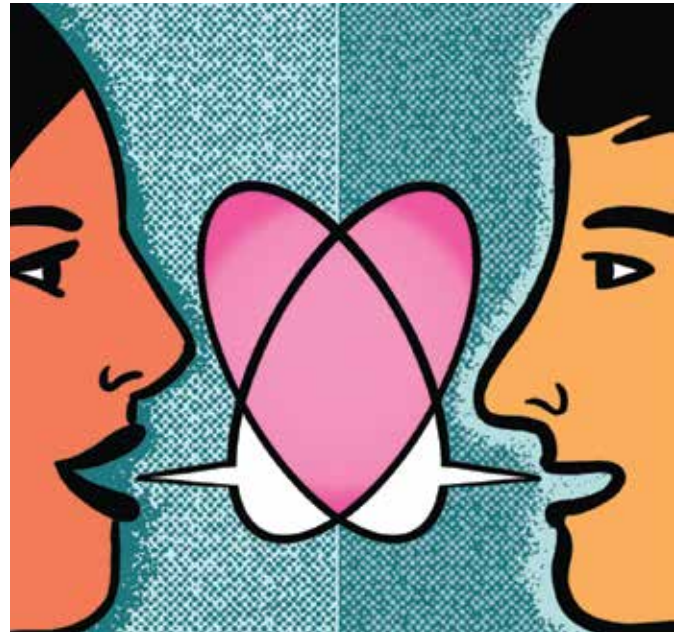




Communication

Why I Like to Talk to Condominium Owners

The Trust and Respect That I Receive
Has Been Earned by Being Transparent,
Open, Caring and Straightforward



Other than the occasional unsolicited rumours of their neighbours' running of their business in their units, overcrowded units, and salacious activity within the condo, there have been other many practical and meaningful conversations that I have had with owners that could benefit all. The reason why open conversations are relevant is so that the auditor and owners can both get a better understanding of the condominium's culture, future financial objectives, audit risk and as well the overall perception and role of auditors.

I feel that way too often there is a perceived barrier between condo owners and their professionals and unfortunately, the communication lines would be inherently impaired due to the barriers or the perceptions of such.

I have opened communication lines, before Zoom AGMs, by going early to the meetings to chat with the owners, board,

legal and as well with the district and local managers. It also has not been that uncommon for me to speak directly with owners during the year from my office with matters that they feel safe reporting directly to the auditor. As well, the other point of interaction which I highly encourage, is the interaction with the auditor with questions during the presentation of the audited statements. A good read over of the audited financial statements and tying in current and future financial activity should give the owner comfort within the financials. Questions should be asked where the statements do not specifically address in either the figures or in the notes of the financial statements. Owners should be made aware of their ability to have such open points to interaction with their auditor which would likely enhance their understanding of the financials which in turn helps with the overall transparency. What I find too often is that a pent up matter has been brewing with an owner all year

long and that the only time they voice the concern is at the AGM. I can understand that not everyone is a public speaker so it also intimidating for the owner to raise their hand, stand up amongst 50 to 100 people and to speak loudly and clearly to voice their concern with conviction. The reality is that if there is a problem, regular and early communications are the first steps to making it right.

When communications are good, then it has been beneficial for me to get an understanding of a condominium corporation's culture. Many will ask why would having this understanding impact an audit given that the audit is just black and white figures on fancy border paper. The audit is much more of an understanding of the environment to which the people interact with their finances. A good example is where there is division within the board and within the owners. When speaking to owners on this matter, they are not shy to state that there is strife in their

ILLUSTRATION BY JAMIE BENNETT

building. The understanding of where and how the animosity exists does help the auditor pinpoint where bias, related party transactions and where fraud may exist. This would not be evident by simply visiting the management office and looking at invoices and even the minutes of the board meetings. It is rare that such details would ever make it to the board minutes or in the paid invoices, especially if the board does not agree with the owners' dissent or vice versa. The animosity amongst owners arises due to many factors including cultural, ego, short and long term motives of the corporation to which distrust arises. If there is distrust in the building then the auditor who has been independently hired by the owners can help by providing factual information about expenditures, revenues and details contained in contracts, engineer studies and legal documentation.



Owners are on their property more than any other vendor, contractor, professional and bring valuable information to the auditor if there any improprieties that have occurred. This valuable insight and knowledge of the building and gaining such knowledge is critical to the minimization of the audit risk

Audit risk is the risk that the financial statements are materially incorrect even though the audit opinion states that the financial reports are free of the material misstatement. It is to the benefit of all readers that the statements are free from such audit risk. A good example is that owners are on their property more than any other vendor, contractor, professional and bring valuable information to the auditor if there any improprieties that have occurred. This valuable insight and knowledge of the building and gaining such knowledge is critical to the minimization of the audit risk.

Having a direct call with the auditor in many ways alerts the auditor to investigate the validity and materiality of the situation. Having openness to communications to owners should not be an impediment of the auditor's day but rather he or she should be thankful for getting more valuable information. Owners should be aware that a simple call or email the property manager can put owners in touch with the auditor engaged with the condominium corporation directly.

This entrusted information given to the auditor should be communicated where possible in the notes to the financial statements and at the auditor's presentation at the AGM which in turn can alle-

viate levels of distrust amongst owners. The auditor should not be viewed as a referee however can bring to light unbiased details. The key takeaway is that owners are impacted by the owner culture whether it is actual or perceived.



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Kris Fernandes
647-250-7176
kris@condominiumfinancial.com

Jim Wallace
647-250-7260
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Auditors have a tendency to work with historical data and much of his or her work involves looking at documentation, invoices, contracts that were created prior to the year end. Owners however are much more forward thinking and can give current information with respect to situations that may have liability issues, future projects and as well new contracts that have been entered into.

For example, having an owner comment that there was an accident on site that was the fault of a contractor may impose some financial impact to the corporation and would warrant disclosure of a contingent liability and or booking of a payable based on the certainty of such liability. Discussions with owners about future financial objectives also play a role in what to expect in future financials.

Another good example is if the condominium corporation has decided to take out a borrowing bylaw to finance the purchase of major reserve fund expenditures. The financials will be highly impacted by its presentation and owners

If the condominium corporation has decided to take out a borrowing bylaw to finance the purchase of major reserve fund expenditures. The financials will be highly impacted by its presentation and owners may not fully understand the implications of the loan and its presentation on the financials



may not fully understand the implications of the loan and its presentation on the financials. Prospective purchasers of the condominium generally have a hard time understanding why there is a loan on the books and the auditor can again be

a helpful gateway to make such purchasers understand why and how the condominium loan works. Speaking with the auditor well ahead of this event can help bridge the communications with respect to note disclosures on the financial statements as well as communications to the owners at the AGM. Having a 3rd party to explain how things work goes a long way with respect to both transparency and as well the detailed mechanics of the transaction.

Lastly, I feel that as an independent auditor, the level of trust and respect that I receive from owners really enhances my overall outlook on my career. I feel that it has been earned by being transparent, open, caring and straightforward with my interactions with owners. Please do reach out to me, I don't mind the occasional gossip, however if you do have a pressing issue on your building, it would be both beneficial to you and others to discuss the matter in depth and for me to assess the information for its impact on your condominium corporation. **CV**


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360 Community Management Ltd.
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 Tel: 905.604.3602 Fax: 905.604.3609
 Toll Free: 1.855.604.3602
www.360communitymanagement.ca

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