

Condominium Home Owners Association

A non-profit association serving strata owners since 1976

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Condo Smarts

Headline: Who's got the money?

Topic: Handling of money

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In B.C., about 50 per cent of all strata properties - about 400,000 units - are financially managed by a third party, such as a strata manager, accountant, or contracted individual.

Unfortunately, strata management/financial management is not regulated or licensed in any capacity, so trouble can arise.

A group of Fraser Valley strata owners recently experienced the dangers of an untrustworthy independent party managing their financial assets. They must now make up several hundred thousand dollars of funds that have been lost or taken by the financial manager through poor investing and misuse. They made several mistakes. First, they did not establish a system of routine reporting or verification of finances, so had little idea of what the manager was doing. Second, they assumed that the bonding and insurance would cover their losses. However, those were non-existent or had long expired. Further actions are pending.

Strata Law: While the act is not specific on how money is handled, it is specific on how funds and investments must be reported. On an owner or owners request, the strata must provide copies of financial statements, income tax returns, bank statements, cancelled cheques and certificates of

deposit. It may charge a fee of 25 cents per page per copy for such information, but must provide the information within two weeks of the request.

Also, the act is specific that funds may only be invested in accordance with Section 15 of the Trustee Act, now part of the Strata Property Act, limiting investments to insured certificates and bonds as set by the regulations.

Tips: Many strata corporations enjoy the benefit of excellent reporting and accounting. However, this is not always the case. Protection may be created with bylaws for how funds must be handled, deposited, expended and reported.

Strata owners should take care to ensure their assets are invested and protected properly and in the name of the strata corporation in trust. The provincial government is currently reviewing the Real Estate Act, including the licensing of strata managers. This amendment will protect both the consumers and the strata management industry.

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