In-depth Condo Condition Review

Synthetic Condominium Corporation No. 9999 / Suite 201 / 2099 fiscal year / Budget and study: 2099 / Work schedule read: 2099 only / Audited to December 31, 2098

Prepared for the realtor. It reports what the documents show about one unit and building, so you can talk with your client. It does not tell your client what to do.

The listed maintenance fee matches the fee schedule. The 2099 budget puts $325,000 less into the reserve than the corporation's study recommends. The status certificate says a special assessment may result.

$731.41
Maintenance fee on the listing

$1,025.00
With the study's contribution

$293.59
Monthly difference
Higher with the study

40.1%
As a percentage
Of the listed fee

What the certificate disclosed

Certificate dated March 4, 2099, for suite 201 (Level 2, Unit 1). A certificate describes the corporation on its date only.

Reserve fund, as the certificate says it: "The Corporation's Reserve Fund amounts to $150,000.00 as of 31/12/2098 and remains underfunded. The Corporation is devising a plan to increase the contributions to the Reserve Fund." (Status Certificate, p. 1).

Possible special assessment: The certificate says one may result. It names no amount and does not say one was proposed or approved. "This may result in a special assessment and/or a further increase in common expenses in the near future." (Status Certificate, p. 1).

Collection already in the fees: The certificate says a deficit recovery of $60,000 a year over the next 3 years is collected through the common expenses. This is the corporation's collection, not a charge stated for one unit. (Status Certificate, p. 1).

Proceedings, as the certificate lists them: "The Corporation is not party to any proceeding before a court of law, an arbitrator or an administrative tribunal. Except for the following: A) the Corporation is the defendant in an action about a balcony repair." (Status Certificate, p. 1).

What the audit shows about the operating deficit

The audit notes say the board levied special assessments to cover the operating deficit: $140,000 for 2097 and $60,000 for 2098, $200,000 in all. These are the corporation's assessments, already collected. They are not an amount stated for any one unit.

Operating fund deficit still carried at December 31, 2098: $23,400 (Audited Financial Statements, p. 4).

Fiscal year	Assessment levied	Source
2097	$140,000	Audited Financial Statements, p. 4
2098	$60,000	Audited Financial Statements, p. 4

Reserve fund in 2098: the study's plan against what happened

The audit notes give both. The study's column is what it projected for the year; the audited column is what the corporation did, to December 31, 2098. The documents do not say why spending was lower or which planned work moved; that is a question for management.

	Study projected	Audited actual
Contribution	$350,000	$350,000
Spending from the reserve	$400,000	$300,000
Balance at year end	$52,000	$152,000

Source: Audited Financial Statements, p. 4

Five years of reserve funding in the study

The recommended contribution rises from $420,000 in 2099 to $490,000 in 2103, 16.7% over the period (7.1%, 4.4%, 2.1%, 2.1% a year).

The lowest closing balance in the table is $82,000, at the end of 2102. This is the study's table, not a forecast by this report.

Year	Start of year	Contribution	Spending	Interest	End of year
2099	$152,000	$420,000	$400,000	$3,000	$175,000
2100	$175,000	$450,000	$500,000	$3,500	$128,500
2101	$128,500	$470,000	$200,000	$2,500	$401,000
2102	$401,000	$480,000	$800,000	$1,000	$82,000
2103	$82,000	$490,000	$300,000	$1,500	$273,500

Source: Reserve Fund Study, p. 6

If the budget stays below the study

Every year's contribution is the study's recommended amount minus $325,000, the amount the 2099 budget falls short of the study. Nothing is assumed to close the gap.

The year-by-year spending and the interest are the study's own figures, not recalculated for the lower balance, so the scenario shows direction rather than a forecast.

The opening balance of the first year is the study's own, so the only difference from the study's table is the contribution.

On these assumptions the balance falls below zero in 2099 (lowest -$1,351,500). A real board would act before that; the table shows the size of the gap, not what will happen.

