

## Strata Living

Headline: Spending Limits for Strata Council

Topic: Spending Authority; overspending, Strata Council; authority

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**Dear Tony:** Our strata council in their personal have spent \$8,000 on the purchase of a new billiards table for the common room of the strata. Everyone in the strata is agreeing it is beautiful, but beautiful doesn't get our depreciation report done, the boiler upgraded, or the broken garage gate repaired. Council claimed they had the authority to execute the repair because we had a \$25,000 surplus at the end of 2012, which the owners voted to simply retain as an operating surplus. The building owners are now signing a petition for the removal and return of the table. Everyone is in turmoil because of this expense. Could you tell us what the procedures are for these types of purchases?

*Katherine C.*

**Dear Katherine:** Just because the strata corporation decided to retain the surplus in the operating account does not authorize the strata council to spend those funds. Like an expense for a specific project, the strata council is required to obtain a three quarters vote if they wish to expend those funds on a specific project. The operating surplus is there to support cash flow, and potentially emergencies and is not an endless cash bank for the strata council to access at their whim. When a strata corporation acquires or disposes personal property of a value of more than \$1,000, the strata corporation must obtain prior approval of the owners at

an annual or special general meeting by three quarters vote. The strata corporation may amend this amount in their bylaws, which would permit the strata council to acquire or dispose of property of the strata corporation of greater amounts. Whether the item is a billiard's table, lobby furniture, exercise equipment, snow blower or riding lawn mower, it is still going to require the approval of the owners. At this point the strata council, on behalf of the strata corporation, has purchased the equipment. The service provider is entitled to rely upon the authority of the strata council to execute the contract of purchase for the table. Even if the owners vote to return the table, their dispute is with the strata council and not the billiard's company. Strata council should probably be seeking some legal advice on the purchase of the table. They may be the proud new owners of a billiard's table.

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