

Condominium Authority of Ontario

2018-19 Annual Report

Empowering Ontario's condominium communities



www.condoauthorityontario.ca

Table of Contents

CAO By the Numbers: Highlights	1
Charting the Way Forward – Message from the Chair	2
Empowering Condominium Communities – Message from the CEO/Registrar	3
Pioneering Online Dispute Resolution – Message from the Chair of the Condominium Authority Tribunal	4
About the Condominium Authority of Ontario	5
Governance and Accountability	6
Members of the Board of Directors	6
CAO Organizational Structure	7
Executive Team	7
Strategic Framework	8
Vision	8
Values.....	8
Mission	8
Strategic Objectives.....	8
Mandate.....	8
The Year in Review	9
CAO’s Information and Digital Services	10
Information Services	10
Director Training	10
2018-19 Resources for Users	11
Condominium Returns and CAO Public Registry.....	12
Feedback Mechanisms.....	12
CAO’s Complaints Process.....	13
Self-Help Guided Steps to Common Issues	13
The Condominium Authority Tribunal’s Online Dispute Resolution System	15
Guided Steps – Pre-Conflict Support / CAT – Online Dispute Resolution	16
CAT Adjudication: Building the Foundation	17
New CAT Members	17
CAT Members – Rules of Practice.....	17
CAT Members – Ethical Framework.....	17
2018-19 CAT Decisions.....	18
The CAT Service Standards	18
Partnerships and Community Engagement	19
Industry Events.....	19
Advisory Process	19
Autonomy through Cyberjustice Technologies (ACT) Project	19
Online Dispute Resolution Community of Practice (COP)	20
Corporate Social Responsibility	20
Commitment to Diversity and Inclusion.....	20
What’s Ahead?	21
Management Discussion and Analysis	22
Audited Financial Statements	24

CAO By the Numbers: Highlights

Fiscal year: April 1, 2018 - March 31, 2019



11,557

Condominium corporations in Ontario*

*As of March 31, 2019.



2,761,549

Pageviews

of the CAO website

includes repeated views of pages



12,952

Directors trained



45,057

Interactions

with Ontario's condo communities
by CAO's Information Services



5,318

Courtesy reminders
to condo directors
for director training



107

Cases filed with
the CAT



19

Tribunal
decisions



71,914

Pageviews

of pre-conflict guided steps to
common issues



66,021

Pageviews

of the CAO's Public Registry
of condo corporations

Charting the Way Forward

Message from the Chair

I am pleased to have the opportunity to share with you the significant advancements that the Condominium Authority of Ontario (CAO) has made in our second year of operation. The number of condominiums continues to rise, as more and more Ontarians choose to live in these communities. This is why an organization like the CAO is more important than ever to the province and to Ontarians who aspire to live harmoniously in condominium communities.

The 2018-19 fiscal year was another important year for us as we worked diligently to pave the way for the continued success of the organization. The Board of Directors focused on setting the strategic direction for the CAO for the next three to five years. This was achieved with the creation of the CAO's first strategic plan, articulating the CAO's vision, mission, values and strategic objectives to guide the work of the organization.

With the Minister's final appointment last year, our skills-based board was pleased to reach its full seven members, who each brought their individual expertise and a strong commitment to effective governance of the organization. The organization's structure continued to evolve as the CAO expanded its focus from building the initial technology systems to reaching condominium communities directly, enhancing sector partnerships, and responding to feedback to better meet the needs of condominium communities across the province.

In October 2018, legislation legalized the use of cannabis for recreational purposes in private residences. We created an overview of Ontario's cannabis legislation and the options available to condominium corporations under the *Condominium Act, 1998* to manage its use and production. Cannabis was also added to the CAO's pre-conflict guided steps to common condominium issues to help owners and residents resolve cannabis issues before they escalated into disputes.

The CAO is committed to a strategic focus on a digital service delivery model so that we continue to be cost-effective and accessible in every region. What we have heard this past year confirms that this is the right direction moving forward – that the CAO's online resources are contributing to a growing awareness of the legal and policy frameworks that guide how condominiums are governed and managed, and the various rights, responsibilities and obligations among condominium residents, owners, managers and directors.

The year's accomplishments were made possible due to the collaborative culture within the CAO and with the condominium sector. Reflecting on this year's results, the way forward is clear. The CAO will continue to work hard to fulfil its mandate to protect and inform condominium communities across Ontario.

Tom Wright
Chair, Board of Directors
Condominium Authority of Ontario
July 31, 2019

Empowering Condominium Communities

Message from the CEO/Registrar

This year, as I travelled across Ontario and spoke directly with condominium community members in various regions, I gained a richer understanding of their needs. Participating in industry events provided great opportunities for us to hear from owners, board directors, condominium managers, association partners and other sector-related professionals, about the priority areas that we needed to focus on following our launch in 2017.

I am mindful of the CAO's mandate to support consumer protection and to inform and empower condominium communities across Ontario. To that end, in 2018-19, we continued to focus on helping everyone living and working in condominium communities to better understand the unique features of this type of home ownership.

The team worked hard to enhance its digital ecosystem of services to provide accessible, user-centric, easy-to-understand information regarding the legal framework governing condominium communities. We listened to feedback, and enhanced our telephone and email information services, with the move to a fully integrated in-house service.

Other priorities this year included the streamlining of the condominium returns filing system, expanding our online dispute resolution system to be ready for increased jurisdiction and multi-party disputes, and we strengthened our organizational capacity. The CAO's strategic plan, business plan, risk management framework and performance management system were introduced, providing the building blocks to drive service excellence.

In August 2018, we became the proud recipient of the Gold Award for Innovative Management from the Institute of Public Administration of Canada for the CAO's online suite of digital services. This prestigious award, and all we've accomplished, would not have been possible without a collective effort.

The policy framework set by the Ministry of Government and Consumer Services paved the way for the CAO's digital approach to service delivery. The Board of Directors' strategic guidance has provided the organization with a roadmap for the next three years, and the CAO's highly skilled team is dedicated to harnessing the power of technology to achieve our goals for a client-centred, fully-accessible, cost-effective service.

The CAO also appreciates the important partnerships and contributions of the various organizations and professionals who collaborate with us and support condominium corporations on the ground to help them use our services and meet their legal requirements under the *Condominium Act, 1998*.

We look forward to continuing to work together to build harmonious condominium communities in Ontario.

Robin Dafoe
CEO and Registrar
Condominium Authority of Ontario
July 31, 2019

Pioneering Online Dispute Resolution Message from the Chair of the Condominium Authority Tribunal

Writing this message provides a unique opportunity to reflect on the activities and developments of the Condominium Authority Tribunal (CAT). I am proud of the work and accomplishments of the tribunal. The CAT is an innovative, user-centric platform that promotes timely and effective dispute resolution. We are leaders in delivering our service online. The tribunal is focused on understanding and responding to the needs of Ontario condominiums, by providing a fair, flexible and efficient way to resolve disputes. I am also privileged to work with a dedicated team of members and staff, whose commitment to delivering innovative and fair services is essential to the success of the tribunal.

Last year's Chair's message concluded by stating that we looked forward to continuing to build upon the CAT's capabilities in the year ahead and to helping condominium communities resolve their disputes. These words were a good introduction to the priority activities for the CAT in 2018-19. The focus of the CAT in 2018-19 was to develop approaches to resolve cases, while continuing to build the tribunal. While the tribunal started to receive cases in 2017, we began to resolve and decide disputes in 2018-19. The innovative online tribunal process involves three stages: Negotiation; Mediation and Tribunal Decision. We saw our first settlement agreements drafted by the users in Stage 1 – Negotiation. In fact, a case settled in less than 10 minutes. We settled cases in Stage 2 – Mediation via Consent Orders and Settlement Agreements. We issued our first decisions following Stage 3 – Tribunal Decision. We saw the early decisions encourage settlements and provide guidance for Ontario's condominiums on how to deal with records issues. These were important milestones in our path to implement our innovative tribunal.

