





CONDO
PARTNER

 **Condo Corporation**
 **Board Members**
 **& Property Managers**

PROTECT & BUILD

value

MANAGE

risk

REDUCE

liability

***CONDO PARTNER** is expertise, group workshops, one-on-one training, tools and templates designed to help condo board members and property managers manage risks, ensure sound internal controls and best corporate governance practices relevant to condominium corporations.*

/// THE CONDO CHALLENGE ///

Protect Value, Manage Risk, Reduce Liability

In the world of condominium corporations, board members and property managers play critical roles in:

value

DID YOU KNOW? The values of many condo corporations are greater than the median value of a TSX-listed company (median TSX market capitalization value is approx. \$132M as of 12/31/22). What is the “value” of your corporation? Is the value of the corporation being protected and enhanced?

risk

DID YOU KNOW? Board members, and property managers, formally sign an annual statement for the financial auditors stating that they have performed a review of risks and controls related to the corporation. When did you perform the last formal review?

Protecting and building the **VALUE** of the corporation.

- ⊕ The value of the corporation is significant not only in dollar terms but in the comfort and well-being of its residents. It is expected the value of the corporation will increase. What are the activities currently underway that support this expectation?



Managing and reducing the **RISK** associated with an asset with many operational variables is a complex task.

- ⊕ Risk for the corporation can be significant and can impact the quality of life of the residents and the value of the corporation.
- ⊕ Reputational risk for a board member or a property manager can be personally damaging when a corporation gets into trouble.

liability

DID YOU KNOW? Board members and property managers have personal liability and can be penalized for mismanagement of the corporation.

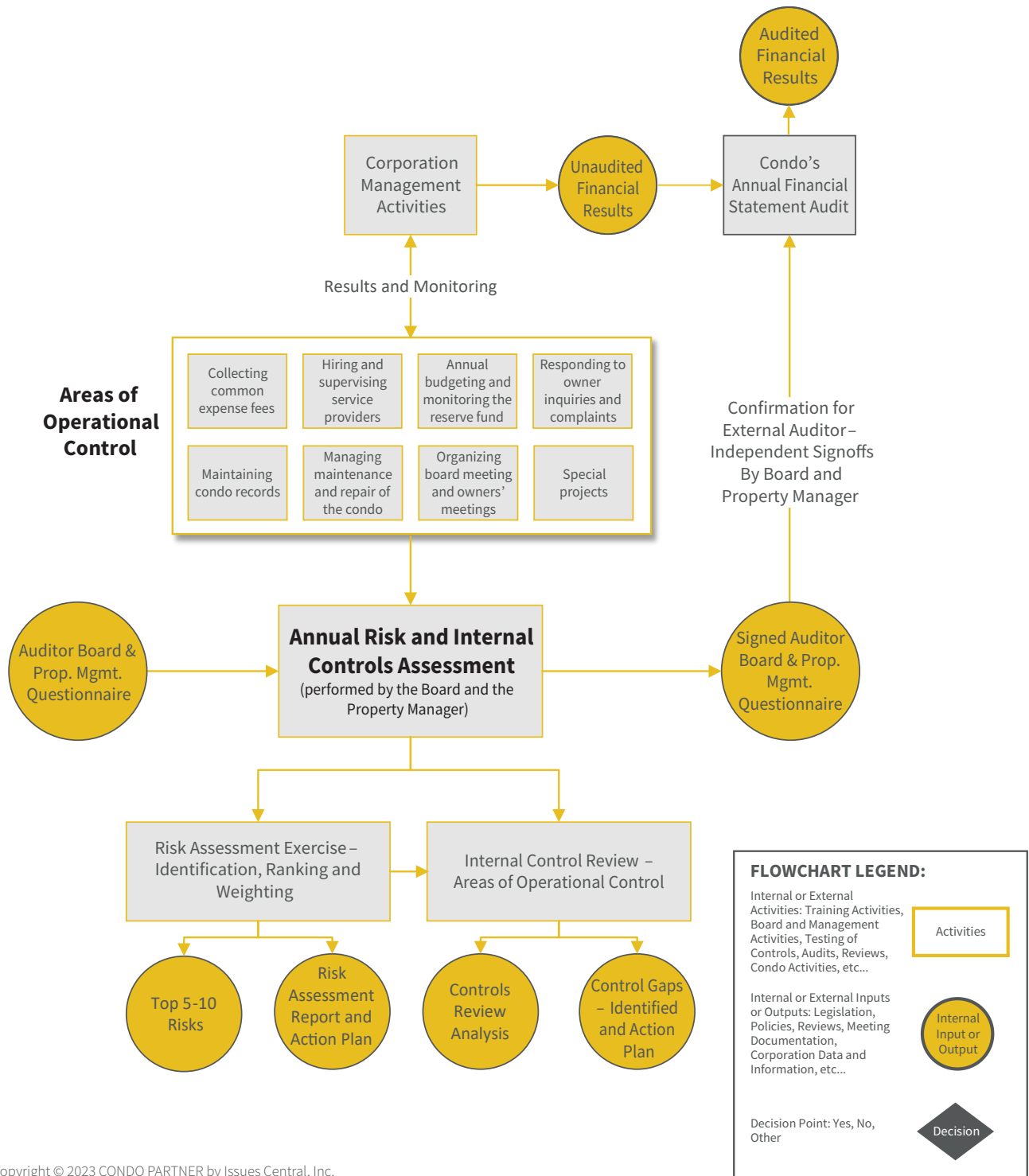
Reducing and limiting the **LIABILITY** associated with management and oversight of the corporation is driven by how well your corporation manages risk, opportunities and controls.

