

# Condominium Home Owners' Association

*Serving BC's Strata Property Owners since 1976*

Bulletin: 300-165

## Condo Smarts

Headline: Theft and misuse of funds can be avoided

Topic: Theft and misuse of funds

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During the past few weeks our office has received numerous complaints from owners and strata councils concerning theft or misuse of funds from the strata corporation.

MJ in Abbotsford wrote: "Our council treasurer refuses to provide us with the copies of the bank statements, cancelled cheques, or any financial information."

A property manager in Kelowna has recently been discovered to be creating false companies for the purpose of filtering funds from strata accounts.

In both circumstances the amounts were considerable, but fortunately both the strata corporation and the management company have managed to recover all of the funds. It is critical for strata corporations to create a policy or bylaw that, in addition to the Strata Property Act, sets standards for the handling of funds.

**Strata Law:** The Act requires that all monies must be accounted for, whether as an operating fund, contingency reserve fund or special levy account.

Both the Strata Property Act and Real Estate Services Act require that copies of bank statements, certificates of deposit and cancelled cheques must be maintained as part of the strata records.

Those same records must also be made available for inspection if requested by an owner, or copies of the same must be made available on request.

**Tips:** Here are a few signs to look for if you have doubts about your funding.

- Make sure your annual financial reports show the opening and closing balances of your operating accounts and contingency reserve funds.

- The council should review the monthly financial statements in comparison to the actual monthly bank statements.

- Decisions should be made by council and recorded in the minutes that describe the method of banking. It may be contracted to the management company or it may require multiple signatures of council members, but make sure everyone is clear on the procedures.

- Interest on funds is also a frequent abuse. Whenever the strata invests their funds they should also clearly identify how the money is being invested and where the interest is being applied.

- Finally, are you paying for the right expenses? Someone should review the expenses and make sure they are valid and actually apply to your strata. A few moments of care can save thousands in losses.

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