

Strata Living

Headline: Financial Statements

Topic: Finances

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Dear Tony: Should the strata council receive a monthly financial statement of our accounts? Our strata is 73 units, with an annual budget of \$355,000. In addition we have almost \$650,000 in our reserve fund for an upcoming roof repair. Our council only meets every second month, but we review information regularly by email in between meetings and hold additional council meetings if there are bylaw issues that come up or requests of owners to council. Our property manager has advised that a quarterly financial statement is sufficient. We now have an owner 5 months in arrears and this is the first time we have heard of it. What would you recommend?

Kevin D., North Vancouver

Dear Kevin: A licensed strata management company must, as required by the *Real Estate Services Act*, Regulations and Rules of the Real Estate Council, provide the strata corporation with a monthly reconciled financial statement. The financial statement must include any arrears as this is the only evidence the strata corporation would have of an owner in arrears, and be able to apply the bylaws and collection proceedings accordingly. The requirements of time periods for demand notices, or more serious proceedings such as an order for sale, all have time periods enabling an owner to satisfy the requirements. If you are not receiving the financial statements, your

council will not have the information necessary to enforce the bylaws or apply collection proceedings. This can affect your collection ability, and if there is a foreclosure of an owner by their bank, seriously limit your ability to collect the arrears and any related penalties or costs. Whether your strata corporation is managed by a strata manager, or self managed, all of your council members should receive a copy of the financial statements each month. This should include copies of your bank statements for all accounts of the strata corporation including reserve funds, special levies and any investments permitted by the *Strata Property Act* or Regulations. In smaller strata corporations this could simply be a copy of the monthly bank statements and accounts. If you are not receiving the financial information, it's time to start asking some questions.

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