- ⊕ The care of a significant asset is a critical responsibility, a heavy burden, and potential liability, for both board members and property managers.

THE CONDO CORPORATION'S

Annual Risk & Internal Controls Assessment

(Performed by the Board and the Property Manager)



CONDO PARTNER, developed by the team at Issues Central Inc., provides practical guidance and an easy-to-use framework to help board members and property managers address these critical concerns: Value, Risk and Liability.

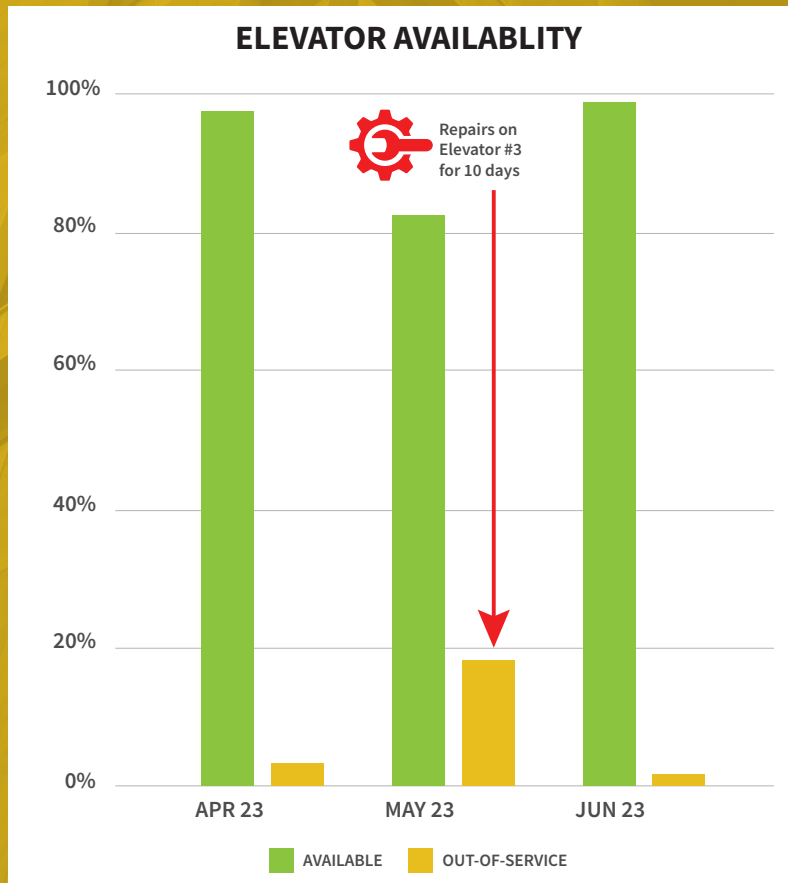
Through a combination of group workshops, one-on-one assistance, surveys and questionnaires, and optional tools and templates, the CONDO PARTNER process takes board members and property managers through activities to:

1. Identify the key risks and opportunities facing the corporation.
2. Validate, and if needed, implement key operational controls for effective management of the corporation.
3. Provide reporting visibility on key performance indicators to ensure that the corporation is on a stable footing.
4. Make the most efficient use of time for board members and property managers.
5. Signoff with confidence on the annual financial audit based on a solid foundation of risk management and effective internal controls.

ELEVATOR UPTIME

The time the four elevators at TSCC 123! are available for Residents or On-Service

The unavailable time is based on elevator availability tracked by security for “Out-of-Service” Conditions.





HOW DO YOU KNOW IF YOU NEED **CONDO** PARTNER?

