

Managing Financials Course Blueprint



Condominium Management
Regulatory Authority of Ontario

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Managing Financials

Course Overview:

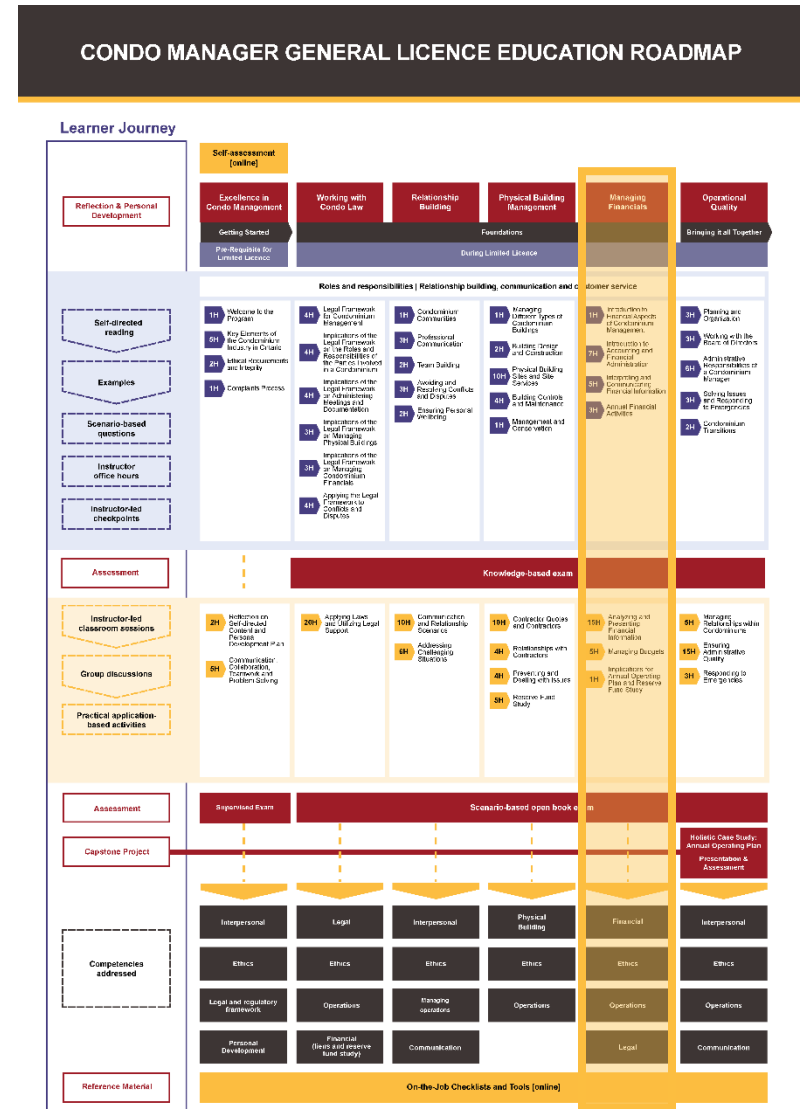
The Managing Financials course is designed to give condominium managers a basic understanding of the relevant aspects of financial management. It is one of the core foundational courses to ensure that condominium managers have the technical context for the main responsibilities of their role.

Course Goals:

- To provide condominium managers with a background knowledge of accounting and budgeting principles and methods
- To provide condominium managers with the tools and reference materials to locate and understand more detailed information in situations where they need it
- To ensure that condominium managers understand their roles and responsibilities when managing the financials for condominiums
- To provide condominium managers with the skills and behaviours to support and communicate the end-to-end annual budgeting and audit process
- To provide condominium managers with the skills and behaviours to interpret and present monthly financial statements

Course Structure:

- Self-directed learning to obtain basic knowledge of financial management in condominiums. Supported by checkpoints to guide and monitor learner progress, and instructor office hours for any questions and concerns about self-directed content
- Knowledge-based multiple-choice exam to check understanding of basic principles
- Instructor-led classroom sessions to bring the practical implications of financial management to life
- Scenario-based open-book exam focusing on making correct decisions in situations involving financial management



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Instructor Welcome to the Course

Formal start to the course with instructor providing overview of:

