



Condominium Management
Regulatory Authority of Ontario

2017–18

ANNUAL REPORT



Meeting standards. Creating trust. Building confidence.

The Condominium Management Regulatory Authority of Ontario (CMRAO) was created through provincial legislation (*Condominium Management Services Act, 2015*) following an extensive 18-month review of Ontario's condo law, and began operations on November 1, 2017. As a regulatory body providing oversight of the condo management sector, the CMRAO helps to protect consumers in Ontario's rapidly growing condo industry.

Regulation by the CMRAO means condo managers and management companies will be licensed, meet minimum education and experience requirements, and comply with a code of ethics.

The CMRAO is required to report on its operations to the Ministry of Government and Consumer Services (MGCS).

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2017–18: The Year in Numbers



All figures from November 1, 2017, to March 31, 2018

Message from the Chair of the Board

Our journey began when new legislation, the *Condominium Management Services Act, 2015*, came into effect and our first agreements with the province were executed. In the interest of protecting condominium consumers across the province, two administrative authorities were created: the CMRAO, mandated to provide oversight of condo managers and management companies, and the Condominium Authority of Ontario (CAO), dedicated to providing services and resources to support condominium communities. Since our inception in 2017, the CMRAO and CAO have had a shared services model to achieve financial and operational efficiencies. Though we are linked through our DNA and have developed together with aligned consumer protection objectives, we operate as completely distinct entities.

Regulatory bodies attain their authority through legislation with the expectation that their mandate brings about change. By their very nature, regulators are therefore accountable to government, but also to the public and people whom they engage. Though it is still early, we are already beginning to see the value the CMRAO brings to the sector. Our oversight is elevating the delivery of responsible condo management services in Ontario and bringing professionalization to the sector.

As captured in this report, our work over the last two years has involved some early relationship building with key stakeholder groups. Organizations can thrive by effectively engaging with their stakeholders. The CMRAO has and will continue to foster positive working relationships with industry partners and stakeholders so that we can share information, receive direct feedback, and listen to issues and concerns raised by the sector. We have participated in a number of key stakeholder events throughout the year and will continue to do so moving forward.

I am proud of the achievements we have made to date. Transitioning very rapidly from a start-up ethos to a steady state position is not an easy task, and the success of the organization is thanks to a small but dedicated team that works to deliver our core mandate, while maintaining high professional service standards.

Regulation of the condominium sector is now a reality in Ontario. There is still much more to do though. The foundation has been built, but it's time to reinforce and ensure that the CMRAO becomes a modern regulator. While we have accomplished a lot during our first year of operation, it will take many more to reach maturity as an organization, but I am pleased to report that we are well on our way.



Aubrey LeBlanc
Chair of the Board



Message from the CEO and Registrar

The CMRAO was created by the Ministry of Government and Consumer Services (MGCS) in the interest of consumer protection. Reflecting on the CMRAO's first year of operation as a delegated regulatory body, I am pleased to report that we are having an impact and fulfilling our mandate to provide oversight of the condo management sector.

The 2017–18 annual report documents milestones in a number of key areas, though our doors have been open officially for only five months. Through effective regulation and standardized licensing, the CMRAO is strengthening the condo management profession and giving condominium owners confidence in the people and companies that manage their important investment.

The CMRAO is committed to traditional regulation in the sense that we are responsible for compliance and enforcement. Having said that, we strive to be a modern regulator, and as such:

- rely on data and research to inform our decision-making
- remain adaptable, flexible, and accountable, as well as fair, consistent, and transparent
- seek advice and accept valuable feedback from the sector
- engage with stakeholders, particularly when developing resources for our licensees
- embrace tools and technology to connect with people online where daily business is being conducted



Central to the concept of modern regulation is technology, which plays a significant role in the delivery of all CMRAO services. In 2017, CMRAO successfully implemented its cloud-based information technology system. In the truest sense of the term, we are a regulator that operates in a paperless environment. With our website as a central hub, condominium management service providers can access a variety of online resources, log in to their individual accounts, and enter a secure payment gateway – all in seamless transactions.

As we move forward as an organization, we have a strong foundation to continue building upon. We will harness this momentum as we move into a new phase of licensing and work to increase public awareness of the regulatory service that we offer. Condominiums represent a small but growing sector, and based on our first year of operations, the CMRAO is well-prepared for challenges and opportunities ahead.

A handwritten signature in black ink, appearing to read "Ali Arlani".

Ali Arlani
Chief Executive Officer and Registrar

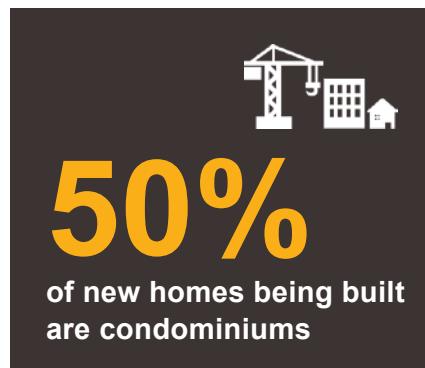
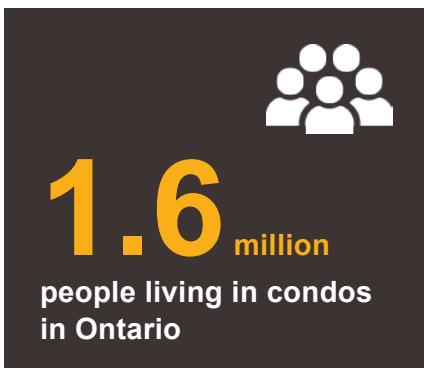
Background

The Condominium Management Regulatory Authority of Ontario (CMRAO) is a new administrative authority established in 2017 as a result of the government's extensive review of the *Condominium Act, 1998*, in 2012.