During the year we saw the anticipated advantages of the CAT-ODR (online dispute resolution) platform come to fruition. Some examples of this include the geographical range of users – we received cases from Windsor to Ottawa and Elliot Lake. We received cases from large, urban condominiums and small, self-managed corporations.

Most of our applicants were self-represented and they were able to manage their cases effectively. We noticed that the CAT-ODR platform was busiest in the afternoons, evenings and weekends. Users commented on the availability of members to be flexible and respond to the user's unique needs. In one case, an applicant was able to participate in their case while vacationing on the continent of Africa. We continue to monitor how the CAT-ODR system is being used in order to continually improve our process.

The CAT continues its pioneering work in online dispute resolution. We are committed to continually improving, watching and learning from the user experience. While managing the active caseload, the CAT has an ambitious plan to be ready for any expanded jurisdiction of the tribunal.

Ian Darling
Chair
Condominium Authority Tribunal

July 31, 2019

About the Condominium Authority of Ontario

The Condominium Authority of Ontario (CAO) was launched on September 1, 2017 and operates under an Administrative Agreement with the Minister of Government and Consumer Services. We provide critical resources and services to condominium communities across Ontario, in a way that protects consumers and is fair, cost-effective, and efficient with a view to empowering condominium owners, directors, condominium managers, residents, buyers, industry professionals and the public.

The CAO is a non-crown, not-for-profit corporation that is designated under the *Condominium Act, 1998*, to administer parts of *the Act*, and to deliver services and resources in support of the province's condominium sector.

The CAO offers owners, directors, condominium managers, residents, buyers, industry professionals and the public a suite of digital services including:

- Easy-to-use information to help everyone understand their rights and responsibilities under the *Condominium Act, 1998 (Act)*
- Free online resources, tools and *Guided Steps to Common Issues* to help condominium owners and residents resolve common issues and disputes quickly and collaboratively
- Accessible, cost-effective, easy-to-use online dispute resolution service through the Condominium Authority Tribunal (CAT)
- Mandatory training for condominium directors appointed, elected or re-elected on or after November 1, 2017 to help them understand their oversight and legal obligations
- Easy-to-navigate condominium returns and notice of change systems for corporations to file and update key information
- Searchable Public Registry, containing important information provided by every condominium corporation in Ontario
- An integrated information services team that responds to telephone and email inquiries to help users better understand the legal and governance framework that governs condominium communities

Governance and Accountability

The CAO is governed by an independent Board of Directors, comprised of four elected directors and three ministerial appointed directors. The Board of Directors provides strategic direction to the organization's business and operations to fulfil the CAO's legislative and regulatory obligations. The Board is accountable for the performance of the CAO to the Minister of Government and Consumer Services through the Board Chair.

The CAO has established a skills-based board governance model. Elected directors are filled through a Nominating Committee process which evaluates and recommends candidates based on their skills and experience against the Competency Criteria established in Schedule D to the [Administrative Agreement](#). According to the CAO's governing by-law, elected directors' terms will be for staggered terms of one, two or three years, for business continuity purposes.

Ministerial appointments are filled through a process administered by the Government of Ontario's [Public Appointments Secretariat](#). The current Ministerial appointees were appointed in 2018, each for a three-year term.

The CAO Board in 2018-19 included members with extensive experience in industry and government, and in the fields of law, dispute resolution, accounting and audit, privacy and digital service, as well as a former CEO and registrar of a designated administrative authority.

The Board operates according to a [Code of Conduct](#) (Schedule E in the Administrative Agreement) that governs the conduct of the CAO's Board of Directors. It sets out guidelines for avoiding and disclosing conflicts of interest and keeping information confidential.

A [Memorandum of Understanding \(MOU\)](#) governs the accountability relationship between the CAO and the CAT, and establishes a framework that recognizes the independence of the tribunal within the CAO.

This past year, the CAO and the Condominium Management Regulatory Authority (CMRAO) signed a MOU which establishes how the two organizations will work together to support the achievement of their respective consumer protection mandates and to provide a framework for co-ordinating shared and mutual activities.

The Board has begun to establish its committee structure, with the creation of the standing Audit and Risk Committee, the 2019-20 Nominating Committee and the Advisory Process Working Group.

Members of the Board of Directors*

Elected

Tom Wright, Chair

Frank D'Onofrio, Vice-Chair

Armand Conant, Treasurer and Secretary

Genevieve Chornenki, Board Director

Appointed

Lisa Vescio, Board Director

Patricia Volker, Board Director

Heather Zordel, Board Director

*Biographies available [here](#)

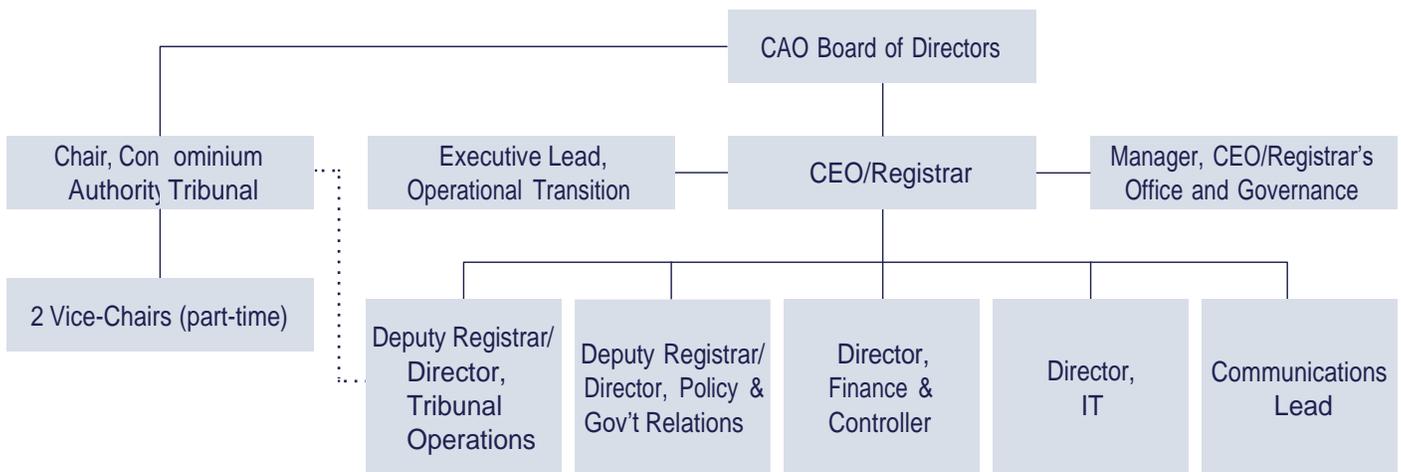
CAO Organizational Structure

Appointed by the Board, the Chief Executive Officer (CEO) and Registrar leads a management team and staff to meet the CAO's broad mandate and digital service delivery model in a cost-effective manner.

The organizational structure continues to evolve as the CAO transitions from a focus on building the CAO's initial services in the start-up phase to a staffing structure that strengthens our client-focused services and is able to respond to the growing number of requests and the ever-changing needs of condominium communities. The organization's culture is rooted in team values of leadership, teamwork, diversity, collaboration and trust which have guided the staff of the CAO from the beginning.

During the 2018-19 fiscal year, the CEO and Registrar along with management team worked to improve services to condominium communities in Ontario based on feedback received throughout the year. The team was focused on achieving the organization's core strategic objectives of: enhancing consumer protection in condominium communities through increased access to information and effective condominium board governance; supporting condominium living through early and cost-effective issue and dispute resolution, as well as building awareness and understanding of the services available from the CAO and operational excellence.