- Course structure
- Course expectations
- Assessment requirements

Introduction to Financial Aspects of Condominium Management

Competencies Addressed	Learning Objectives	Bloom’s Taxonomy Level
5.6 Adhere to legal trust requirements related to condominium funds to ensure the assets of the corporation are protected.	Explain the legal trust requirements related to condominium funds and the consequences of breaching them.	Level 2: Comprehension
6.9 Implement the financial controls to protect the condominium corporation’s financial assets.	Recognize the main roles and responsibilities of condominium managers in ensuring financial control. Identify the main fiduciary relationships within condominium management.	Level 2: Comprehension Level 2: Comprehension

Topic	Content	Format / Examples / Notes	Source Content
<i>Fiduciary responsibilities</i>	Relevant legislation <ul style="list-style-type: none"> • Legal trust requirements Fiduciary relationships <ul style="list-style-type: none"> • Board of Directors • Treasurers / Financial Committee • Condominium management companies • Accounting 	Case studies: Examples of breaches of trust and the consequences	Existing course content New content – case studies

Topic	Content	Format / Examples / Notes	Source Content
<i>Financial controls</i>	Condominium Management Contract Common additional policies Board policies and minutes Reserve Fund Study and Funding Plan The Audit	Examples of each, highlighting best practices	Existing course content New content – examples
<i>Condominiums and taxation</i>	Tax status of condominiums Potential issues condominium managers should watch out for	Case study: Situation where sundry revenue was mismanaged resulting in issues with tax exemption Case study: Sale of corporation-owned units or assets, relevant notice requirements and tax implications	Existing course content New content – case studies
<i>Consideration for new properties</i>	Challenges associated with each scenario where condominium managers are presented with a new budget Key considerations to ensure smooth transitions	Tip sheet: Financial management of new properties	New content

Regular office hours available throughout section to allow learners to discuss any questions or concerns they have about the content with the instructor.

Introduction to Accounting and Financial Administration

Competencies Addressed	Learning Objectives	Bloom’s Taxonomy Level
4.9 Implement chargebacks to unit owner's account in accordance with the <i>Condominium Act, 1990</i> .	Explain the process and purpose of chargebacks.	Level 2: Comprehension
4.10 Explain the requirement of cost-sharing agreements.	Explain the requirements of easement and cost-sharing agreements.	Level 2: Comprehension
6.2 Collect the common expenses.	Explain the process and methods of collecting common expenses in a condominium.	Level 2: Comprehension
6.3 Interpret financial statements and explain variances to the Board of Directors to enable informed decisions.	Describe the main accounting elements and principles that are relevant to condominium management.	Level 2: Comprehension
6.4 Monitor financial status and report concerns to the Board of Directors.	Identify the relevant elements of financial statements that should be monitored for variance and concerns.	Level 2: Comprehension
6.8 Review general ledger to ensure accurate expense reporting.	Interpret the expense reporting information in general ledgers.	Level 3: Application

Topic	Content	Format / Examples / Notes	Source Content
<i>Key elements of accounting</i>	Background context to help managers interpret financial information Overview, purpose, and key elements of: <ul style="list-style-type: none"> • General ledger • Chart of accounts • Financial statements • Balance sheet • Liabilities • Statement of operations • Equity and fund balances • Account groupings – income • Account groupings – expenses • Accrual accounting • Accounting principles 	Annotated examples for each aspect	Existing course content

Topic	Content	Format / Examples / Notes	Source Content
<p><i>Financial administration</i></p>	<p>Background context to help managers interpret financial information</p> <p>Overview, purpose and key elements of:</p> <ul style="list-style-type: none"> • Collecting revenue <ul style="list-style-type: none"> ○ Common element fees ○ Returned cheques ○ Collection of Arrears • HST registration, collection, and remittance • Chargebacks <ul style="list-style-type: none"> ○ Setting up shared facility budgets and allocations ○ Valid chargebacks ○ Process for implementing ○ Implications of incorrect / invalid chargebacks on budgets • Easement and cost-sharing agreements <ul style="list-style-type: none"> ○ Explanation of requirements and process • Adjustments to accounts receivable • Expenses <ul style="list-style-type: none"> ○ Purchasing ○ Setting up suppliers ○ Invoices ○ Contracts ○ Operating expenses versus reserve expenses – pull-out example ○ Petty cash ○ Hold backs ○ Payroll 	<p>Annotated examples for each aspect</p> <p>Case study: Common mistakes with chargebacks</p> <ul style="list-style-type: none"> • Mistakes made in the first year • Issues raised at audit • Metering shared utility payments 	<p>Existing course content</p>

Topic	Content	Format / Examples / Notes	Source Content
<i>Investing and borrowing funds</i>	Handling corporations' funds Investing corporations' funds <ul style="list-style-type: none"> • Investment policies • Selecting an Investment Adviser • Investment protection • Investment objectives • Investment types • Ineligible investments • Investment plan • Special assessments Borrowing funds Effective financial controls and fraud prevention	Example of best practices for financial controls and fraud prevention	Existing course content

Regular office hours available throughout section to allow learners to discuss any questions or concerns they have about the content with the instructor.