The 18-month public engagement process generated more than 2,000 submissions and more than 200 recommendations, with calls to strengthen consumer protection and support the needs of both current and future condo owners. The review involved condo owners, residents, developers, managers, and other experts, and included recommendations to establish minimum requirements for setting up a condo management services company, working as a condo manager. The province was urged to set clear, mandatory standards to ensure a reasonable level of competence and integrity.

Fast Facts about Condos in Ontario (2017–18):





Who we are:

The CMRAO is mandated to provide consumer protection for Ontarians as set out in the *Condominium Management Services Act, 2015* (CMSA), by setting standards and enforcing mandatory licensing of condo managers and condo management companies.

What we do:

The CMRAO protects condominium communities and builds trust in condominium management services by:

- Administering a mandatory licensing system for all condo managers and management service providers and ensuring that only qualified individuals with the appropriate training and education hold a licence.
- Maintaining an online registry of licensed condo managers and condo management companies. This public registry will contain information about the licensees, including conditions, suspensions, revocations, or any disciplinary actions.
- Promoting and enforcing compliance with the CMSA, licensing requirements, and the Code of Ethics.
- Handling complaints about licensees by conducting inspections and/or investigations, assisting in issues resolution, holding discipline hearings, and taking corrective actions.
- Establishing training and education requirements for condo managers (currently set by the MGCS).
- Promoting awareness of the new regulatory system.

Consumer Protection

The CMRAO was established as part of the Government of Ontario's implementation of the *Protecting Condominium Owners Act, 2015*.



Mandatory Licensing

Administering a mandatory licensing system for all condo managers and management service providers and ensuring only qualified individuals with the appropriate training and education hold a licence.



Public Registry

Maintaining an online registry of licensed condo managers and condo management companies. The public registry will go live in late spring 2018, and will provide information about licensees, including conditions, suspensions, revocations, or disciplinary actions.



Regulatory Compliance

Promoting and enforcing compliance with the CMSA and its regulations, licensing requirements, and the Code of Ethics.



Complaints Process

Handling complaints about licensees by conducting inspections or investigations, assisting in issues resolution, holding discipline hearings, and taking corrective actions.



Minimum Education Standards

Establishing training and education requirements for condo managers (currently determined by the Ministry of Government and Consumer Services).



Raising Awareness

Promoting awareness of the regulatory system.

Corporate Governance

The CMRAO is a self-funded non-profit corporation governed by an independent Board of Directors accountable to the Ontario Ministry of Government and Consumer Services (MGCS).



The Board of Directors is responsible for providing direction and oversight to the CMRAO and ensuring the organization meets its obligations under the *Condominium Management Services Act, 2015*, the *Corporations Act*, CMRAO by-laws, and the Administrative Agreement with the Minister of Government and Consumer Services.

Skills

The CMRAO is governed by a diverse board of directors. The directors bring extensive experience and skills in condominium management, administrative authority governance, public policy, corporate law, and communications.

Election and Appointment Process

The Minister may appoint a minority number of directors to the CMRAO's Board of Directors. As of March 31, 2018, only one director has been appointed by the Minister. The directors have staggered terms of office and may serve only up to a maximum of six consecutive years.

Director Qualifications

In selecting new members, the CMRAO identifies the existing directors' skills and gives special consideration to identifying and filling the skill gaps with the aim of addressing the following skills and experience across the full board as much as possible:

- governance and strategic planning
- condo sector management
- financial oversight and risk management planning
- diversity, inclusion, and accessibility
- licensing, regulatory, and legal experience
- marketing and innovation experience

Committees

In March 2018, the CMRAO established a nominating committee made up of two elected directors and one appointed director with the task of selecting and recruiting a new director to fill a vacancy on the board. The committee met twice to plan the selection process and to assess the candidates' profiles.

Code of Conduct

The board adopted and signed a code of conduct that has been posted publicly on the CMRAO's [website](#). All directors elected and appointed are required to sign and abide by this code of conduct.



Board Director Biographies



Aubrey LeBlanc, Chair | Aubrey LeBlanc has extensive executive experience serving on boards for associations in the building industry. He is the Chief Administrative Officer of the Ontario Building Officials Association and is the former Chief Executive Officer and Registrar of Tarion. He is the Vice-Chair of the Bereavement Authority of Ontario, and the Chair of the Consumer and Public Interest Panel of the Standards Council of Canada. He was part of the expert panel for the Condominium Act Review and was a member of the Condominium Management Regulatory Authority Advisory Working Group.



John Oakes, Secretary and Treasurer | John Oakes has been involved in condominium management for over four decades. He is the Chair of Crossbridge Condominium Services Limited (formerly Brookfield). He has been teaching the Association of Condominium Managers of Ontario's (ACMO) Condominium Law course at Crossbridge for 13 years. He was a member of the Condominium Management Regulatory Authority Advisory Working Group and was involved in the Ministry of Government and Consumer Services' technical consultations on reserve funds, and insurance and licensing.