To manage costs, some staff positions and back offices expenses, are shared with the Condominium Management Regulatory Authority of Ontario. As of March 31, 2019, the organization was comprised of 38 staff structured as follows:



Management Structure and Team Members to March 31, 2019

Executive Team

- Robin Dafoe, Chief Executive Officer and Registrar
- Abena Buahene, Executive Lead, Operational Transition
- Peter Chu, Director, Information Technology
- Eusis Dougan-McKenzie, Communications Lead
- Emilee Escobar, Manager, Office of the CEO and Board Governance
- Keegan Ferreira, Deputy Registrar/Director, Tribunal Operations
- Rana Khurram Manzoor, Controller and Director, Finance
- Corinne Moehring, Deputy Registrar/Director, Policy and Government Relations
- ...
- Condominium Authority Tribunal
- Ian Darling, Chair

Strategic Framework

This year, the CAO's Board of Directors established the organization's first strategic plan to ensure the organization provides client-focused services and responds to the needs of condominium communities.

To ensure that the plan was informed by condominium communities, the CAO invited community members to participate in focus groups to provide feedback from owners, directors, condominium managers and industry professionals from across the province who have been using the CAO's services. Along with this information, an environmental scan of emerging issues in the condominium sector informed a strategic planning session with the CAO's Board and management team in December 2018. The session provided an opportunity to collectively examine what was working, the challenges the CAO faced, the feedback received and to establish a strategic plan to address these areas.

The following elements of the strategic plan – the vision, values, mission and strategic objectives – were established to guide the organization for the next five years:

Vision

Harmonious condominium communities across Ontario

Values

Innovation The CAO works creatively with Ontario's condominium communities and is open to new ideas and approaches.	Accountability The CAO takes responsibility for delivering its mandate and for providing high-quality services to Ontario's condominium communities.	Client-Focus The CAO works collaboratively with Ontario's condominium communities to meet their needs and strives for service excellence in all our interactions.
Value-for-Money The CAO makes effective and conscientious use of its funds.	Integrity The CAO is respectful, honest and trustworthy in all its work.	Fairness The CAO delivers its services impartially and equitably.

Mission

Empower Ontario's condominium communities with information, education and dispute resolution

Strategic Objectives

The four strategic objectives that will drive the CAO's digital service delivery model for the next three years include:

- Enhanced Public Information and Services
- Enhanced and Integrated Issue and Dispute Resolution
- Client Service Excellence
- Operational Excellence

Mandate

Designated under the *Condominium Act, 1998*, the CAO supports consumer protection and condominium communities by providing services and resources for condominium buyers, owners, residents and directors across Ontario.

The Year in Review

During this first full year of operation, the CAO set key objectives to achieve its consumer protection and client service mandate, as well as providing value for money.

As part of the CAO's commitment to be client-centred, accessible, efficient, and cost effective, the organization delivered its services through an online ecosystem. For the 2018-19 fiscal year, the CAO is pleased to highlight a few of the key achievements:

- Cost-effective management of financial resources allowed the CAO to introduce a temporary reduction to the 2019-20 annual assessment amount to condominium corporations, pending the implementation of the CAO's full suite of services. This reduction was primarily related to the limited jurisdiction of the Condominium Authority Tribunal (CAT) to receive only records disputes at this time.
- Received the 2018 Gold Award for Innovative Management from the Institute of Public Administration of Canada. The award, sponsored by IBM, celebrates approaches to delivering much needed services that are relevant, cost effective, efficient and innovative.
- Responded to a growing demand for the CAO's information and services. A total of 2,761,549 pageviews of the CAO's website and the CAO's Information Services team had 45,057 interactions with Ontario's condominium community members via phone or email.
- Responded to emerging issues in condominium communities, such as cannabis legalization and electric vehicle charging systems.
- Assisted condominium residents in addressing issues early so they could better enjoy where they live with the guided steps to common issues – a popular resource for Ontarians in 2018-19, with a total of 71,914 pageviews across all 12 common issues. When condominium communities are unable to resolve their issues collaboratively, the CAO provides information on next steps they can take, including filing a case with the CAT.
- 107 records cases filed with the CAT to resolve disputes and the tribunal released its first wave of decisions. The CAT issued 19 binding decisions related to records that have already had a positive impact in helping other condominium communities understand these issues. The CAO recognized that this service can go a long way to helping resolve other types of disputes and is preparing for the potential expansion of the tribunal's jurisdiction.

.....

2018 Recipient of the IPAC / IBM Innovative Management Gold Award

.....

Measuring Our Performance

In 2018-19, the CAO Board of Directors developed the organization's first strategic plan with specific goals for the period of 2019-22. The management team was then tasked with the development of a business plan with specific performance measurement goals. Going forward the 2019-20 performance outcomes will serve as a baseline measure of performance and the CAO will begin to report on performance against targets in future annual reports.

The CAO is committed to evidence-based decision-making and continuous service improvement driven by the needs of condominium communities across the province.

CAO's Information and Digital Services

Information Services

The CAO offers digital service delivery to ensure condominium community members can access services easily and efficiently – across Ontario. Underpinning all of the CAO's and the CAT's online services is the highly skilled Information Services team. The team answers inquiries and provides guidance to owners, directors, managers, residents, buyers, industry professionals and the public by phone and email on the varied and complex issues that often arise in condominium communities.

The CAO's external-facing Information Services team regularly interacts with condominium communities and is a primary channel for condominium community members to seek assistance in navigating the often complex legal and governance framework for how condominium corporations must operate. The team is also the face of the organization, gathering suggestions about CAO's services and the key issues of concern.

To maximize efficiency and meet the CAO's client-focused customer service goals, the CAO responded to feedback from condominium community members and moved the first-level external customer service function in-house. Information officers were recruited and trained

to better deliver services to be integrated with the existing Information and Tribunal Co-ordination team to provide more in-depth information on the CAO's services.

The Information Services team had
45,057

interactions with Ontario's condominium community
between April 1, 2018 and March 31, 2019.

Director Training

Condominium directors play a critical role in making sure that condominium corporations and their assets are well managed. The condominium board operates on behalf of all the owners and is often responsible for hundreds of thousands, if not millions, of dollars in operating a condominium.

Under the *Condominium Act, 1998* and Ontario Regulation 48/01, the CAO is responsible for designating the mandatory training for all condominium directors.

Directors must complete the training within six months of their appointment, election or re-election date or they will automatically and immediately cease to be a director under *the Act*.

The CAO's Director Training Program consists of 21 short e-modules, in English and in French, covering important topics that are relevant to condominium board directors, not only to support good governance for the corporation, but also to foster a harmonious condominium community culture.

Directors can access the director training program free-of-charge on the CAO's website. The training is also available to owners, condominium managers or the general public at no charge. In providing this training online, the CAO has taken care to ensure that the training is accessible to people with visual or hearing disabilities. For example, the online training is compatible with screen readers and can be completed using audio only or by reading the written content of each module.

Users of the online training appreciate the unlimited access from anywhere in the world at any time of the day and night, by computer or mobile devices, and the ability to complete the training at their own pace – for example, in one three-hour window or more leisurely stretched over several days or weeks. Many people expressed their appreciation for this convenience in their responses to the director training satisfaction survey.

The digital delivery model minimizes the cost of providing in-person training across the province to the estimated 38,566 or more condominium directors. Since the CAO is funded by condominium assessment fees, this

“Fairly easy to work through...
appreciated the option to listen to and read through
the training. This is perfect for ensuring different
learning styles are accommodated.”

- *Condominium board director*

delivery model keeps costs down for condominium owners and allows the CAO to offer the training to the broader condominium community at no charge to support positive condominium living.

In 2018-19, 17,034 individuals registered for director training. Of that total, 12,952 were directors who completed training between April 1, 2018 and March 31, 2019. The CAO asks those who completed the training to provide us with feedback. Again this year, the majority of respondents, 85 per cent, found the online training modules easy to navigate, 87 per cent were very satisfied with the training program, 91 per cent reported learning something new, and 95 per cent stated that they would recommend the training to others.

