

## Strata Living

Headline: New Strata Corporation Fiscal Year

Topic: Finances, Annual General Meeting

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**Dear Tony:** We live in a new strata of 108 units in the GVRD. We had our first AGM almost within the first 2 months of moving into our strata corporation, and the developer waived all of the strata fees until the first AGM as part of the incentive to purchase into the strata. That part worked fine, there were no outstanding bills and all of the service contracts were covered, the budget was approved for this year and council were elected. We are now just coming to our second AGM and the property has advised that as part of the AGM we have to set the fiscal year. We are having a bit of a challenge with the manager, as we assumed the fiscal year began on the 1<sup>st</sup> day of the month following our first AGM. If we follow this logic, the financial reports would include all of the strata fees collected from that date for the 12 month period following, and all of the invoices accrued, but the manager advised the fiscal year started when the first person moved in. How is the fiscal year determined and who determines it?

*Rita M*

**Dear Rita:** The fiscal year of the strata corporation generally does start at the first annual general meeting (agm) where the budget is approved, as the budget is approved for the next 12 month period, unless by a three quarters vote resolution the strata decides to change that reporting

period. You are correct, when you approved your budget starting September 1, 2011 it ran for the next 12 months until August 31, 2012 and that is your fiscal year. If you included the period from when the first person purchased, which was actually 13 weeks prior to September 1, 2011, then you would have a different fiscal year period. That interim period before the first agm is the period where the owner developer essentially acts as the strata council, collects fees, pays bills, enforces bylaws, and provides for the administration of the strata corporation. The developer is not permitted to waive fees, however, they may pay the fees on your behalf in that period and cover the expenses. Part 3, Sections 5-23 of the Strata Act set the specific requirements for the developer to provide a financial report in accordance with the proposed budget set out in the disclosure statement.

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