Joan Andrew, Board Director | Joan Andrew has worked in the public sector for more than 30 years, serving as the Deputy Minister of the Ministry of Citizenship and Immigration from 2006 to 2009, after working as Assistant Deputy Minister in a variety of Ontario Government ministries. Joan held the post of Distinguished Public Servant in Residence at Ryerson University from 2010 to 2015, is currently the Vice-Chair of the Niagara Parks Commission, and sits on the board of the Toronto Region Immigrant Employment Council.



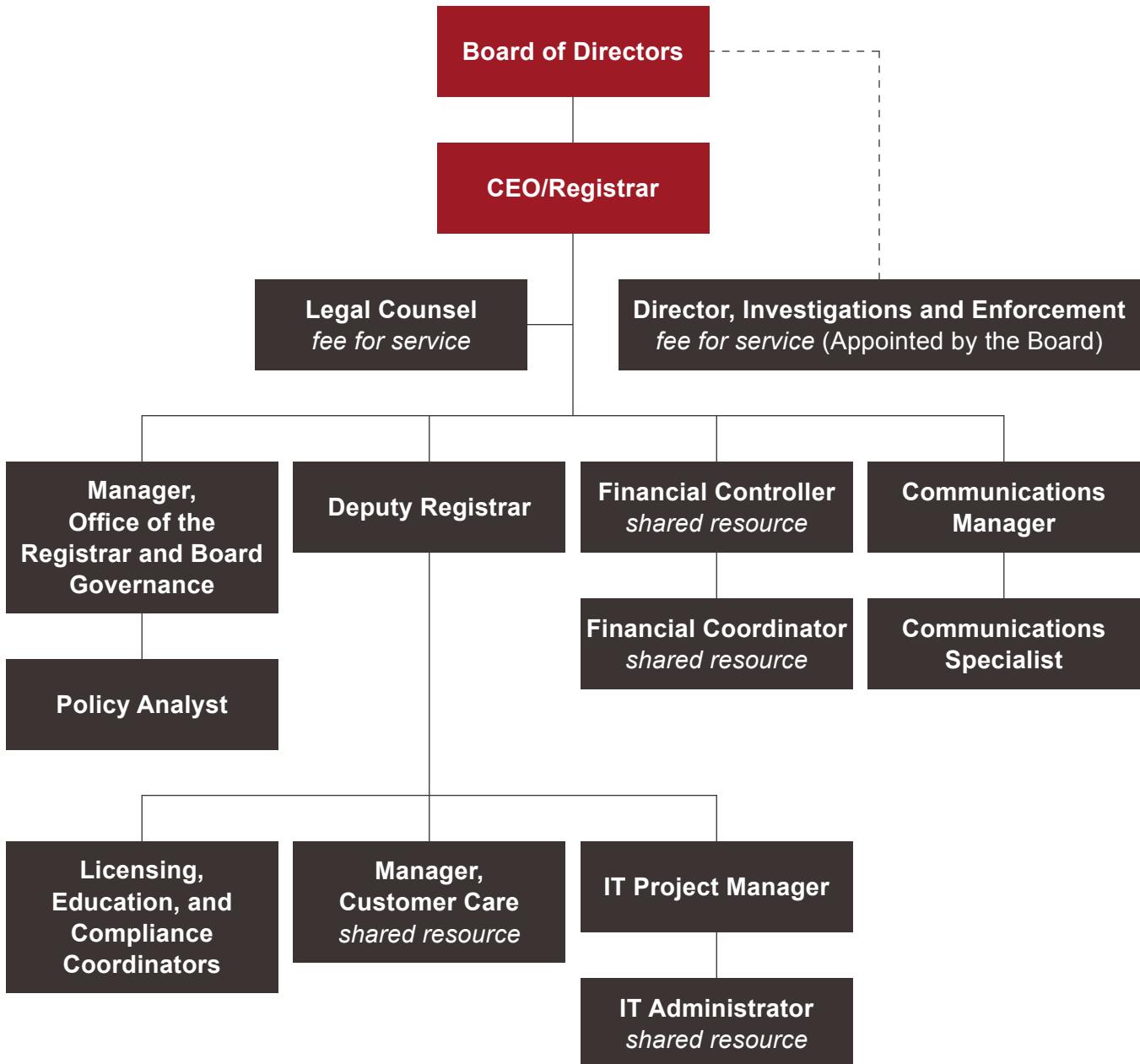
Gail Beggs, Board Director | Gail Beggs has more than 30 years of experience in the Ontario Public Service. She has served as Deputy Minister of the Ministry of the Environment, the Ministry of Natural Resources, and the Ontario Secretariat for Aboriginal Affairs. She currently serves on the Boards of the Ontario Lottery and Gaming Corporation, and Forests Ontario. She is also on the Government Relations Committee of DeafBlind Services Ontario. She was the Chair of the Condominium Management Regulatory Authority Advisory Working Group.



