
Condo Smarts

Headline: Changes in Contingency Contributions Effective Nov 1st

Topic: Contingency Reserve Fund

Publication / Date: Province, Oct 26, 2023

Written by: Tony Gioventu

Dear Tony: Our property manager advised us that our minimum contributions for our AGM will be effective November 1st, but we are holding our meeting on October 25th. With the increase of all operating costs, we were hoping to delay any contribution this year to offset significant increases in strata fees. Could you please provide the new regulation and an explanation of how this applies? We are sure there are several strata corporations in our neighbourhood of North Surrey in the same situation.

Lucille

Dear Lucille: Here is a summary of the regulations which come into effect November 1 for all strata corporations across BC. November 1, 2023, strata corporations and sections will be required to contribute a minimum of 10% of the annual operating fund to the contingency reserve fund (CRF) when approving the budget at the AGM. The amount that owner developers must contribute to the contingency reserve fund for new strata developments has also increased to 10%.

Contingency reserve fund contribution in first annual budget: *The amount of the annual contribution to the contingency reserve fund for the fiscal year following the first annual general meeting must be at least 10% of the total amount budgeted for the contribution to the operating fund for the 12-month period covered by that budget.*

Contributions to contingency reserve fund: *The amount of the annual contribution to the contingency reserve fund for a fiscal year, other than the fiscal year following the first annual general meeting, must be determined after consideration of the most recent depreciation report, if any. The amount of the annual contribution must be at least 10% of the total amount budgeted for*

the contribution to the operating fund for the current fiscal year.

For strata corporations whose fiscal year begins November 1, 2023 or are new strata corporations effective November 1, 2023, the minimum now applies. The recommendation to also review the most recent depreciation report is encouraging owners to evaluate their future financial requirements and consider increasing contributions.

There is no limit to the amount that may be contributed, the budget including a contingency contribution may be amended at your annual meeting before you vote on the final budget, and any interest earned on the contingency or special levy funds becomes part of those funds, and is non taxable for strata/condo corporations in Canada.

CHOA encourages every strata corporation to commission a depreciation report and annually review pending projects within the next 5-10yr cycle as part of your annual meeting to determine future financial demands and funding options. A complete copy of the regulation is posted at www.choa.bc.ca