection systems help identify where water is accumulating so problems can be more quickly addressed. HVAC companies can ensure systems for managing air flow are operating properly.





CONVERTING TO DIGITAL DOCUMENTS

Paper or electronic? That is the choice each condominium corporation must make for storing records.

Volumes of records are generated each year – meeting minutes, financial payments and receipts, owner information, inspection reports and thousands of owner communications are just some of the tens of thousands of pieces of information generated by a single condominium corporation each year. How much of this really needs to be retained and for how long? What must be kept in paper form? How should it be stored so it can be accessible when required?

There are no laws requiring records to be maintained in a specific format, nor details on exactly what information should be retained. While the Condo Act does provide some guidance, this is not nearly adequate for a well-run community. Common sense and experience offer better guidance.

Paper records, in most cases, have become redundant.

Original signed documents should always be retained. This includes contracts and agreements of all types. There are times when producing an original signature is necessary, most likely during litigation and for audit purposes. For these documents, electronic records should also be maintained. For all other documentation, electronic records are superior.

CONTINUED PAGE 19





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CONVERTING TO DIGITAL DOCUMENTS... CONTINUED FROM PAGE 18

Electronic records are preferable for many reasons. There is no benefit to storing documents in a filing cabinet or storage room, for seven years or longer, when a more practical option is available. Electronic records require no physical space. They are more easily searched and produced when needed. Financial and cost savings are enormous. Better access to records improves decisions by making the board and management less dependent on memory or personal knowledge. When there is turnover in directors or management, electronic records ensure information and knowledge don't simply "disappear".

Scanned documents stored electronically are more secure than paper. They are protected from unwanted viewing, access can be limited to those with authorization, and can be made available as needed. Electronic backups and systems prevent unintentional loss.

Electronic records can be more easily made accessible to owners more quickly and at lower cost. This improves transparency while reducing workload.

Communications to and from specific residents including service requests are a problem unique to high-rise communities. There is no possible way to monitor, respond to and track the many thousands of interactions that occur each year. For communities which rely on saving inbound e-mail, this is a limited and poor form of record keeping. Important information often can't be found. When a condominium corporation replaces their manager or management company, they may lose access to records stored in an e-mail account they don't control. Finally, there is no practical way for categorizing service requests to easily and proactively respond to internal matters.

Practical solutions are readily available.

Condominium management software and apps ensure all communications are assigned to a suite number. A complete history of interactions for each suite is accessible in seconds. This same information can be used to understand where water problems are increasing, windows are failing, noise complaints are on the rise, or to identify where there are complaints about smoking. Amenity bookings help understand which common areas are underutilized and in need of updating. Condo boards have access to a wealth of data about their building allowing them to make better decisions.

Most companies have embraced electronic record keeping and recognize there is nothing that should not be in digital format. Condominium corporations have been slower to embrace the practice and remain behind the curve in terms of efficient management.

With everything stored electronically in one easily accessible place, time-consuming tasks are simplified or eliminated. Condo boards and management are more effective and residents are better informed.



SO MANY CONDO BUILDINGS

We read more about the drawbacks of large high-rise residential buildings from the few who complain than the many benefits derived by so many. When a new building goes up, they bemoan the loss of a favourite bar, pizza restaurant or movie theatre without acknowledging what is gained.

Ignore the complainers and recognize why so many including developers, government and virtually everyone else supports continued high-rise residential development. Figures are estimates for a single development with units able to house at least 1,500 people.

1. Housing for at least 1,500 people with full occupancy virtually assured.
2. Annual property taxes in the range of \$5,000,000 to fund city services, social activities and physical infrastructure. Over a 50-year lifespan that works out to \$250,000,000.
3. Additional revenues to government in the form of taxes, fees and other payments.
4. Development employs hundreds of people. Once complete, about four times more jobs are available than what would have existed previously in the commercial space.
5. Hundreds of jobs are created servicing those who reside in the building. This includes contractors, retailers, health services, food stores, restaurants and entertainment.

Large residential developments are not perfect and there can be room for improvement. In most cases, they are a vast improvement over what existed previously.

AMENDMENTS TO THE CONDO ACT – 2023



Amendments to the Condo Act have been proposed which pertain to virtual meetings and electronic

communications.

Virtual and hybrid meetings will be allowed without requiring condominium corporations to pass a by-law for this purpose.

Owners and mortgagees will no longer be required to submit an Agreement to Receive Electronic Notices before a condominium corporation can send them e-mail communications. It will be assumed that providing an e-mail address is sufficient authorization. Those desiring paper communications will be required to make a specific request.

The Record of Owners and Mortgagees, which includes addresses for delivering documents and is available to owners on request, would presumably now include e-mail addresses.

Anyone casting an electronic vote prior to an owners' meeting will be considered present at the meeting even if they choose not to attend. This makes it easier for condominium corporations to achieve quorum while possibly eliminating any practical reason to require proxies.