Milton Chan, Board Director | Milton Chan is a lawyer residing in Toronto. Called to the Bar of Ontario, he is currently in private practice with Hansell LLP. He previously worked in the Ontario Public Service as an advisor to various elected officials and served as enforcement litigation counsel at the Investment Industry Regulatory Organization of Canada (IIROC), where he represented the organization in regulatory, civil, and appeal proceedings at various levels of court and administrative tribunals.

Corporate Structure

The CMRAO operates with a small permanent staff and shares some finance and IT functions with the Condominium Authority of Ontario.



IT Infrastructure

The use of information technology (IT) in government and the broader public sector continues to grow exponentially. As a small regulatory body, efficient use of IT is critical to the CMRAO's success. From the outset, the CMRAO adopted an electronic service delivery model for all lines of business, with all services available through our website.

Although customizing an out-of-the-box customer relationship management (CRM) system has been a time-intensive process, it has given us the opportunity to implement a solution that produces clean data and supports efficient business processes. Starting from scratch presents its own unique challenges, but being free of outdated legacy processes and systems is proving to be the true strength of our organization.

From processing licence applications to responding to general inquiries to reviewing complaints, processing payments, and publishing information in the public registry, our system has been designed and built to support seamless integration across all program areas. Data entry is performed primarily by our clients, which allows staff to focus their attention where it is needed.

Our use of technology as the primary mode of service delivery ensures privacy, helps us to interface directly with licensees, and provides up-to-date information about all of our licence holders in the interest of consumer protection.

The key components of CMRAO's service delivery model include:

Licence Applications

- Electronic licence application forms
- Automated system processes and back-office queuing, as well as workflows for reviewing and approving applications
- Communication with applicants and licensees directly through the CRM
- Payments made through secure web portal
- Ability to track incomplete applications

Complaints

- Online complaints intake form
- Back-office queuing and workflows
- Categorization and escalation functionalities
- Communication with complainants, licensees, and other parties directly through the CRM

Public Registry

- Online search of licensees
- Direct integration with licensing system
- Posting of basic information (name, status, number, et cetera) and additional information and documents about licensees (for example, discipline decisions, actions against a licensee, et cetera)

Licensing

The CMRAO began accepting licence applications on November 1, 2017. Anyone providing condo management services in Ontario was required to apply for a licence.



The CMRAO developed a plain-language resource that interpreted the CMSA and General Regulation. The interpretive guide, **Do I Need a Licence: Understanding the Definition of Providing Condo Management Services**, helped people working in the condo management sector understand whether they needed a licence to continue delivering services within the sector.

The CMRAO issues four classes of condo manager licences, each with specific qualifications, application requirements, conditions, and obligations:

- General Licence – for individuals with 2 or more years (2,920 hours) of condo management experience within the previous 5 years, plus completion of the necessary education requirements.
- Transitional General Licence – for individuals with 2 or more years (2,920 hours) of condo management experience within the 5 years prior to November 1, 2017, who have not completed the education requirements for a General Licence. The last day to apply for a transitional general licence was March 30, 2018, and all transitional general licensees must complete the education requirements and progress to a general licence by June 30, 2021.
- Limited Licence – for individuals with less than 2 years of condo management experience within the previous 5 years or for individuals with more than 2 years of condominium management experience who have accepted working under the conditions of a limited licence.
- Condominium Management Provider Licence – for companies and businesses that provide condo management services to condo corporations.

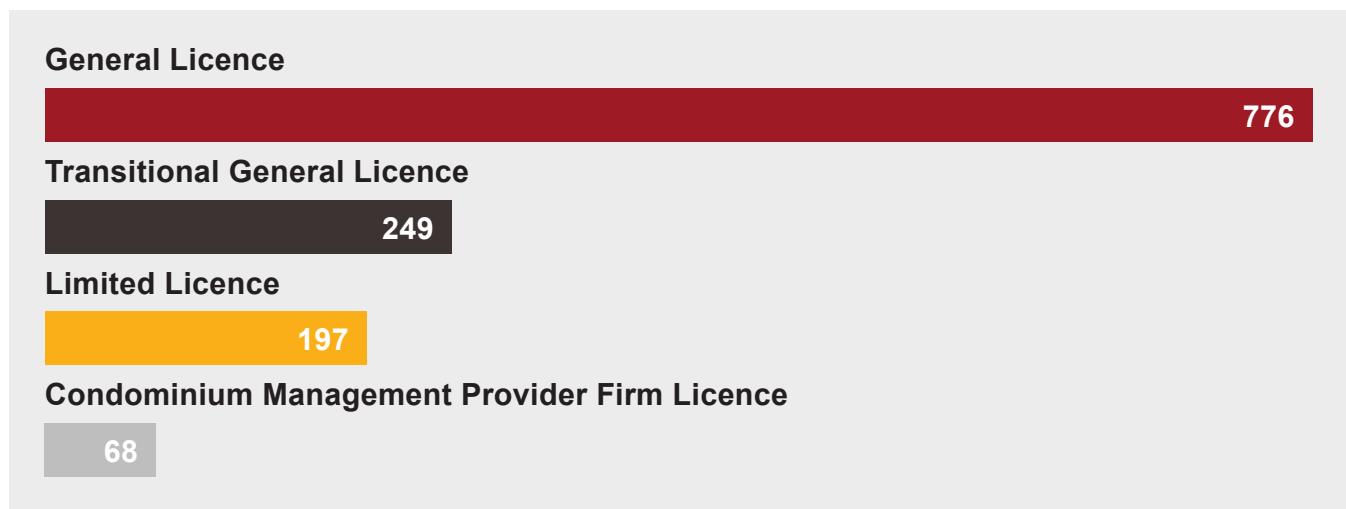
Please note: This is the first year of operation for the CMRAO. Future annual reports will include more in-depth reporting and analysis of performance for CMRAO operations.