Learner Checkpoint: Introduction to accounting and financial administration tutorial

- Instructor-led tutorial
- Learners submit questions and instructor provides answers during tutorial
- Instructor-led discussion of financial documents
 - Key elements
 - How to interpret
 - Examples

Interpreting and Communicating Financial Information

Competencies Addressed	Learning Objectives	Bloom’s Taxonomy Level
2.1 Adapt communication strategies to suit different audiences.	Identify the main audiences of financial information in a condominium corporation. Compare the needs of the main audiences of financial information in a condominium corporation.	Level 2: Comprehension Level 4: Analysis
6.3 Interpret financial statements and explain variances to the Board of Directors to enable informed decisions.	Recall the contents of the financial statement package. Describe the most relevant elements of each document in the financial statement package for a condominium manager. Recall the key questions to consider when reviewing the financial statement package.	Level 1: Knowledge Level 2: Comprehension Level 1: Knowledge
6.4 Monitor financial status and report concerns to the Board of Directors.	Recognize common issues with a corporation’s financial status. Interpret financial statements to identify issues with a corporation’s financial status.	Level 1: Knowledge Level 2: Comprehension

Topic	Content	Format / Examples / Notes	Source Content
<i>Financial statement package</i>	What is included Framework for interpreting each element Key questions to ask when reviewing information	Examples: Common issues that can be identified from financial statements and how to spot them	Existing course content New content – examples
<i>Identifying issues</i>	How to anticipate surpluses and deficits Strategies for dealing with both		Existing course content

Topic	Content	Format / Examples / Notes	Source Content
<i>Audiences to financial information</i>	<p>Main audiences of financial information and their specific needs</p> <ul style="list-style-type: none"> • Board of Directors • Owners • Auditors <p>What information to share with each audience and in what format?</p> <p>Key elements to highlight to each audience</p>	<p>Annotated examples of information to share:</p> <ul style="list-style-type: none"> • Budget variance report • Arrears • Investments • Cash flow • Reserve fund • Audited financial statements • Annual budget • Status and information certificates <p>Checklist: Monthly financial statements</p>	Existing course content
<i>Corporation policies to support communication of financial information</i>	<p>Maintenance and repair policy</p> <p>Collection policy</p> <p>Investment policy</p> <p>Policy for access items with refundable deposit</p> <p>Reserve Fund expense policy</p> <p>Policy for updating status certificates and information certificates</p>	Annotated example of each policy highlighting best practice	New content – examples

Regular office hours available throughout section to allow learners to discuss any questions or concerns they have about the content with the instructor.

Learner Checkpoint: Interpreting financial statements tutorial

- Instructor-led tutorial
- Learners submit questions and instructor provides answers during tutorial
- Group exercise: Provided with financial statement package
 - Identify any mistakes or inconsistencies

Annual Financial Activities

Competencies Addressed	Learning Objectives	Bloom's Taxonomy Level
<p>6.1 Prepare, present, and implement the annual budgets.</p>	<p>Explain the purpose and importance of accurate budgeting.</p> <p>Describe the different types of budgets used in condominium corporations.</p> <p>Explain the end-to-end annual budgeting and budget amendment process for condominiums.</p> <p>Identify all elements of income and expenditure that should be considered when preparing annual budgets.</p> <p>Identify the needs of the main audiences of the annual budget presentation.</p> <p>Recognize best practices for annual budget presentations.</p>	<p>Level 2: Comprehension</p> <p>Level 2: Comprehension</p> <p>Level 2: Comprehension</p> <p>Level 2: Comprehension</p> <p>Level 2: Comprehension</p> <p>Level 1: Knowledge</p>
<p>6.7 Support the annual financial audit process.</p>	<p>Explain the importance of a well-managed audit process.</p> <p>Describe the end-to-end annual audit process.</p> <p>Recognize the roles and responsibilities of a condominium manager in the annual financial audit process.</p>	<p>Level 2: Comprehension</p> <p>Level 2: Comprehension</p> <p>Level 1: Knowledge</p>