85%

Respondents found the online modules easy to find and navigate

87%

Respondents were very satisfied with the training program

91%

Respondents reported learning something new

95%

Respondents would recommend the training program

2018-19 Resources for Users

The CAO engages with condominium community members to ensure we are providing resources they need. During 2018-19, the CAO developed several new resources to help users understand roles and responsibilities in condominium communities and navigate the dispute resolution process. These included guides, templates and other resources.

User Guides

- Condo Buyer's Guide
- Guide to installing electronic vehicle charging systems
- CAT User guides for all three stages of the dispute resolution process
- A user guide on the roles and responsibilities of representatives, and how they can participate in CAT cases
- A user guide to appeals and judicial reviews

User Templates

- Proxy overview and sample proxy forms
- Templates for letters to board of directors and condominium managers

User Tools

- Accessible Director Training modules for users who require screen readers
- A user checklist for filing records-related cases
- Publication guidelines on new decisions, which provide an overview of what documents and information the CAT does and doesn't publish

Plus

These 2018-19 resources complement the resources and services the CAO has provided since September 2017. CAO services also include:

- Information and training on these subjects:
 - Rights and responsibilities of condominium owners
 - The roles and responsibilities of the board of directors and condominium management
 - Changes to *the Act* that affect condominium communities.
- Pre-conflict resolution tools, such as *Guided Steps to Common Issues* to assist condo communities in proactively resolving issues.
- The Condominium Authority Tribunal (CAT) with its new online dispute-resolution system developed specifically for condominium communities.
- A publicly available, searchable, online registry of all condominium corporations in Ontario.
- Online training for condominium directors in Ontario.

Condominium Returns and CAO Public Registry

Under the *Condominium Act, 1998*, all condominium corporations in Ontario are required to file condominium returns with the CAO. Filing a return means providing specific key information about the condominium corporation, such as the date it was created, its address for service and information about the current board of directors, and any condominium management service providers.

The CAO's online condominium returns system is designed to make the returns process as easy and efficient as possible for condominium corporations.

The CAO provides instructional reminder emails, helpful step-by-step guides and staff who can assist corporations at any stage of the returns process.

As of March 31, 2019, the CAO had been able to reach nearly 90 per cent of the 11,557 condominium corporations in Ontario that had filed with the CAO.

To support greater transparency and consumer protection, the CAO is required by regulation to maintain a public registry of the information filed in condominium returns and notices of change on its website. Condominium corporations are required to keep the information current by filing a notice of change within 30 days of changes. The CAO's public registry is a popular resource for condominium communities, with a total of 66,021 pageviews from April 1, 2018 to March 31, 2019.

90% total compliance
of condominium corporations
that filed returns with the CAO

The CAO's Public Registry received
66,021 pageviews

between April 1, 2018 and March 31, 2019

Feedback Mechanisms

The CAO's user feedback model provides a rigorous approach to the collection and analysis of insights gathered through:

- User experience sessions
- Surveying website users
- Leveraging social media platforms and Google analytics
- Canvassing feedback at industry and public events
- Surveying trained directors
- Surveying users of the CAO's issues and dispute resolution services
- Reviewing of academic research and other ODR best practices
- Conducting an annual public awareness poll
- Consulting condominium community through annual online or teleconference advisory panels or focus groups from across the province
- Input from staff trained in user experience systems design

The model also includes the voluntary collection of socio-demographic data to provide insights on the composition of users and their specific needs. All survey responses are completely anonymous and no personal information is collected or stored.

CAO's Complaints Process

The CAO also has a public complaints process to meet continuous improvement goals and to ensure the quality and fairness of our services. The process enables any member of the public to make a complaint about CAO staff, CAO services, a CAT member's conduct or how a case was handled. The CAO will consider all complaints as outlined in the CAO's Public Complaints Policy. The CAO Complaints Officer reviews all complaints, gathers information and prepares a written response that sets out the findings, resolution and the rationale. For CAT-related complaints, the CAT Chair is provided with the complaint details for consideration and response. The complaints process cannot be used to change a decision of a CAT case. The CAO did not receive any complaints during the 2018-19 fiscal year.

Self-Help Guided Steps to Common Issues

In response to the needs of condominium communities in all regions of the province, the CAO has developed a two-part online dispute resolution service. The first part includes online self-help information and tools to empower communities to work collaboratively within their community to resolve issues early, and hopefully avoid the escalation to disputes.

To that end, the CAO's pre-conflict *Guided Steps to Common Issues* cover the areas of most interest to owners, directors, condominium managers, residents, buyers, industry professionals and the public. The CAO's *Guided Steps to Common Issues* was launched with the top 10 most common issues. Enforcing CAT settlement agreements was added in January 2018, and in October 2018, the CAO added information on cannabis legalization.

12 Common Issues

Issue	Pageviews
1. Corporate records	23,321
2. Issues with condominium managers	8,151
3. Noise	7,914
4. Rules	5,931
5. Short-term rentals	4,299
6. Cannabis**	4,074
7. Odours	3,982
8. Meetings	3,804
9. Pets	3,630
10. Personal Property	2,998
11. Neighbours	2,148
12. Enforcement of CAT settlement agreements	1,662

**cannabis added in October 2018

The CAO continues to supplement and update these common issues based on feedback from users and as information emerges.

The CAO provides information, tools, and templates on these topics in four steps (as set out below) to help condominium communities understand and resolve their issues.

The guided steps were a popular resource for Ontarians in 2018-19, with a total of 71,914 pageviews across all 12 common issues.

Guided Steps to Common Issues



.....

The pre-conflict guided steps are a popular resource for the condominium community with **71,914 pageviews for all 12 common issues** in 2018–2019

.....

For situations where condominium communities are unable to resolve their issues collaboratively, the CAO provides information on the next steps they can take, including filing a case with the Condominium Authority Tribunal (CAT).

The Condominium Authority Tribunal's Online Dispute Resolution System

Part two of the CAO's service is the innovative Condominium Authority Tribunal online dispute resolution system (CAT-ODR). The CAT-ODR system, a first of its kind in Canada, allows condominium owners to file applications to resolve records-related disputes and disputes involving compliance with settlement agreements.

The CAT-ODR uses a three-stage dispute resolution process. The three stages all take place within the CAT-ODR system. Users no longer need to worry about taking time off work to travel to hearings – instead, they can work collaboratively to resolve their issues from the comfort of home.

The process is also cost-effective. Stage 1 – Negotiation costs \$25 for the applicants to file a case with the CAT which provides users with a forum and tools to help them negotiate and resolve the dispute themselves. Stage 2 – Mediation costs \$50. In this stage a CAT mediator joins the case and guides the users to help them resolve the dispute. If the users are unable to resolve the case, the mediator then helps the users prepare for an online hearing in Stage 3 – Tribunal Decision. The costs for Stage 3 are \$125. In this stage a CAT member considers the evidence and arguments from the users and makes a final binding decision about the case.

In anticipation of a potential expansion of the CAT's jurisdiction beyond records issues, the CAO has been working to refine and expand the capabilities of the CAT-ODR system. The CAT-ODR system is being enhanced based on a user-centred design and for long-term sustainability, in recognition of the important and growing role that the CAT plays in the resolution of disputes across the province. The current version of the CAT-ODR system allows users to file records-related cases involving two parties. Development work is underway to allow the CAT-ODR system to accommodate additional dispute types and cases involving multiple parties.