Year	Start of year	Contribution	Spending	Interest	End of year
2099	$152,000	$95,000	$400,000	$3,000	-$150,000
2100	-$150,000	$125,000	$500,000	$3,500	-$521,500
2101	-$521,500	$145,000	$200,000	$2,500	-$574,000
2102	-$574,000	$155,000	$800,000	$1,000	-$1,218,000
2103	-$1,218,000	$165,000	$300,000	$1,500	-$1,351,500

Source: Calculated from the study table above and the budget

Two totals for the same five years of work

The first total adds the study's listed work for these years at 2098 prices. The second adds the spending in the study's cash-flow table, which carries the study's inflation. They describe the same plan in different dollars and must not be added together.

Total	Amount	Stated in
Listed work	$2,810,000	2098 dollars
Spending in the cash-flow table	$2,200,000	dollars of the year each is spent, as the study projects them

Source: Reserve Fund Study, p. 1

Questions for your client or their lawyer

1. Is a special assessment now planned, and how much would fall on this unit?

2. Has the board adopted a funding plan that replaces the study's $420,000 reserve contribution for 2099, or does it plan to close the $325,000 gap?

3. Is the garage roof slab waterproofing work ($950,000, 2099) contracted, delayed or done?

What this check does not do

Software made this report from the documents you supplied. No person has checked it.

It uses only those documents. A risk that is not mentioned may still exist.

When documents differ, the report says so. If the documents show which figure applies, the report uses it and says why. If not, it does not choose.

A figure the documents do not establish is shown as not established.

What the documents show about this unit.

Synthetic Condominium Corporation No. 9999 / Suite 201 / 2099 fiscal year

Budget and study: 2099 / Work schedule read: 2099 only / Audited to December 31, 2098

THE SHORT ANSWER

The listed maintenance fee matches the fee schedule. The 2099 budget puts $325,000 less into the reserve than the corporation's study recommends. The status certificate says a special assessment may result.

1 Does the listed maintenance fee match the documents?

Matches the fee schedule

The listed fee is $731.41 a month. That matches the 2099 fee schedule. (S4 p. 1; S5 p. 1)

$731.41	$1,025.00	$293.59	40.1%
Maintenance fee on the listing	**With the study's contribution**	**Monthly difference** Higher with the study	**As a percentage** Of the listed fee

The calculated comparison is 40.1% higher than the listed fee. This is not an approved fee increase.

2 What do the documents show about the board's planning?

Yearly contribution below the study

The 2099 budget puts $95,000 into the reserve; the study recommends $420,000 ($325,000 more).

No newer adopted plan or explanation for the difference was found.

The status certificate says a special assessment may result as of March 4, 2099. It does not say one was proposed or approved. The Budget Package says "No special levy is proposed in this budget"; that does not cancel it. (S1 p. 1; S2 pp. 2, 6)

3 What deserves attention?

Condition not assessed

No engineering or condition report was supplied, so the building's current condition cannot be assessed from these documents.

The study schedules $2,810,000 of work for 2099 only (2100 to 2103 not covered), including $40,000 of contingency; a date alone is not evidence of failure. (S2 p. 4)

A special assessment may result
The certificate says one may result. (S6 p. 1)

2099 reserve contribution $325,000 below the study
The unit's share is $325.00 a month. (S1 p. 1; S2 pp. 2, 6)

Why this matters and what to ask next.

The nearest work, the reserve funding, and three questions for management.



Nearest significant work

1. **Garage roof slab waterproofing**
   2099 / $950,000 S2 p. 4
3. **Main Roofing System**
   2099 / $700,000 S2 p. 4
2. **Window Replacement - Phase 1**
   2099 / $520,000 S2 p. 4

Plus $40,000 contingency in 2099: money set aside, not a building part.
The schedule read covers 2099 only (2100 to 2103 not covered).

Reserve funding this year

Budget **$95,000**

Study **$420,000**

$325,000 a year less than the study. The unit's 1.2% share: $325.00 a month.

Sources: S1 p. 1; S2 pp. 2, 6

Reserve outlook

The study's projection stays above zero; lowest $82,000 (end of 2102).

This chart assumes the reserve contributions in the study. The 2099 budget contributes $325,000 less.