These changes are expected to be decided on later in 2023.

COMPROMISED AIR DUCTS

Air ducts are the key to keeping air in your home clean and safe. Regardless of how the rest of your HVAC system functions and the quality of your air filters, poorly maintained air ducts transport unclean air into your home. Since the air duct system is mostly unseen, it often gets overlooked.

Your air duct system can accumulate too much dust because of building air quality, poor air filtration, damage or leaks. If enough dust accumulates it can re-enter units. Water leaking into the system or high humidity can cause mould to grow in the air duct system which leads to ailments such as asthma, allergies or respiratory infections. Pests such as mice, squirrels or insects can enter a compromised air duct system, leaving behind nesting material and droppings which find their way into the air in your home.

A well-maintained HVAC system can prevent these problems. A regular cleaning improves air quality and lessens the stress on your HVAC system which helps it to last longer. Energy efficiency is improved and mechanical issues less frequent.

Air duct system cleaning requires more than a vacuum cleaner and hose. Dislodged debris can float into the air, into your home and into your lungs. Spaces need to be visually inspected to identify problem areas and ensure they have been properly cleaned.

Without clean air ducts, other measures for keeping the air in your home clean will be less effective.

GUEST OR RESIDENT

Those residing in a high-rise condominium fall into one of three groups.

The **owner** of a property holds a legal deed. They retain all the rights of ownership and are responsible for all activities occurring in the unit, or in common areas by those with access to the unit. A **tenant or renter** holds a valid leasing agreement with the owner. All others who reside in a unit are guests as the relationship pertains to the corporation. These are short-term visitors to a unit with stays ranging from hours to, typically, a limited number of days.

An “**undocumented tenant**” is a guest who never seems to leave and acts as a de facto resident. They may claim the right to access amenities, utilize secure parking areas or have building-wide access through use of a key or electronic fob provided to them by the owner. An “undocumented tenant” is an undesirable. The corporation has no rights to act directly against them when in violation of rules or the declaration and must work through the owner.

The unit owner is the only responsible party for actions taken by tenants or guests of the unit. To fight against misuse of guest access, communities may implement a single-family rule, restrict total unit occupancy, or limit the number of days a guest may be allowed. These restrictions help prevent overcrowding. It helps prevent the corporation and its owners from being responsible for the higher costs associated with increased occupancy or non-resident use.

CONDO BOARDS & MANAGEMENT



STRONG RESERVE FUND IMPROVES BOARD PARTICIPATION

You would be surprised how many people want to be on the board of a well-run community. If your community struggles with attracting owners to meetings or participating as a director, its time to look deeper at the real problems.

If the community hasn't been making reserve fund contributions at a proper level for many years, there will be a budget shortfall at some point in the future. It may be the need for a new roof, parking garage repairs, or building maintenance that ultimately creates a shortfall. At that time the board will have to decide on increasing condo fees, a special assessment, taking on a loan, or some combination. They may decide to defer necessary maintenance to conserve funds. This causes cascading problems difficult to surmount after condo fees remain too low for too long. The reserve fund, which everyone believed to be properly funded, will be found inadequate because of financial manipulations.

A special assessment, increased condo fees and mounting problems arising from deferred maintenance make life miserable for those serving as condo directors. Most likely, these factors discourage good people from serving on the condo board. Nobody wants to be tasked with fixing up someone else's mess and unfairly faulted for current problems. Anyone serving as a director at that time is likely to be viewed as the villain for taking steps to fix things.

Avoiding these intractable problems is

easy. Take steps to ensure your community is financially solvent so others want to serve on the board or take on duties for the community.

If unhappy with recent or current results, now is the time to ensure condo fees are adequate to pay for necessary maintenance and support the reserve fund. Stop underestimating reserve fund study items, assuming an unreasonably low rate of inflation, and delaying necessary fee increases. Make sure all future expenses are considered by ensuring the reserve fund study projects 45 years into the future.

Stable finances reduce board challenges and attract volunteers. You will be surprised at how many are interested in getting involved with a well-run community.



PET CARE – END OF LIFE



Editor's Comment

On far too many occasions, the issue of caring for pets in high-rise communities is focused on how they impact on neighbours. We often forget to consider the needs of these important companions. The following social media post has been reshared by many on Facebook and LinkedIn.



Be with them until the end!

"Pets, it turns out, also have last wishes before they

die, but only known by veterinarians who put old and sick animals to sleep. Twitter user Jesse Dietrich asked a vet what was the most difficult part of his job.

The specialist answered without hesitation that it was the hardest for him to see how old or sick animals look for their owners with their eyes before going to sleep. The fact is that 90% of owners don't want to be in a room with a dying animal. People leave so that they don't see their pet leave. But they don't realize that it's in these last moments of life that their pet needs them most.