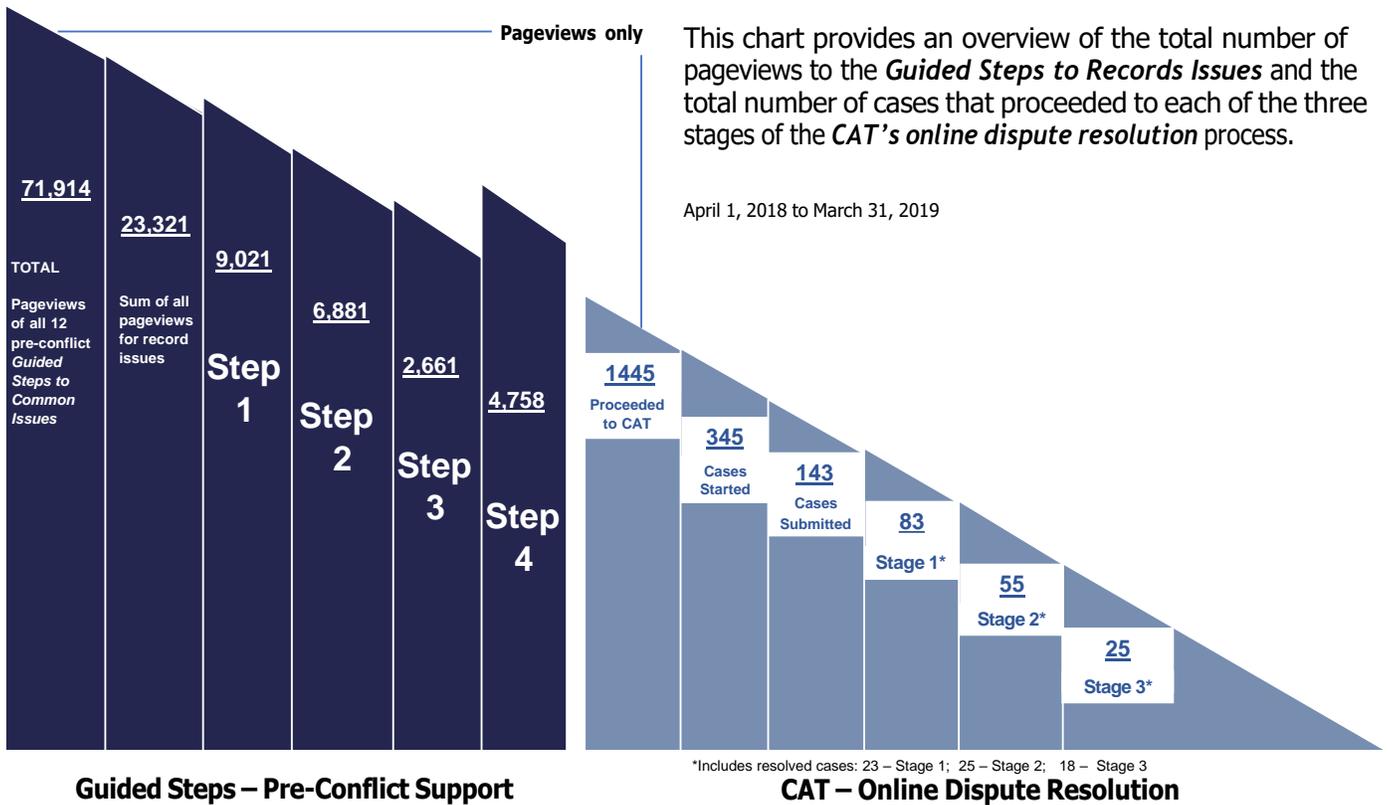
Highlights of the next version of the CAT-ODR system include:

- The ability to handle disputes involving three or more parties
- A new and improved approach to Stage 1 – Negotiation, and Stage 2 – Mediation, giving users more flexibility to work collaboratively to resolve their disputes
- System-wide user experience enhancements

“A couple of years ago, there was interest in online dispute resolution but not any movement toward it...
I think that the condo tribunal will push that further.”
- *Condo industry mediator*

Guided Steps – Pre-Conflict Support

CAT – Online Dispute Resolution



The condominium sector has long been calling for a way to settle disputes easily and affordably. The CAO's integrated dispute resolution approach has shown great results over the past year, with most issues appearing to be resolved using the pre-conflict *Guided Steps to Common Issues* and without a formal dispute before the CAT.

The availability of the CAT-ODR system, along with the CAT's authority to issue binding decisions, also serves as a catalyst for early resolution of issues in condominium communities. Once the CAT has ruled on a specific records issue, the awareness and understanding of that issue increases, motivating action in other condominium communities to settle the issues without the need for filing a case.

CAT Adjudication: Building the Foundation

New CAT Members

In preparation for future caseload increases due to expansion of the Condominium Authority Tribunal's (CAT) jurisdiction, the Board of the CAO appointed six new part-time members to the CAT, bringing the total number of members to 21. These new members have strong backgrounds in mediation and adjudication, law and administrative justice and accessible design. They are valuable additions to the CAT team.

CAT Members – Rules of Practice

The CAT revised and updated its initial Rules of Practice to refine our processes and provide greater clarity to the users who appear before us.

These rules outline how the CAT operates, and what people need to know or do when they are involved in a dispute that comes to the CAT. The rules have been written with an emphasis on clarity and plain language. The revised rules were updated on July 1, 2018, replacing the initial rules, which were in force from November 1, 2017- June 30, 2018.

CAT Members – Ethical Framework

The CAT is committed to delivering its services impartially and equitably, and to be respectful, honest and trustworthy in all its work. To that end, the CAO and the CAT established a comprehensive ethical framework for the CAT this year to guide the conduct of its members and provide clarity on their professional and ethical responsibilities throughout their term of appointment.

The ethical framework consists of the:

- Memorandum of Understanding between the Board of Directors of the CAO and the Chair of the CAT
- CAT Member Code of Conduct
- CAT Member Conflict of Interest Policy
- CAO Access and Privacy Policy
- CAO Public Complaints Policy

The code addresses several important themes, including independence and impartiality, timeliness, quality and consistency, confidentiality, expertise, integrity and ethics.

2018-19 CAT Decisions

During the 2018-19 fiscal year, the CAT issued 19 orders related to records disputes. To highlight some of the CAT's work, we have included an overview of some of the CAT cases resolved to date below:

Case A – Owner Seeking Record of Owners and Mortgagees

This case was resolved by the users in **Stage 1 – Negotiation**, so the names of the users are not published.

In this case, the applicant sought access to the record of owners and mortgagees that the condominium corporation is required to maintain. The respondent had previously provided a copy of the record but had omitted the owners' unit numbers and mailing addresses.

The applicant's representative pointed out that according to *the Act* the record is required to include the unit numbers and mailing addresses. Shortly thereafter, the respondent provided a copy of the record directly to the applicant through the CAT-ODR system and the case was closed without having to proceed to either Stage 2 – Mediation or Stage 3 – Tribunal Decision.

Case B – Owner Seeking Several Records

This case was resolved in **Stage 2 – Mediation**, so the names of the users are not published.

In this case, the applicant sought access to nine different types of records, including the record of owners and mortgagees that the corporation is required to maintain and various financial records including financial statements and invoices for repair work.

While the respondent agreed to provide a copy of the record of owners and mortgagees in Stage 1 – Negotiation, they did not believe that the applicant was entitled to receive some of the other records. A CAT mediator joined the case in Stage 2 – Mediation and helped the users understand their rights and responsibilities under *the Act*, and the users ultimately agreed that the respondent would provide all the records the applicant requested. The case was resolved by settlement agreement and did not have to proceed to Stage 3 – Tribunal Decision.

Case C – Owner Seeking Access to Unredacted Proxies (2018 ONCAT 7 on CanLII)

This case was resolved by order in **Stage 3 – Tribunal Decision** and so is available on the Canadian Legal Information Institute (CanLII) website.

In this case, the applicant sought access to un-redacted copies of the proxy forms to audit the condominium corporation's 2017 Annual General Meeting election. The applicant sought these records because there was a significant increase in the number of forms submitted in 2017 compared to previous years. After the users were unable to resolve their dispute in Stage 2 – Mediation, the case proceeded to Stage 3 – Tribunal Decision.