Source: S2 p. 6. The study's figures, not a forecast by this report.

Three questions for management

1. Is a special assessment now planned, and how much would fall on this unit?
2. Has the board adopted a funding plan that replaces the study's $420,000 reserve contribution for 2099, or does it plan to close the $325,000 gap?
3. Is the garage roof slab waterproofing work ($950,000, 2099) contracted, delayed or done?

Also found: Garage roof slab waterproofing: $950,000 in 2099. Set out after the building pages.

The building in detail.

Planned replacements are not evidence that something has failed.



Illustration, not this building. Numbers show where the listed work is; work with no single place has no number on the picture.

1 Underground garage

2099 / $1,130,000

The parking levels below ground. "Roof slab waterproofing" is the waterproof layer on the concrete slab that forms the garage's roof (the study lists it under "Underground Parking Garage").

2 Windows, balconies and walls

2099 / $780,000

The outside walls, windows and balconies.

3 Roof

2099 / $700,000

The roof covering that keeps water out of the building.

4 Fan-coil units

2099 / $160,000

The heating and cooling units inside the suites.

Source: Reserve Fund Study, p. 4. Every item behind these amounts is in the full list at the end.

What deserves attention, continued

- **Garage roof slab waterproofing: $950,000 in 2099**
  The largest work planned soonest. Ask if it is contracted, delayed or done. (S2 p. 4)

What the documents do not tell us

These are the study's estimates for 2099 only (2100 to 2103 not covered), not contractor quotes. The documents do not confirm that the scheduled work was contracted or completed. No engineering or building-condition report was supplied, so the condition of these parts is not described. No work was found for: Elevators. That does not mean none is needed. The study also sets aside $40,000 of contingency, a financial allowance shown on no part of the building.

Follow the money.

The yearly contribution and the reserve balance answer different questions.

1. How much goes into the reserve each year?

The 2099 budget



$95,000

The Reserve Fund Study, for 2099



$420,000

Source: Budget Package, p. 1; Reserve Fund Study, pp. 2, 6.

$325,000 a year less than the study

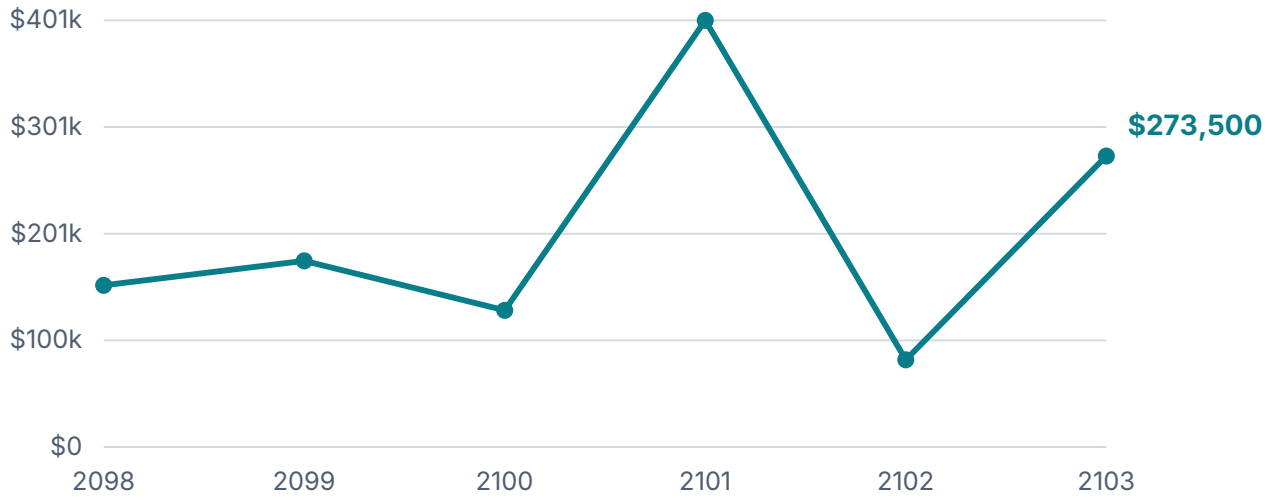
The unit's 1.2% share: $325.00 a month

The reserve contribution is what the corporation puts into the reserve fund each year. The balance is what the fund holds at a point in time.