Education Requirements

The initial education requirements for condo management licensing were defined in regulation and by Minister's designation. Generally speaking, the requirements for a General Licence were based on the following four courses developed by the Association of Condominium Managers of Ontario (ACMO):

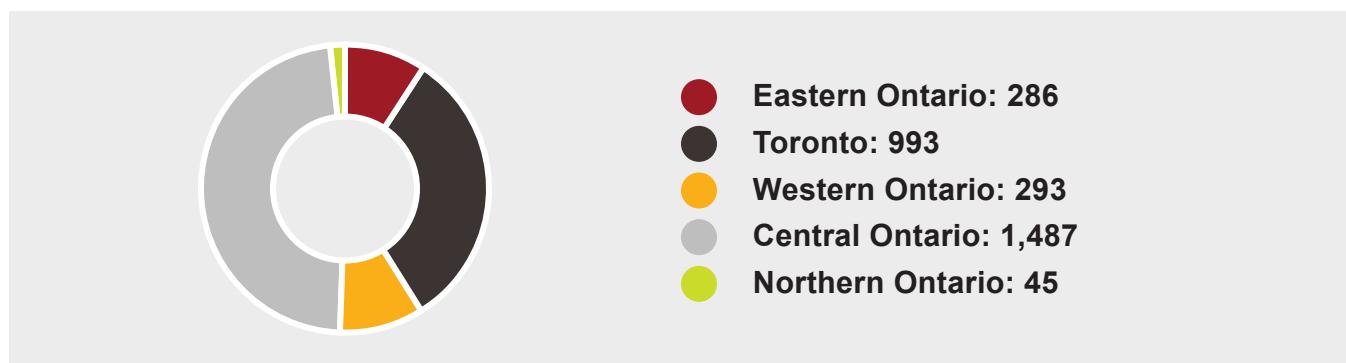
1. Condominium Law
2. Physical Building Management
3. Financial Planning for Condominium Managers
4. Condominium Administration and Human Relations

Licences Issued (as at March 31, 2018)



Note: The CMRAO received 3,104 applications and issued 1,290 licences by March 31, 2018.

Regional Distribution of CMRAO Licence Applications



For the 2017–18 operational year, the application deadline for the first licensing cycle was March 30, 2018. Performance measures related to licence application processing times will be reported in 2018–19.

Legislation, Regulations, and Policies

Legislation & Regulations

The CMRAO was created in the public interest to license and regulate condo management professionals through provincial legislation.

The *Condominium Management Services Act, 2015* and the General Regulation (O. Reg. 123/17) stipulate the requirements and obligations of all licensees. On February 1, 2018, additional regulations came into effect that all CMRAO licensees are required to abide by:

- Code of Ethics, Discipline and Appeals Committees Regulation (O. Reg 3/18)
- Complaints, Insurance and Other Requirements Regulation (O. Reg 4/18)

Governance & Corporate Policies

The CMRAO developed policies related to effective governance, financial management, human resources, performance management, and information management.

Internally, the CMRAO developed a series of application and registration policies. The policies address licensing registration and application intake processes. The CMRAO also developed health and safety policies, a workplace violence and harassment policy, and an accessibility standards policy.

These policies are available on the CMRAO [website](#).



Compliance with Accessibility for Ontarians with Disabilities Act (AODA)

Under the *Accessibility for Ontarians with Disabilities Act*, the CMRAO makes every reasonable effort to ensure that its policies, practices, and procedures are consistent with the principles of dignity, independence, integration, and equal opportunity.

As of March 31, 2018, all CMRAO employees have received training on accessible customer service. The CMRAO has implemented an Integrated Accessibility Standards Policy and has accessibility provisions in its Health and Safety Policy and HR Policy.

Code of Ethics and Complaints

The CMRAO works in the public interest to build trust in condo management services and to protect condominium communities.

Code of Ethics

The Code of Ethics sets out, in regulation, the general obligations of condo managers and condo management companies. Effective February 1, 2018, all CMRAO licensees are required to abide by the code of ethics developed and approved by the Ministry in consultation with public stakeholders.

The Code of Ethics establishes a standard of good practice, governs the way condo managers behave, and promotes professionalism, reliability, and quality of service. Licensees have an obligation to protect the interest of the public and their clients.



The initial response time to a complaint is normally within five days.

Complaints

Handling complaints is an important part of public protection and promoting ethical and competent condo management services across Ontario.

The CMRAO assesses complaints as they relate to the CMSA and its regulations, which also define the processes for handling complaints. Staff work with the Registrar to determine the best course of action. This may involve mediation, resolution, a warning, education, or action against the licence (for example, suspension, revocation, or conditions on the licence). The Registrar may also refer a complaint to the Discipline Committee, which would determine if a licensee has failed to comply with the Code of Ethics. Discipline Committee decisions can be appealed to the Appeals Committee.