After considering the users' arguments and the legislation, the member ruled that the applicant was not entitled to examine or obtain un-redacted copies of the proxy forms. This decision provides much needed clarity, as whether owners are entitled to access un-redacted proxy forms has long been one of the CAO's most often heard questions.

The CAT Service Standards

In early 2018, the CAT implemented a one-business-day service standard to respond to applications to the tribunal to ensure that users receive prompt responses and avoid undue delays in their cases.

The CAT has committed to performance targets for 2019-20 and beyond, including a CAT user satisfaction target of 80 per cent, and a 90 per cent target for CAT decisions to be released within 30 days of the hearing concluding in Stage 3 – Tribunal Decision.

Partnerships and Community Engagement

Industry Events

To ensure the CAO is meeting the needs of condominium communities and providing accessible services, the organization has committed to ongoing outreach and engagement. CAO representatives participated in industry events and key conferences throughout the year. These events provide an opportunity for two-way communication allowing the CAO to share updates on service improvements and what is happening in the sector, and strengthen partnerships with industry associations and other professionals, gaining valuable feedback on its services.

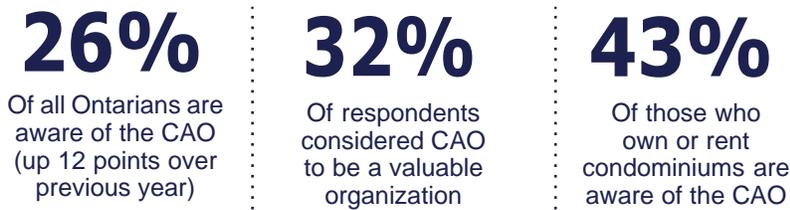
In 2018-19, CAO executives and staff participated in 16 events across the province, where they presented or hosted booths and tables, and fielded questions from audiences ranging from 50 to 400 people.

Advisory Process

As an organization committed to being of service and to informing and empowering condominium communities, the CAO seeks feedback and input from all users of our services and from the public. This feedback helps us to better understand the needs of condominium owners, directors, managers, residents, buyers, industry professionals and the public. The CAO's Administrative Agreement, Section 7.2(4), requires that the CAO's Board of Directors establish an Advisory Process that allows condominium communities to provide direct input to the Board.

The CAO offers several mechanisms through which condominium communities can provide advice and recommendations to the CAO's Board of Directors and management on issues important to these communities. One of the mechanisms is an annual poll of 1,000 Ontarians to gauge awareness and perceived value of the CAO's services. In the August 2018 survey, 32 per cent of respondents found the CAO services valuable.

Second Ipsos results of Ontario's assessment of the CAO from August 2018



The precision of online polls is measured using a credibility interval. In this case, the results are accurate to within +/- 3.5 percentage points, 19 times out of 20, of what the results would have been had all Ontarian adults been polled.
Ipsos

Autonomy through Cyberjustice Technologies (ACT) Project

In 2018, the CAT joined the Cyberjustice Laboratory's Autonomy through Cyberjustice Technologies (ACT) Project. The ACT project is federally funded by the Social Sciences and Humanities Research Council of Canada, and is comprised of a multidisciplinary and international team of 45 researchers and 42 partners representing stakeholders across the world's leading technology and legal research centres.

The focus of the ACT project is on the implementation and use of technologies in the justice sector to deliver better outcomes for users and the public. The CAT's involvement includes a three-year project focused specifically on the CAT's pre-conflict resources and CAT-ODR system.

Online Dispute Resolution Community of Practice

In 2018, the CAO was proud to be one of the three founding members of the Online Dispute Resolution Community of Practice (ODR-COP), along with the Office de la protection du consommateur (Quebec) and the Civil Resolution Tribunal (British Columbia). The purpose of the ODR-COP is to share ideas, expertise and best practices between organizations who provide ODR services with the goal of improving access to justice and the user experience involving online systems to solve issues. The ODR-COP held two meetings in 2018-19 and will continue to meet quarterly going forward.

Corporate Social Responsibility

As a new organization the CAO is committed to building a culture of corporate social responsibility to operate in a giving, social and environmentally sustainable manner.

The CAO's environmental efforts include our fully online eco-friendly service delivery model, which reduces the CAO's carbon footprint significantly over the traditional bricks-and-mortar service delivery approaches. The CAO's delivery model reduces paper, avoids travel to file returns, or to appear before the tribunal to resolve disputes.

The CAO is also supportive of employee-led community giving. Thanks to the leadership of CAO staff member, Johnathan Farrell, the CAO has been participating in a quarterly blood donor drive. As a universal blood donor, Johnathan organized his colleagues in this community-giving activity. CAO staff were keen to support the blood donor drives and rolled up their sleeves in support of this worthy cause. The CAO will continue to look for additional giving, social and environmental ways of giving to the broader community.

Commitment to Diversity and Inclusion

CAO's Diverse Team

The CAO's team reflects the diverse make-up of Ontario. The CAO has an inclusive culture in which diverse backgrounds, skills, experiences and identities are valued. The organization's diversity helps to shape how staff solve problems and how they engage with condominium communities. The differences are the CAO team's strength and help to drive more innovative solutions to meet diverse needs.

Accessibility Compliance

The CAO continues to work to ensure that its services meet the requirements of the *Accessibility for Ontarians with Disabilities Act*. The CAO's website is compatible with screen readers, individuals reaching us by phone can contact the CAO through a TTY telephone device, and all staff complete the mandatory accessible customer service training. The CAO has actively engaged many of our online users who rely on assistive technology, and as a result, have strengthened accessibility features of our online information technology solution vendors. Providing accessible resources and services is key to achieving our diversity and inclusion goals for working with Ontario's condominium communities.

French-Language Services

Under Section 1.25 of the *Condominium Act, 1998*, condominium residents and the public have the right to communicate and to receive available services in French from the CAO. In order to meet this requirement, the CAO provides all communications and services in French. The CAO is committed to providing excellent customer service in French and employs bilingual staff to respond to inquires by phone and email. The CAO also ensure resources and policies are available in French. Director training, website and issues resolution information, and CAT services are provided in French. Individuals with CAO accounts can set their language preference to French to automatically receive online services in French. During the 2018-19 fiscal year, the CAO engaged with 255 French-speaking members of Ontario's condominium communities.

What's Ahead?

In Support of Harmonious Communities

In the 2019-20 fiscal year, the CAO will continue to strive to fulfil our mission of empowering Ontario's condominium communities with information, education and dispute resolution. We will build on the solid foundation of services established to-date and continue to partner with and support condominium communities. Some of our upcoming priorities for the year ahead include:

- **Building** on the initial work on the CAO Board of Directors' advisory process. We will continue to enhance feedback mechanisms for condominium community members so they can tell us how we can improve our information, education and dispute resolution services and processes.
- **Reporting** on the feedback received during the year and on how we are making improvements based on their valuable input.
- **Partnering** with Tarion to better educate Ontario condominium buyers about the realities of the buying process for pre-construction condominiums.
- **Supporting** condominium board members and managers to help condominium corporations meet the requirements set out in the *Condominium Act, 1998*.
- **Enhancing** our digital client relationship management system and our website to ensure our services are more accessible, more responsive and easier to navigate.
- **Improving** the CAO's digital ecosystem of services, in particular, expanding the functionality of the Condominium Authority Tribunal Online Dispute Resolution (CAT-ODR) system, to ensure the CAO is prepared for any expansion of the tribunal's jurisdiction.
- **Visiting** regions and participating in condominium community events and conferences to connect with condominium owners, directors, condominium managers, residents, buyers, industry professionals and the public. It's all part of our commitment to being accessible.

Overall, the CAO is looking forward to building on our achievements to-date and to continuing to innovate and work creatively with Ontario's condominium communities to best support their needs and to help them maximize their enjoyment of condominium living.

