



RESERVE FUND PLAN & REPORT

YOUR RESPONSIBILITIES

by SHARON BIGELOW

One of the most common questions I get asked is – “How do we do the Reserve Fund Plan?” Corporations seem to be intimidated by this requirement. The Reserve Fund Plan can be simple and quick and most likely the information is easily gleaned from your Reserve Fund Study. Boards seem to confuse the Reserve Fund Plan with the Annual Report. The following delineates between the two and gives examples of what they should include.

Reserve Fund Plan

Section 23 of the Condominium Property Regulation states the following:

(4) On receiving the reserve fund report under subsection (3), the board must, after reviewing the reserve fund report, approve a reserve fund plan

- (a) under which a reserve fund is to be established, if one has not already been established, and*
- (b) setting forth the method of and amounts needed for, funding and maintaining the reserve fund*

(5) A reserve fund plan approved under subsection (4) must provide that, based on the reserve fund report, sufficient funds will be available by means of owner's contributions, or any other method that is reasonable in circumstances, to report or replace, as the case may be, the depreciating property in accordance with the reserve fund report.

(6) Notwithstanding that a reserve fund plan has been approved under subsection (4), the corporation must provide to the owners for the owners' information copies of that approved reserve fund plan prior to the collection of any funds

for the purposes of those matters dealt with in the reserve fund report on which the approved reserve fund plan was based and what are to be carried out pursuant that report.

The Regulation indicates that the Board must produce and distribute their Reserve Fund Plan within 30 days of approving the provider's Reserve Fund Report . This should include how the Funds are being collected (i.e- monthly contributions, special assessment, interest, etc) and the breakdown by Unit Factor or Unit. It must also provide a report of what capital replacements are being planned over the next 5 years including the anticipated costs per project.

Example 1:
123 4567 Condominium Corporation
Reserve Fund Plan 2016

The corporation will maintain the current contribution to the Reserve Fund account at \$79,186.00 for the next 4 years (2017, 2018, 2019 & 2020) and then lower the contribution to \$65,000.00 per year thereafter (2021). This works out to \$1,413.00 per year per unit. A Special Assessment of \$184,000.00 will be levied in 2018 to offset upcoming expenses. This Special Assessment works out to \$4,000.00 per unit and will be required on January 15, 2018.

The following schedule will be implemented:

Table 1:

Year	Component	Estimated Cost
2017	- Repair and paint exterior stucco walls	- \$82,875
	- Replace 50 precast steps	- \$49,875
	- Replace all original walkways	- \$182,280
	- Replace vehicle outlets	- \$20,213
	- Repair landscaping concerns	- \$21,000
2018	- Replace poured & precast curbs	- \$17,220
	- Resurface asphalt parking & roadways	- \$75,600
	- Replace all site lighting	- \$17,010
2019	- Replace basement windows and wells	- \$23,310
2020	- No replacement required	- 0
2021	- No replacement required	- 0

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Example 2:

**123 9876 Condominium Corporation
 Reserve Fund Plan 2016**

123 9876 Condominium Corporation will be increasing the annual contribution to the Reserve Fund account to \$22,000.00 starting January 01, 2017 based on the 2016 Reserve Fund Study. This equates to an annual contribution of from \$700.00 to \$1,065.00 per unit, based on unit factors (chart below). This contribution will be increased by 3.0% each year.

Table 2:

Unit Factors	Annual Contribution	Monthly Contribution
484	\$1,065	\$89
407	\$895	\$75
340	\$748	\$62
320	\$704	\$59

Also Table 1 should be included.

Annual Report

The Alberta Condominium Property Regulation states the following:

29(1) Commencing with the fiscal year of a corporation ending after September 1, 2002, a board must for each fiscal year prepare an annual report respecting the reserve fund setting out at least the following:

- (a) the amount of the reserve fund as of the last day of the immediately preceding fiscal year;
- (b) all the payments made into and out of the reserve fund for that year and the sources and uses of those payments;
- (c) a list of the depreciating property that was repaired or replaced during that year and the costs incurred in respect of the repair or replacement of that property.

The Condominium Property Act and Regulation are ensuring that boards are accountable to the owners. The boards must supply a list of the work that was completed the previous year and its associated cost as well as all transfers into the Reserve Fund account. This report is valuable for the next Reserve Fund study as it would contain all the work that was completed, when & costs.

Example 3:

**Condo Corp 012 3456
Reserve Fund Annual Report 2016**

The balance of the Reserve Fund account as of December 31, 2016 is \$185,000.00.

\$20,000.00 was transferred into the Reserve Fund account on the 15th of every month.

The following common property was replaced/repaired and the funds taken from the Reserve Fund account this fiscal year.

Table 3:

Date	Component	Description	Cost (incl GST)
March 2016	3 rd Floor Carpet	Replaced	\$4,725
May 2016	Eavestroughs & Downspouts	Replaced	\$6,300
July 2016	Elevator	Major Repair	\$12,600
	Total Reserve Fund Expenses		\$23,625

Reserve Fund study is approved and should include what the Corporation is planning in the next 5 years. The Annual Report is what happened last year in regards to the Reserve Fund account and the common property.

For more information regarding the Reserve Fund review Section 38 of the Condominium Property Act and Sections 21-31 of the Regulation.

Sharon Bigelow, Reserve Fund Study Consultant



In summary the Reserve Fund Plan is completed after a

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