To date, the CMRAO has accepted complaints through email, by letter, or over the phone. In April 2018, the CMRAO will launch its online complaints portal so that people will be able to submit complaints through the CMRAO's website.

Stakeholder Engagement

Our stakeholders are individuals or groups who are impacted, involved, or have an interest in the activities of the CMRAO, specifically, condominium boards, condominium managers, condominium service provider companies, and condominium residents. We actively look for and accept opportunities to engage and interact directly with our licensees and other industry stakeholders.

Prior to commencing operations on November 1, 2017, the CMRAO developed a stakeholder outreach program and communication plan to guide the organization. The CMRAO also participated in a variety of industry events and addressed questions directly from stakeholders.

The CMRAO understands and values the distinct roles of industry associations and other partner organizations as we work together to maintain and enhance the integrity and standards of the condo management sector.



Measuring the Impact of Our Outreach

The CMRAO engages with online audiences using multiple social media platforms. Our website, www.cmrao.ca, also hosts a number of resources, including a variety of instructional and informational videos.

222,850

Pageviews of the CMRAO website



12,622

Unique visitors to the CMRAO website



16

Videos produced



1,700

Video views



Contact Centre Support

Since the CMRAO opened its doors for business, our call volume has remained routinely high and services levels have been consistently met. The numbers indicate that calls are answered quickly, and that the vast majority of people who contacted the CMRAO received fast, quality service. The numbers also demonstrate a high rate of call resolution (calls did not need to be escalated).

3,150

Incoming calls completed

74%

Average service level*

7:42

Average talk time

26

French calls received

*80% of calls answered within 3 minutes

French Language Service

Recognizing that the condo management sector is diverse and services anglophone and francophone licensees, the CMRAO has recruited two fully bilingual staff members to offer the highest level of French-language customer service possible.

Currently, the majority of the CMRAO's public-facing communications have been translated.



Performance Measures

Implementing performance measures early on in the life of a regulatory body will produce vital information about what is happening now, and also provide the starting point for a system of target setting that will help implement strategies for growth.

The CMRAO is committed to implementing performance measures that would help achieve its mission and mandate, and meet the needs of stakeholders and the public. The Board and leadership of the CMRAO consider performance measures to be of vital importance in establishing a baseline for future operations.

Financial Report



Management Discussion and Analysis

The following management discussion and analysis provides supplementary information for stakeholders and other readers of the financial statements of the Condominium Management Regulatory Authority of Ontario (CMRAO) for the financial year ending March 31, 2018. The analysis should be read in conjunction with the audited financial statements for the year ended March 31, 2018, prepared in accordance with the Canadian Accounting Standards for not-for-profit organizations.

Revenues

Operating receipts are derived primarily from licensing fees collected under the *Condominium Management Service Act, 2015*, which are amortized to income over a one-year licensing period. The licensing fee is collected primarily from four types of licences:

- General Licence (individuals)
- Transitional General Licence (individuals)
- Limited Licence (individuals)
- Condominium Management Provider Licence (companies)

In addition to the licensing fee, a one-time application fee was charged on new licence applications. Operating revenue also includes amounts received as grants from the Ministry of Government and Consumer Services (the Ministry). Other income revenue includes interest earned, which is recognized as it is earned.

The fiscal year ending March 31, 2018, was the build-up year with most of the revenue consisting of grants used to pay out expenses. Furthermore, the CMRAO earned \$1,393,343 from charging a prorated, 8-month licensing fee, as it was designated on November 1, 2017. This was the first time the sector had been licensed, which contributed to a higher number of applications received, and therefore a higher application fee revenue.

The revenue details for FY 2017–18 and 2016–17 are as follows:

| Category | 2017–18 | 2016–17 |
|-------------------------|------------------|---------|
| Grant revenue | 2,064,364 | 272,691 |
| Licence fee – companies | 355,312 | — |
| Licence fee – managers | 566,430 | — |
| Application fee | 471,601 | — |
| Other income | 11,771 | 9,447 |
| Total Revenues | 3,469,478 | 282,138 |

Expenses

The increase in total operational expenses for fiscal year 2017–18 by \$1,804,507 in comparison to fiscal year 2016–17 is because fiscal year 2017–18 was the first full year of operations. The CMRAO was established as a not-for-profit corporation in 2016; however, its operational activities accelerated in March 2017 in order to be fully operational and begin the licensing program upon designation on November 2017.

| Category | 2017–18 | 2016–17 |
|---|------------------|----------------|
| Human resources | 1,460,852 | 147,552 |
| Enterprise IT expenses | 132,855 | 30,682 |
| Occupancy costs | 125,754 | 25,248 |
| Information and communications | 102,768 | 6,549 |
| Office and general | 66,215 | 5,465 |
| Legal fees | 53,908 | 30,110 |
| HST non-recoverable | 51,620 | 5,475 |
| Board of directors' remuneration and expenses | 34,279 | 24,557 |
| Professional fees | 14,149 | 6,500 |
| Amortization of intangible assets | 43,777 | — |
| Total Expenses | 2,086,195 | 282,138 |

Net Assets

The excess of revenues over expenses arrived at \$1,383,283 in fiscal year 2017–18 mainly due to revenue recognized from receipts of the grant from the Ministry. In the absence of the grant money, the net assets would have resulted in a net loss of \$681,081.