“I definitely think the CAO and its process for gathering accurate and up-to-date information from condo corporations is going to be good for condo owners.”

- *Condominium Owner*

Management Discussion and Analysis

The following management discussion and analysis provides supplementary information for condominium communities and other readers of the CAO's financial statements for the fiscal year 2018-19. This analysis should be read in conjunction with the audited financial statements for the year ended March 31, 2019 prepared in accordance with the Canadian accounting standards for not-for-profit organizations.

Revenues

The CAO's operating revenue is used to develop and provide the services outlined in this annual report to fulfil its mandate under the *Condominium Act, 1998* and support condominium living across Ontario.

This year's operating revenue was mainly comprised of assessment fees assessed to condominium corporations on the basis of \$1 per voting unit per month. According to the *Condominium Act, 1998* the total assessment fee for each condominium is to be added to common expenses as set out in the condominium's declaration, with the effect generally that the fee is allocated to condo owners on a per square foot basis. For the year ended March 31, 2019, the first full fiscal year of operations for the CAO, a full-year assessment fee was charged resulting in revenues of \$9,488,039. This represents an increase in revenues for the year ended March 31, 2018, of 61 per cent from \$5,891,015 when a less than full-year (seven-months) assessment fee was charged.

Expenses

As highlighted in the chart below, the total expenses for the year ended March 31, 2019 increased by 45 per cent as compared to year ended March 31, 2018. As this was the first full fiscal year of operations for the CAO, operating costs increased as the organization moved toward steady state.

As the organization moved toward steady state and put in place the necessary expertise to deliver its digital delivery model and support condominium communities across the province, there was an increase in human resource expenditures due to the recruitment of the specialized skills required to fulfil the CAO's mandated services and to provide direct information and support to help condominium corporations fulfil their legal obligations under *the Act*.

The higher accumulation of the accrued interest on the advances received from the Ministry of Government and Consumer Services under the loan agreement was a result of increased interest rates against the total loan amount of \$5.5M for the full-year.

Category	2018-2019	2017-2018
Human resources	3,752,595	2,249,096
Operational and general administrative costs	1,651,895	1,602,661
Interest on long-term debt	118,181	66,285
Amortization of intangible assets	444,146	207,454
Total Expenses	5,966,817	4,125,496

Net Assets

On March 31, 2019 the CAO had net assets of \$5,082,978, which includes \$2,308,211 related to computer software. This investment supports the online service delivery model developed by the CAO to ensure access by all condominium communities across the province and is in line with the CAO's commitment to providing an innovative digital service in every aspect of service delivery, including the online public registry, director training, condominium returns and notices of change, and online dispute resolution.

The excess revenue over expenses amounted to \$3,694,287 for the year end March 31, 2019 is mainly a result of underspending because the full scope of the CAO's mandate is not yet in place. A portion of the CAO's expense budget relates to its online dispute resolution system and operations and the remuneration of mediators and adjudicators. These costs are variable with the caseload and as lower numbers of cases were filed, costs incurred were lower than had been anticipated.

To fund the start-up costs of the CAO, the Government of Ontario provided for up to \$7,500,000 in loans. The CAO utilized \$5,500,000 of this amount and did not require the remaining \$2,000,000.

In line with its commitment to being financially prudent, the CAO implemented a temporary adjustment, reducing the total assessment amount payable by each corporation by 25 per cent for fiscal year 2019-20.

The unrestricted net assets increased to \$74,767 over the previous year's net deficiency of \$478,391, while \$2,700,000 has been transferred from unrestricted net assets to restricted net assets. The CAO established a restricted net assets (Reserve fund), as approved by the CAO Board of Directors, to build and maintain an adequate level of funds to ensure the stability of the organization and the ongoing sustainability of its operations in the event of unforeseen contingencies.

Risk Framework

The CAO Board and management actively promote a strong culture of risk management. It is a part of how the organization operates on a day-to-day basis and is woven into its operating principles to guide the implementation of the organization's strategic initiatives.

In 2018-19, the CAO developed a risk management framework that was subsequently approved by the board and guides the organization in identifying, evaluating and addressing potential risks. The framework formalizes risk assessment and mitigation processes to ensure the effective and efficient operation of the CAO.



CONDOMINIUM AUTHORITY OF ONTARIO

FINANCIAL STATEMENTS

MARCH 31, 2019

CONDOMINIUM AUTHORITY OF ONTARIO

INDEX

MARCH 31, 2019

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 11



INDEPENDENT AUDITOR'S REPORT

To the Members of Condominium Authority of Ontario

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Condominium Authority of Ontario, which comprise the statement of financial position, and the statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Condominium Authority of Ontario as at March 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

June 20, 2019

Chartered Professional Accountants
Licensed Public Accountants

**CONDOMINIUM AUTHORITY OF ONTARIO
STATEMENT OF FINANCIAL POSITION**

As at March 31	2019	2018
ASSETS		
Current		
Cash and cash equivalents	\$ 12,106,668	\$ 4,716,717
Accounts receivable	548,238	1,076,228
Prepaid expenses and other current assets	34,039	<u>45,606</u>
	12,688,945	5,838,551
Intangible asset (note 3)	2,308,211	<u>1,867,082</u>
	<u>\$ 14,997,156</u>	<u>\$ 7,705,633</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 4)	\$ 602,483	\$ 544,779
Current portion of long-term loan (note 5)	499,210	-
Deferred revenue	3,592,028	155,105
HST payable	25,332	<u>40,904</u>
	4,719,053	740,788
Long-term loan (note 5)	5,195,125	<u>5,576,154</u>
	<u>9,914,178</u>	<u>6,316,942</u>
NET ASSETS		
Invested in capital assets	2,308,211	1,867,082
Unrestricted net assets (deficiency)	74,767	(478,391)
Restricted net assets (note 8)	2,700,000	<u>-</u>
	5,082,978	<u>1,388,691</u>
	<u>\$ 14,997,156</u>	<u>\$ 7,705,633</u>

Commitments (note 7)

Approved by:

Director: _____

Director: _____

See accompanying notes to the financial statements

**CONDOMINIUM AUTHORITY OF ONTARIO
STATEMENT OF CHANGES IN NET ASSETS**

For the year ended March 31	2019	2018
NET ASSETS CONSIST OF:		
Invested in capital assets		
Balance, beginning of the year	\$ 1,867,082	\$ 290,702
Purchase of intangible assets	885,275	1,783,834
Excess of expenses over revenues	(444,146)	(207,454)
	2,308,211	1,867,082
Balance, end of the year	\$ 2,308,211	\$ 1,867,082
Unrestricted net assets (deficiency)		
Balance, beginning of the year	\$ (478,391)	\$ (704,746)
Purchase of intangible assets	(885,275)	(1,783,834)
Transfer to restricted fund	(2,700,000)	-
Excess of revenues over expenses	4,138,433	2,010,189
	74,767	(478,391)
Balance, end of the year	74,767	(478,391)
Restricted net assets		
Balance, beginning of the year	\$ -	\$ -
Transfer from unrestricted fund	2,700,000	-
	2,700,000	-
NET ASSETS, end of the year	\$ 5,082,978	\$ 1,388,691

**CONDOMINIUM AUTHORITY OF ONTARIO
STATEMENT OF OPERATIONS**

For the year ended March 31	2019	2018
REVENUE		
Fee revenue (note 6)	\$ 9,488,039	\$ 5,891,015
Interest income	173,065	37,216
	9,661,104	5,928,231
EXPENSES		
Human resources	3,752,595	2,249,096
Information and communication	367,303	313,413
Occupancy costs	322,136	204,801
HST non recoverable	260,781	335,666
Enterprise IT expense	211,878	356,951
Office and general	149,715	112,642
Condominium authority tribunal & members	127,293	113,809
Board of Directors	121,460	97,768
Interest on long-term debt	118,181	66,285
Professional fees	91,329	67,611
Amortization of intangible asset	444,146	207,454
	5,966,817	4,125,496
EXCESS OF REVENUES OVER EXPENSES	\$ 3,694,287	\$ 1,802,735