2. How could the reserve balance change?

The Reserve Fund Study's own projection of the year-end balance, 2098 to 2103.

This chart assumes the reserve contributions in the study. The 2099 budget contributes $325,000 less.



Starting point: $152,000 at the end of 2098, as the study projects it.

Contributions, spending, interest and inflation are the study's own assumptions. This report does not change or extend them.

This is the study's projection, not a forecast by this report or a decision by the board. A balance that stays above zero does not, on its own, show that the fund is adequate in the long term.

Source: Reserve Fund Study, p. 6.

$152,000

Reserve fund balance on December 31, 2098, from the audited statements

Up from $100,000 at the start of that year. A past balance. It does not show what the fund holds today or whether it is enough.

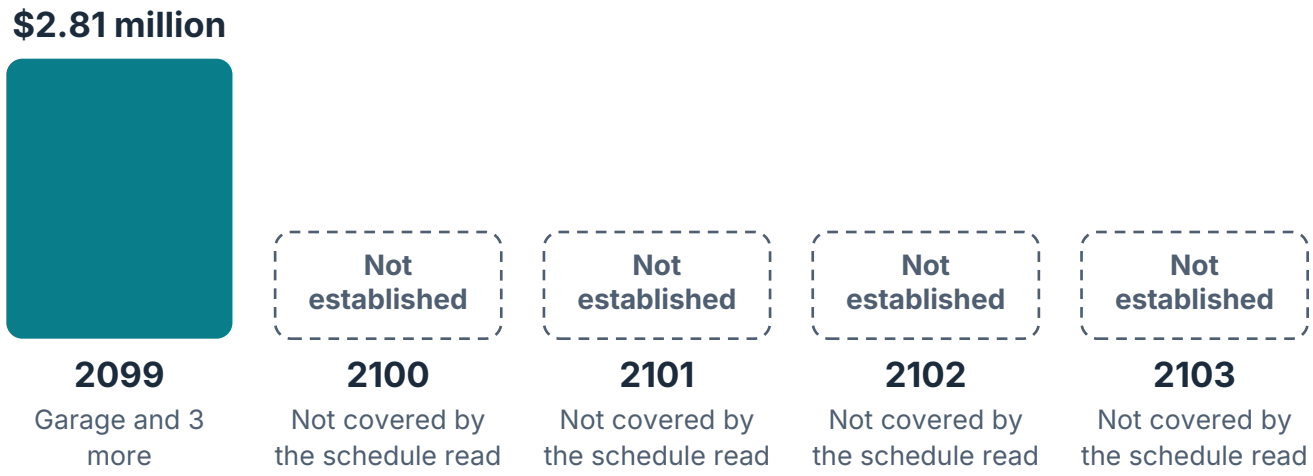
Source: Audited Financial Statements, p. 1.

The next five years in detail.

Estimated project spending for the whole corporation, not a charge to the unit.

$2.81 million

Listed estimates for 2099 only (2100 to 2103 not covered), exactly $2,810,000, of which $40,000 is contingency. Years the schedule does not reach are not established, not $0.



These are estimates for the whole corporation, paid over time from the reserve fund. They are not charges to the unit, and a project price alone does not show whether an extra payment will be needed.

The schedule also lists 11 items for 2096 to 2098, before 2099; whether that work was done is not stated. See the full list at the end.

The evidence behind the numbers.

The documents, what was read from them, and how each amount was worked out. You do not need to read this section to understand the main result.

Documents read

S1 **Budget Package** 2 pages; used: pp. 1, 2
2099 reserve contribution $95,000; the budget line the fee split is based on; a disagreement or ambiguity discussed in this report; statement on special assessments. Text read.

S2 **Reserve Fund Study** 6 pages; used: pp. 2, 4, 6
2099 reserve contribution $420,000; schedule of major work: 18 items, 2096 to 2099; year-by-year balance projection. Text read.