As a delegated administrative authority, the CMRAO's principal objective is to manage these net assets in a manner that allows the organization to continue meeting the administrative agreement requirements agreed upon with the Ministry. This includes ensuring that the CMRAO has adequate resources to comply with the agreement.

Furthermore, the net assets amount is \$1,383,283, of which \$393,995 is already invested in depreciable capital assets. The unrestricted net assets are purely due to government grant money, as discussed above.



INDEPENDENT AUDITORS' REPORT

To the Members of Condominium Management Regulatory Authority of Ontario

Report on the Financial Statements

We have audited the accompanying financial statements of Condominium Management Regulatory Authority of Ontario, which comprise the statement of financial position as at March 31, 2018, and the statements of changes in net assets, operations and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion of these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Condominium Management Regulatory Authority of Ontario as at March 31, 2018, and its financial performance and cash flows for the year ended March 31, 2018 in accordance with Canadian accounting standards for not-for-profit organizations.

Sloan Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

June 15, 2018

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Statement of Financial Position

| As at March 31 | 2018 | 2017 |
|---|---------------------|--------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 661,817 | \$ 1,351,445 |
| Accounts receivable | 504,446 | 524 |
| HST PSB rebate receivable | 170,007 | 14,762 |
| Prepaid expenses and other current assets | 28,852 | 8,924 |
| | 1,365,122 | 1,375,655 |
| Intangible asset (note 3) | 393,995 | — |
| | \$ 1,759,117 | \$ 1,375,655 |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities (note 4) | \$ 212,889 | \$ 172,262 |
| Deferred revenue (note 8) | 162,945 | 1,203,393 |
| | 375,834 | 1,375,655 |
| NET ASSETS | | |
| Invested in capital assets | 393,995 | — |
| Unrestricted net assets | 989,288 | — |
| | 1,383,283 | |
| | \$ 1,759,117 | \$ 1,375,655 |

Statement of Changes in Net Assets

| | For the year ended March 31, 2018 | | From July 8, 2016 (date of incor- poration) to March 31, 2017 | |
|------------------------------------|--------------------------------------|-----------|---|---|
| NET ASSETS CONSIST OF: | | | | |
| Invested in capital assets | | | | |
| Balance, beginning of the year | \$ | - | \$ | - |
| Purchase of intangible assets | | 437,772 | | - |
| Excess of (expenses) over revenues | | (43,777) | | - |
| Balance, end of the year | | 393,995 | | - |
| Unrestricted net assets | | | | |
| Balance, beginning of the year | \$ | - | \$ | - |
| Purchase of intangible assets | | (437,772) | | - |
| Excess of revenues over (expenses) | | 1,427,060 | | - |
| Balance, end of the year | | 989,288 | | - |
| NET ASSETS, end of the year | \$ | 1,383,283 | \$ | - |

Statement of Operations

| | For the year ended March 31, 2018 | From July 8, 2016 (date of incor- poration) to March 31, 2017 |
|--|--------------------------------------|---|
| REVENUE | | |
| Grant Revenue (note 5) | \$ 2,064,364 | \$ 272,691 |
| Licence Revenue (note 6) | 1,393,343 | – |
| Other income (note 7) | 11,771 | 9,447 |
| | 3,469,478 | 282,138 |
| EXPENSES | | |
| Human resources | 1,460,852 | 147,552 |
| Enterprise IT Expenses | 132,855 | 30,682 |
| Occupancy costs | 125,754 | 25,248 |
| Information and communication | 102,786 | 6,549 |
| Office and general | 66,215 | 5,465 |
| Legal fees | 53,908 | 30,110 |
| HST non-recoverable | 51,620 | 5,475 |
| Board of Directors remuneration and expenses | 34,279 | 24,557 |
| Professional fees | 14,149 | 6,500 |
| Amortization of intangible assets | 43,777 | – |
| | 2,086,195 | 282,138 |
| EXCESS OF REVENUES OVER EXPENSES | \$ 1,383,283 | \$ – |

Statement of Cash Flows

From
July 8, 2016
(date of incor-
poration) to
For the year ended
March 31, 2018 March 31, 2017

CASH PROVIDED BY (USED IN) THE FOLLOWING ACTIVITIES:

OPERATING

| | | |
|---|------------------|------------------|
| Excess of revenues over expenses | \$ 1,383,283 | \$ — |
| Amortization of intangible assets | 43,777 | — |
| Changes in non-cash working capital: | | |
| Accounts receivable | (503,922) | (524) |
| Prepaid expenses and other current assets | (19,928) | (8,924) |
| Accounts payable and accrued liabilities | 40,627 | 172,262 |
| Deferred revenue | (1,040,448) | 1,203,393 |
| HST PSB rebate receivable | (155,245) | (14,762) |
| | (251,856) | 1,351,445 |

INVESTING

| | | |
|--|-------------------|---------------------|
| Purchase of intangible assets | (437,772) | — |
| NET (DECREASE) INCREASE IN CASH | (689,628) | 1,351,445 |
| CASH AT THE BEGINNING OF THE YEAR | 1,351,445 | — |
| CASH AT THE END OF THE YEAR | \$ 661,817 | \$ 1,351,445 |

Notes to the Financial Statements

March 31, 2018

PURPOSE OF THE ORGANIZATION

In December 2015, the Ontario Legislative Assembly passed new legislation entitled the *Protecting Condominium Owners Act, 2015* (PCOA), which marks 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 condo corporations are run, ensure condo boards are governed professionally, and establish mandatory licensing and educational requirements for condominium managers.