Topic	Content	Format / Examples / Notes	Source Content
<p><i>Introduction to budgeting</i></p>	<p>Purpose of budgets</p> <p>Types of budgets</p> <p>Aligning budget with financial situation</p> <p>Approaches to budgeting</p> <p>Five stages of budgeting</p> <p>Income and expenses to include</p> <p>How to finalize operating and reserve fund budgets</p> <ul style="list-style-type: none"> • Calculations • Deficits and surpluses • Sign-off process • Best practice for addressing reserve fund budget <p>Unexpected expenditure</p> <ul style="list-style-type: none"> • Amending budgets • Special assessments <p>Seeking additional support when budgeting</p> <p>Impact of budgetary increases</p> <p>Cost implications of shared facility</p> <ul style="list-style-type: none"> • Budgets • Reconciling income and expenses 	<p>Process map: End-to-end process for all stages of budgeting with considerations at each stage</p> <p>Checklist: Categories of income and expenses to account for</p> <p>Case study: Specific considerations and challenges with first- and second-year budgets</p> <p>Case study: Condominium corporation that identified deficit and used next annual budget to address this</p> <p>Case study: Corporation identifies unbudgeted expense (e.g., parcel lockers). Options analysis for how to deal with this and the process for each</p> <p>Case study: End-to-end special assessment</p>	<p>Existing course content</p> <p>New content – process map, checklist, and case study</p>

Topic	Content	Format / Examples / Notes	Source Content
<i>The Audit</i>	What is a qualified audit? Appointing/removing an auditor Condominium manager's role <ul style="list-style-type: none"> • Common challenges and mistakes in the audit process Timing Engagement letter Field work Draft vs audited financial statements Audit report <ul style="list-style-type: none"> • What is included Capitalization of assets Fraud	Examples of key documents Process map: End-to-end process for the audit with key considerations at each stage Checklist for the audit process Case study: Example of a well-managed audit process, what was done well, what common pitfalls were missed and how	Existing course content New content – examples, process map, checklist, and case study

Regular office hours available throughout section to allow learners to discuss any questions or concerns they have about the content with the instructor.

Learner Checkpoint: Annual financial activities assignment

- Online multiple-choice assignment to ensure understanding of topics
- Feedback provided electronically with opportunity to meet with the instructor during office hours to discuss any follow-up questions and concerns

Analyzing and Presenting Financial Information

Competencies Addressed	Learning Objectives	Bloom’s Taxonomy Level
2.1 Adapt communication strategies to suit different audiences.	Modify communication approach to meet the needs of the main audiences of financial information in a condominium corporation.	Level 5: Synthesis
6.1 Prepare, present, and implement the annual budgets.	Explain the end-to-end process for creating a budget. Calculate common element fees based on budgeted information.	Level 2: Comprehension Level 4: Analysis
6.3 Interpret financial statements and explain variances to the Board of Directors to enable informed decisions.	Identify the questions that may be asked about financial statements and the best approach for finding the answers.	Level 2: Comprehension
6.4 Monitor financial status and report concerns to the Board of Directors.	Interpret financial statements to identify issues with a corporation’s financial status.	Level 3: Application

Topic	Content	Format / Examples / Notes	Source Content
<i>Analyzing financial statements</i>	Audited versus unaudited statements Reviewing financial statements <ul style="list-style-type: none"> • What to look for • Common issues or errors • Seeking clarification • Anticipating questions Reviewing utility statements	Exercise: Practice review of financial statements <ul style="list-style-type: none"> • Analyzing financial statements • Challenging information from accounting department • Identifying missing information • Matching statements back to original budget Group brainstorm: Anticipating the questions that could be raised Exercise: Analyze hydro bills and reconcile with scenario budget <ul style="list-style-type: none"> • Report main findings back to the group as if they were a Board of Directors 	Existing course content New content – exercises
<i>Presenting financial statements</i>	Summarizing key elements <ul style="list-style-type: none"> • Identifying needs of your audience • Variance reporting Common challenges and pitfalls when presenting and how to avoid them What to say when you don't know the answer to a question	Practice: Present financial statements to the rest of the group as if they were a Board of Directors Tip sheets: How to avoid common mistakes and how to answer a question when you don't know the answer	Existing course content New content – exercises and tip sheet
<i>Creating budgets</i>	Budget planning <ul style="list-style-type: none"> • Milestones • Critical paths • Timelines Calculating common element fees Ensuring everything is budgeted	Exercise: Use project plan to create plan for the annual budgeting process Exercise: Provided with financial information to calculate common element fees Exercise: Provided with incomplete budgets, what elements are missing?	New content