**CONDOMINIUM AUTHORITY OF ONTARIO
STATEMENT OF CASH FLOWS**

For the year ended March 31	2019	2018
CASH PROVIDED BY (USED IN) THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	\$ 3,694,287	\$ 1,802,735
Amortization of intangible asset	444,146	207,454
Changes in non-cash working capital:		
Accounts receivable	527,990	(1,016,606)
Prepaid expenses and other current assets	11,567	(34,593)
Accounts payable and accrued liabilities	57,704	389,005
Accretion on long-term loan	118,181	66,286
Deferred revenue	3,436,923	155,105
HST payable	(15,572)	40,904
	8,275,226	1,610,290
INVESTING		
Purchase of intangible asset	(885,275)	(1,783,834)
FINANCING		
Proceeds from long-term loan	-	2,000,000
NET INCREASE IN CASH	7,389,951	1,826,456
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4,716,717	2,890,261
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 12,106,668	\$ 4,716,717
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash	\$ 10,106,668	\$ 4,716,717
Guaranteed investment certificates	2,000,000	-
	\$ 12,106,668	\$ 4,716,717

CONDOMINIUM AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

PURPOSE OF THE ORGANIZATION

In December 2015, the Ontario Legislative Assembly passed new legislation entitled the Protecting Condominium Owners Act, 2015 (PCOA), which marked the first major overhaul of the province's condominium laws in over 16 years. The intent of the PCOA is to increase protections for condominium owners, improve how condominium corporations are run, ensure condominium boards are governed professionally, and establish mandatory licensing and educational requirements for condominium managers.

The Condominium Authority of Ontario (the "organization") was established as a not for profit corporation in 2016 and is assuming responsibility for the implementation of services to support its mandate, under the Condominium Act, 1998.

After designation by the Lieutenant Governor in Council through reg 181/17 in September 2017, the organization began providing education to condominium directors and the public, launched a public registry of condominium corporations in Ontario, and implemented the Condominium Authority Tribunal (CAT). The CAT offers an Online dispute resolution service, to resolve condominium related disputes quickly and efficiently.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant by the Organization.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the recognition, measurement and disclosure of amounts reported in the financial statements and accompanying notes. The reported amounts and note disclosures are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results could differ from these estimates. Significant estimates are comprised of accounts receivable and accruals for liabilities.

**CONDOMINIUM AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates (continued)

These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Cash

Cash includes cash and cash equivalents. Cash and cash equivalents consist primarily of commercial paper and deposits with an original maturity date of purchase of three months or less. Because of the short term maturity of these investments, their carrying amount approximates fair value.

Revenue recognition

Annual assessment fees consist of self-reported voting units. The fees are charged each fiscal year and are recognized as revenue when the renewal application is provided. As there is no recourse for the condominium corporations, the revenue is recognized when the application is received and the amounts are known.

Amounts received for the next fiscal period are recorded as deferred revenue.

Intangible asset

The intangible asset is stated at cost less accumulated amortization. Amortization is provided at rates intended to write-off assets over their estimated productive lives as follows:

	<u>Rate</u>	<u>Method</u>
Computer Software	5 Years	straight-line

The amortization method and the estimate of the useful life of a capital asset is reviewed annually.

**CONDOMINIUM AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

The Organization's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. Financial instruments are recorded at fair value on initial recognition. The fair values of these financial instruments approximate their carrying values due to their short-term nature. It is management's opinion that the Organization is not exposed to significant interest, currency or credit risk arising from these financial instruments.

Subsequently, at each reporting date, it measures cash and investments at fair value, and accounts payable and accrued liabilities, debt and other liabilities at amortized cost. Any subsequent changes in fair value are recorded in the Statement of Operations.

Financial instruments (continued)

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the present value of the expected cash flows, the amount that could be realized from selling the financial asset, or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement not exceeding the initial impairment change.

2. CAPITAL MANAGEMENT

When managing capital, the Organization's objective is to ensure that the entity continues as a going concern as well as to maintain efficient operations for members and other stakeholders. Management adjusts the capital structure as necessary, in order to support the operational requirements of the business. Rather than establishing quantitative return on capital criteria, the Organization relies on the expertise of management to sustain future development of the operations. The Organization defines capital to include its working capital position and the unrestricted net assets.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Organization, is appropriate.

3. INTANGIBLE ASSET

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
Computer software	2,959,811	651,600	\$ 2,308,211	\$ 1,867,082

**CONDOMINIUM AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019**

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at March 31, 2019, there are government remittances payable outstanding of \$4,133 (2018 - \$6,004) included in the accounts payable and accrued liabilities balance.

5. LONG TERM LOAN

	2019	<u>2018</u>
--	-------------	-------------

The Organization had a non-revolving facility available from the Ministry of Government and Consumer Services to fund the start up costs of the Organization to an overall maximum of \$7,500,000.

As at March 31, 2019, \$5,500,000 (2018 - \$5,500,000) has been utilized. The Organization chose not to draw down the remaining available \$2,000,000. Until April 1, 2019, interest on the balance is reset on the first business day in January, April, July and October and is equal to the ninety-day Ontario Treasury Bill Rate plus fifty basis points compounded on the first business day in January, April, July, and October. Beginning April 1, 2019, the interest rate will be equal to the Province of Ontario's cost of funds for a ten-year amortizing bond, inclusive of fees and commissions, plus fifty basis points, compounded semi-annually. At April 1, 2019, this combined rate will be 2.87%

Repayment terms will be in accordance with an amortization schedule that the Ministry of Government and Consumer Services will provide after April 1, 2019. The Organization will have ten years to repay the loan, beginning April 1, 2019.

	\$ 5,694,335	\$ 5,576,154
--	---------------------	--------------

Less: current portion of long term loan

	(499,210)	<u>-</u>
--	------------------	----------

	<u>\$ 5,195,125</u>	<u>\$ 5,576,154</u>
--	----------------------------	---------------------

Future minimum annual loan payments payable are as follows:

	2020	499,210
	2021	513,640
	2022	528,487
	2023	543,763
	2024 and thereafter	<u>3,609,235</u>
		<u>\$ 5,694,335</u>

**CONDOMINIUM AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019**

6. FEE REVENUE

	2019	<u>2018</u>
Assessment fees	\$ 9,481,364	\$ 5,888,665
Tribunal fees	6,675	2,350
	<u>\$ 9,488,039</u>	<u>\$ 5,891,015</u>

7. COMMITMENTS

The Organization is committed for its 70% share to lease its premises on 2 St. Clair Avenue East, Toronto Ontario until October 30, 2021. The Organization is also committed to a contract related to software development for use in the Organization. The future minimum commitments are as follows:

2020	906,208
2021	258,078
2022	<u>150,545</u>
	<u>\$ 1,314,831</u>

8. RESTRICTED NET ASSETS

During the year, the Organization established restricted net assets which were approved by the Board to build and maintain an adequate level of funds for the Organization to ensure stability of the mission, programs, employment, and ongoing operations of the Organization and to provide a source of internal funds to manage unforeseen contingencies. Transfers can be made to or from this fund, upon approval from the Board. During the year, the Organization transferred \$2,700,000 from its unrestricted accumulated net assets.

9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's method of presentation.

Contact Information

Mailing address:

Condominium Authority of Ontario
P.O. Box 69038 RPO St. Clair Centre
Toronto, ON M4T 3A1

CAO local number: 416-901-9356

CAO toll-free number: 1-800-854-9014

Email: info@condoauthorityontario.ca

Website: www.condoauthorityontario.ca



www.condoauthorityontario.ca