The PCOA made changes to the existing *Condominium Act, 1998* (the Act), and enacted the *Condominium Management Service Act, 2015* (CMSA). To operationalize these consumer protection goals, two new administrative authorities were created. One of these two authorities is the Condominium Management Regulatory Authority of Ontario.

The Condominium Management Regulatory Authority of Ontario (the "Organization") was incorporated without share capital under the laws of the Province of Ontario on July 8, 2016, and is assuming responsibility for the implementation of services to support its mandate, under the Act. It is carried on without the purpose of gain for its members, and any profits or other accretions to the corporation shall be used in promoting its objects, and as such, is exempt from income tax.

Upon designation by the Lieutenant Governor in Council in November 2017, the organization started administering the CMSA, and started performing as the professional regulatory body for condominium managers and management providers and is responsible for the implementation of a comprehensive licensing and regulatory scheme.

1. 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 were made with respect to prepaid expenses, HST public service bodies' ("PSB") rebate recoverable and accounts payable, and accrued liabilities.

Notes to the Financial Statements (Continued)

1. Summary of Significant Accounting Policies (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 or purpose of three months or less. Because of the short-term maturity of these investments, their carrying amount approximates fair value.

Revenue

The Organization follows the deferral method of accounting for contributions. Restricted contributions, if any, are recognized in revenue in the year in which the related expenditures are incurred. Grants are recognized in the period to which the related project expenses are incurred. Grants are recorded in revenue when the corresponding conditions for receipt of the funds received are met, or the period for which the funds are designated has passed. Grants received that are greater than the amount to be recognized in revenue for the year are recorded as deferred revenue.

Intangible assets

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:

| | Rate | Method |
|-------------------|----------|-----------------|
| Computer Software | 10 Years | Straight – line |

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

Financial Instruments

Financial instruments are recorded at fair value on initial recognition. All other financial instruments are subsequently measured at cost or amortized cost unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

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 expected cash flows. If so, the carrying value of the financial asset is reduced to the highest of 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 charge.

Notes to the Financial Statements (Continued)

2. CAPITAL MANAGEMENT

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, 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 Amortisation | 2018 Net Book Value | 2017 Net Book Value |
|-------------------|------------|--------------------------|---------------------|---------------------|
| Computer software | \$ 437,772 | \$ 43,777 | \$ 393,995 | – |

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at March 31, 2018, there are government remittances payable outstanding of \$8,262 (2017 – \$557) included in the accounts payable and accrued liabilities balance.

5. GRANT REVENUE

| | 2018 | 2017 |
|--|--------------|------------|
| Ministry of Government and Consumer Services | \$ 2,064,364 | \$ 272,691 |

Notes to the Financial Statements (Continued)

6. LICENCE REVENUE

This is the first year the Organization has started collecting licence fees from firms and managers. A one-time application fee is also charged before the licences can be approved.

| | 2018 | 2017 |
|-----------------|---------------------|-------------|
| Licence Fees | \$ 921,742 | \$ — |
| Application Fee | 471,601 | — |
| | \$ 1,393,343 | \$ — |

7. OTHER INCOME

| | 2018 | 2017 |
|-----------------|------------------|-----------------|
| Other income | \$ — | \$ 6,685 |
| Interest earned | 11,771 | 2,762 |
| | \$ 11,771 | \$ 9,447 |

8. DEFERRED REVENUE

| Continuity of deferred revenue: | 2018 | 2017 |
|--|-------------------|---------------------|
| Deferred revenue, beginning of year | \$ 1,203,393 | \$ — |
| Grants received (note 9) | 1,023,916 | 1,476,084 |
| Grant revenue earned (note 5) | (2,064,364) | (272,691) |
| Deferred revenues, end of year | \$ 162,945 | \$ 1,203,393 |

Deferred revenue consists of:

| | | |
|---|------------|--------------|
| Grant from Ministry of Government and Consumer Services | \$ 162,945 | \$ 1,203,393 |
|---|------------|--------------|

9. GRANT RECEIVED

| | | |
|--|--------------|--------------|
| Ministry of Government and Consumer Services | \$ 1,023,916 | \$ 1,476,084 |
|--|--------------|--------------|

10. COMMITMENTS

The CMRAO is committed for its 50% share to lease its former premises at 357 Bay Street, Suite 500, Toronto, Ontario, until May 30, 2018, and a 30% share to lease its current premises in Toronto, Ontario, until October 30, 2021. It is also committed to paying its Information Technology deliverables in fiscal year 2019. The future minimum commitments are as follows:

| | \$ |
|------|-------------------------|
| 2019 | 265,734 |
| 2020 | 110,605 |
| 2021 | 110,605 |
| 2022 | 64,519 |
| | <hr/> \$ 551,463 |

11. COMPARATIVE FIGURES

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



Condominium Management
Regulatory Authority of Ontario

www.cmrao.ca