Veterinarians ask the owners to be close to the animals until the very end. "It's inevitable that they die before you. Don't forget that you were the center of their life. Maybe they were just a part of you. But they are also your family. No matter how hard it is, don't leave them.

Don't let them die in a room with a stranger in a

place they don't like. It is very painful for veterinarians to see how pets cannot find their owner during the last minutes of their life. They don't understand why the owner left them. After all, they needed their owner's consolation.

Veterinarians do everything possible to ensure that animals are not so scared, but they are completely strangers to them. Don't be a coward because it's too painful for you. Think about the pet. Endure this pain for the sake of their sake. Be with them until the end.

- Tricia Mo'orea

Facebook post by Occupy Democrats





CLIMATE CHANGE TARGETS IMPACT HIGH-RISE COMMUNITIES

Canada has committed to greenhouse gas emissions targets 30 percent lower than 2005 levels by 2030 with more dramatic reductions by 2050. These commitments are likely to be followed with requirements for high-rise buildings to make costly infrastructure upgrades.

Buildings are a top source of greenhouse gas emissions in Canada. Without changes that impact high-rise residential buildings, which accounted for 12 percent of emissions in 2019, it is unlikely that stated targets can be met.

Canada's goal is to achieve net-zero emissions, meaning that no greenhouse gas is emitted. For a high-rise building to achieve net-zero emissions they need to update boilers, water heating systems, emergency generators and all gas burning appliances.

It is virtually certain that the price of gas will rise, to discourage use, and that all the above-mentioned equipment will have to be upgraded so each building achieves net-zero emissions. All buildings are likely to require alternate heating systems. Today's reserve funds are insufficient and unrealistically focused on replacement of equipment with something similar. Projected replacement costs are underfunded.

It's too soon to predict what equipment will be required to replace our greenhouse emitting gas appliances and equipment. Yet it is a virtual certainty these replacements will be more expensive. Now is the time to start accruing funds if

our reserve funds are to remain adequate for this purpose.

Today's reserve fund studies, and reserve funds, which are based on projections 30 or 45 years into the future, should already be reflecting these future costs.

Remaining in a strong financial position is only possible through realistic planning for future expenditures. We know climate change is real and of Canada's commitment to reduce greenhouse emissions. This is sufficient insight to recognize that replacement equipment and systems will be more expensive than what is provided for in today's reserve funds and reserve fund studies.

Choices are clear. Responsible condo boards can begin accruing money now. This begins by requiring reserve fund studies to reflect these known costs and to adjust condo fees accordingly. This avoids dramatic fee increases, special assessments and loans as we near 2030. Funds will then be available once new emission requirements are clear. Alternatively, they can do nothing and deal with the effects of financial shortfalls that can be avoided.

Don't delay until time runs out.





ACCESSING CORPORATION RECORDS

Your article on condominium financial records states that owners should inspect financial records on a regular basis.

This is not possible since you can only get financial statements once per year, at the AGM.

How can an owner keep an eye on how the money is spent if you can only see it once per year?

Thanks

J. D.

Response from Toronto Condo News

That is an excellent question!

Most owners never look at their corporation's financial information except for the financial statements provided annually. Fewer understand what is contained in these documents, or that these documents offer only a general overview. Owners wanting a greater awareness of what is going on in their community must look deeper.

Condo owners can request access to many financial and nonfinancial records of the corporation.

Corporation records are defined as core and non-core records. "Core" records including Declaration, By-laws, Condo Rules, Meeting Minutes, Financial Statements, Reserve Fund Plan, Performance Audits and Notices are available free of charge in electronic format. "Non-core" records are other records of the corporation which include Reserve Fund Study, bank statements, contracts, security reports, and service requests or concerns pertaining to common areas.

At the very least, owners should be reviewing Meeting Minutes of board meetings. Depending on what is or isn't found in these records, it may be appropriate to request other records. If there is a suspicion of fraud, for example, cancelled cheques and signed contracts relating to a particular project, vendor or service provider would help determine if suspicions are correct.

Anyone requesting access to condo records must submit a request to the board using a prescribed form by the Condominium Authority of Ontario (CAO). Within 30 days the board is required to respond indicating which records they will and will not produce, and the estimated cost for producing these records. There is no right to access certain information including personal contact information of owners, employee information, some opinions of legal counsel, and any portion of a ballot or proxy that identifies the owner or proxy-giver.

For more information see [Access to Condo Records](#) in the [Condo Archives](#).





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Serving Condominium Residents, Directors and Management



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Condo Archives Comprehensive condo-focused library you can search for answers to your questions about condo living and condo management.

Condo Resource Guide Vendors and service providers for condominium managers, condominium directors and condominium residents. Condo Resource Guide is Toronto's #1 source for the Condo Professionals you need.

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