Topic	Content	Format / Examples / Notes	Source Content
<i>Presenting budgets</i>	<p>Written budget presentations</p> <ul style="list-style-type: none"> • Best practice • Presentation format <p>Budget meetings with the Board</p> <ul style="list-style-type: none"> • Common challenges • Participatory discussions to achieve consensus <p>Unit Owners' Package</p> <ul style="list-style-type: none"> • What to include • Best practice <p>Budget Information meetings</p> <ul style="list-style-type: none"> • Common challenges • Participatory discussions to achieve consensus 	<p>Group Exercise: Provided with a budget, translate information into budget presentation for:</p> <ul style="list-style-type: none"> • Board of Directors • Owners' meeting <p>Present output to other groups and respond to their questions</p> <p>Checklists: What to included in budget presentations</p>	New content
<i>Utilizing available support</i>	<p>Support available:</p> <ul style="list-style-type: none"> • Supervisor • Management company • Corporation's treasurer • External contractors (auditor and solicitor) • Financiers (when borrowing money) 	<p>Group exercise: Provided with scenarios where an issue has been identified with the financials</p> <ul style="list-style-type: none"> • Who would you contact in each situation? 	New content

Managing Budgets

Competencies Addressed	Learning Objectives	Bloom's Taxonomy Level
6.2 Collect the common expenses.	Identify qualities of an effective collection policy. Apply best practice communication techniques to create effective letter templates for common expenses collection.	Level 2: Comprehension Level 3: Application
6.4 Monitor financial status and report concerns to the Board of Directors.	Interpret financial statements to identify issues with a corporation's financial status.	Level 3: Application

Topic	Content	Format / Examples / Notes	Source Content
<i>Developing an effective collection policy</i>	Collection policy timelines Template letters <ul style="list-style-type: none"> • Effective communication techniques when collecting • Information to include 	Exercise: Assigned a stage of the collection process and create a template collection	New content
<i>Application to insurance</i>	Aligning insurance renewals to budgeting deadline		New content
<i>Implementing budgets</i>	Monitoring income and expenditure Ensuring funds are allocated prior to committing expenditure Addressing shortfalls or major unplanned expenditure	Group exercise: Provided with a budget and list of expenses, identify whether costs have been budgeted for expense Group exercise: Provided with an unplanned expense scenario, assess which option for meeting the expenditure is the best in each case Group exercise: Provided with a scenario of a major uninsured loss and work through how you would respond to this	New content

Implications for Annual Operating Plan and Reserve Fund Study

Competencies Addressed	Learning Objectives	Bloom's Taxonomy Level
4.21 Coordinate projects to achieve desired outcomes.	Apply project management techniques to the annual financial tasks of a condominium to ensure they are completed on time.	Level 3: Application
6.5 Monitor Reserve Fund spending and balance relative to the Reserve Fund Study.	Identify Reserve Fund Spending. Compare Reserve Fund Spending to the Reserve Fund Study.	Level 2: Comprehension Level 4: Analysis
6.6 Support the Board of Directors in the Reserve Fund investment process.	Interpret the Reserve Fund Study report. Identify funding and budget implications of the Reserve Fund Study.	Level 3: Application Level 1: Knowledge
6.7 Support the annual financial audit process.	Apply project management techniques to manage the annual financial audit process.	Level 3: Application

Topic	Content	Format / Examples / Notes	Source Content
<i>Implications for Annual Operating Plan</i>	Consolidated view of all the annual tasks to be completed in financial management <ul style="list-style-type: none"> • Milestones • Critical paths 	Group brainstorm: Collate all the financial elements that need to be built into an annual operating plan Exercise: Use project plan template to create a plan for the Annual Audit to be included in an annual operating plan	New content

Topic	Content	Format / Examples / Notes	Source Content
<i>Implications for Reserve Fund Study</i>	Defining Reserve Fund expenses Expenses versus improvement Choosing Reserve Fund planner Information required Reviewing study <ul style="list-style-type: none"> • Funding plan • Budget 	Group exercise: Provided with expenses, discuss whether they are Reserve Fund or Improvement expenses Exercise: Review outputs from a Reserve Fund Study and identify main elements to be included within funding plan and calculate budget	New content



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