S3 **Audited Financial Statements** 4 pages; used: p. 1
Reserve balance $152,000 on December 31, 2098. Text read.

S4 **Unit Fee Schedule** 1 page; used: p. 1
Monthly fee $731.41. Text read.

S5 **Declaration** 1 page; used: p. 1
This unit's share 1.2%. Text read.

S6 **Status Certificate** 1 page; used: p. 1
Special assessment. Text read.

Text read means the software read the words on the pages. Read by text recognition means the pages were scanned images and the software recognized the words on them. Neither guarantees that every table in a document was read.

Check the calculation

Reserve difference: $420,000 - $95,000 = $325,000 a year.

The unit's share of the reserve difference: $325,000 x 1.2% / 12 = $325.00 a month.

Scenario against the listed fee: $1,025.00 - $731.41 = $293.59, which is 40.1% of the listed fee.

Assumptions

- The operating budget and other income are taken exactly as the corporation adopted them; only the reserve contribution is replaced by the study's.
- This split assumes every owner's fee is divided between operations and the reserve fund in the same proportion as the budget as a whole.
- Amounts are in Canadian dollars, as the documents state them. No interest, inflation or later decision is added.

Where the documents disagree or are unclear

- Owners' yearly fees and total revenue are different figures, not a conflict: "Maintenance Fees 700,000" is what owners are charged; "TOTAL REVENUE $740,000" also counts other revenue lines ($40,000 more). This report uses the owners' line (Budget Package, p. 1).

What was not established

- No engineering or building-condition report was uploaded, so this report does not describe the building's current condition. The Reserve Fund Study was used for its plan and costs; any condition notes it contains were not assessed, and it is not a physical inspection.
- Work after 2099: the schedule that was read lists nothing later, which does not show that none is planned.

How to use this report

What this report uses

- Software made this report from the documents you supplied. No person has checked it.
- It uses only those documents. A risk that is not mentioned may still exist.
- When documents differ, the report says so. If the documents show which figure applies, the report uses it and says why. If not, it does not choose.
- A figure the documents do not establish is shown as not established.

What it does not do

- It is not legal advice or legal representation. It is not an audit, an engineering opinion, a reserve fund study, or accounting or tax advice.
- It is not a building inspection or emergency help. It does not judge the building's condition or safety.
- If this report shows no safety warning, that does not mean the building is safe.
- It does not predict board decisions, special assessments or fee increases.
- It does not check whether the operating budget is enough to run the building.

Access and help

- Illustrative example based on a fictional condominium scenario. It was made by the same software from invented documents, not from any client's documents.
- Questions: help@condoowneradvocate.ca. Support does not interpret the result or give advice.

Appendix: all scheduled work

For reference. Every item read from the Reserve Fund Study. You do not need to read this appendix to understand the report.

18 items from the Reserve Fund Study, in the years it plans them. Estimates for the whole corporation.

Year	Item	Estimate	Page
2096	Main Roofing System	$655,317	p. 4
2096	Contingency	$40,000	p. 4
2097	Roof Slab Waterproofing System	$900,000	p. 4
2097	Balcony Concrete Repairs	$220,000	p. 4
2097	Parking Garage Painting	$180,000	p. 4
2097	Fan Coil Unit Replacement	$150,000	p. 4
2097	Contingency	$40,000	p. 4
2098	Window Replacement - Phase 1	$500,000	p. 4
2098	Parking Garage Painting	$190,000	p. 4
2098	Contingency	$40,000	p. 4
2098	Roof Slab Waterproofing System	$30,000	p. 4
2099	Roof Slab Waterproofing System	$950,000	p. 4
2099	Main Roofing System	$700,000	p. 4
2099	Window Replacement - Phase 1	$520,000	p. 4
2099	Balcony Concrete Repairs	$260,000	p. 4
2099	Parking Garage Painting	$180,000	p. 4
2099	Fan Coil Unit Replacement	$160,000	p. 4
2099	Contingency	$40,000	p. 4