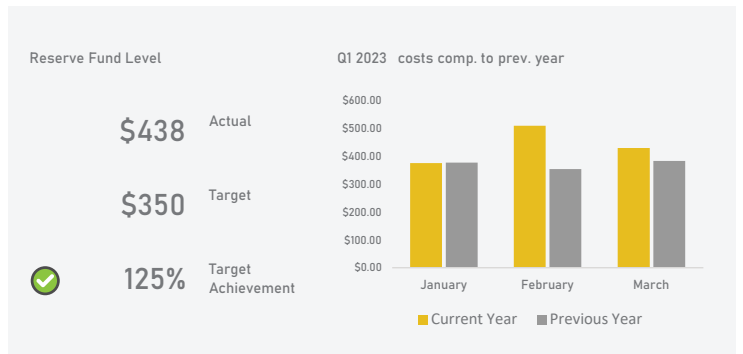
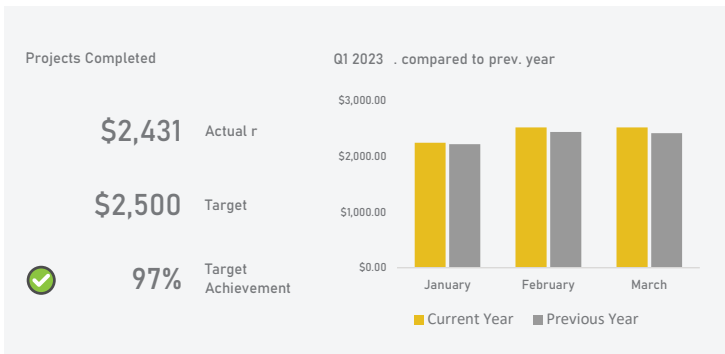
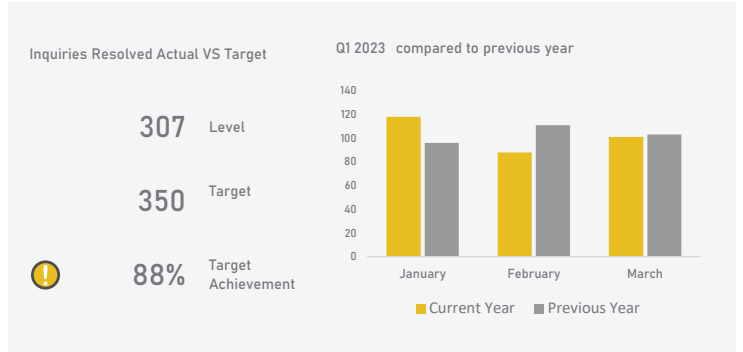
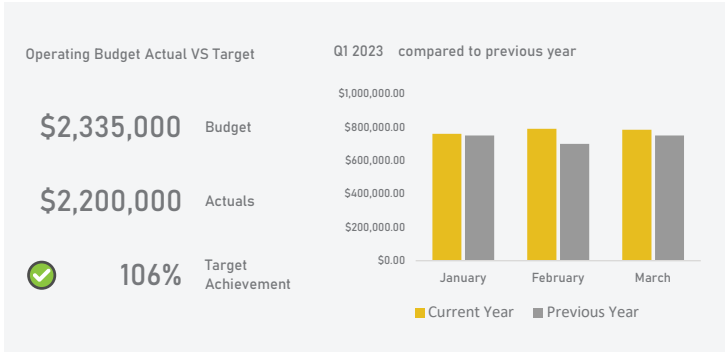
/// WARNING SIGNS ///

- **Special Assessment Surprises** – Has your corporation had to make a special assessment levy, a one-time fee charged to all owners, to address a major unplanned expenditure? What caused the unplanned expenditure? Could this have been prevented with a more proactive risk management approach?
- **Maintenance Fee Increases** (common fees) greater than 10%? Why are fees increasing so dramatically? Are there issues with the annual budgeting process and/or cost controls?
- Does your corporation have **Excessive Turnover of Board Members and/or Condo Managers**? Are there management and control issues that are undermining good governance of the corporation?
- **Lack of Timely Financial Statements** – Is the board being presented with corporation financial statements on a routine and timely basis? Is the board unaware of the current period financial results and potential cost overruns?
- **Reserve Fund Management** – The reserve fund management process involves engineering scope, timing planning, estimating, annual withdrawals and investing strategy. Is your corporation below the minimum reserve requirements? Has your critical year and critical reserve fund balance moved into the near term?
- **Law Suits** – Is your corporation involved in one or more law suits? What is driving this legal activity? Is it indicative of management and control issues with the corporation.

/// COMMON MISCONCEPTIONS ///

- Board member: **“We already pay the condo manager to deal with all the risks and daily issues. Why do I need CONDO PARTNER?”**
 - Each board members is legally responsible for oversight of the corporation independent of the activities of the property manager (Condo Act 1998).
 - When was the last time your board performed a formal annual audit of the condo corporation’s risks and assessed the internal controls as part of the process underpinning the auditor’s annual statement to shareholders?
 - The property manager must also independently sign off on the annual assessment of risks and controls. When was the last time the condo manager participated in a formal annual assessment of the corporation’s risks and internal controls?
- Board member and Property manager: **“We have insurance in place for both the corporation and for board member liability, so we are covered no matter what.”**
 - Is the insurance coverage adequate – how much do you have?
 - Insurance coverage can be withdrawn by the insurer if they can demonstrate that there was ineffective risk management and internal controls, negligence or misleading statements with respect to the management of the corporation.
- Board member and Property manager: **“If we have some annual operating budget issues, we can just pull the extra money from the reserve fund.”**
 - Actually no. The reserve fund is to be used for capital items based on the engineering estimates and not as an emergency piggy bank as reserve withdrawals undermine the corporation’s ability to finance required improvements and replacements of building infrastructure.
- Property manager and board members: **“We already have an operating manual so we don’t need any controls.”**
 - Are you sure? When was the last time those controls were validated for effectiveness?

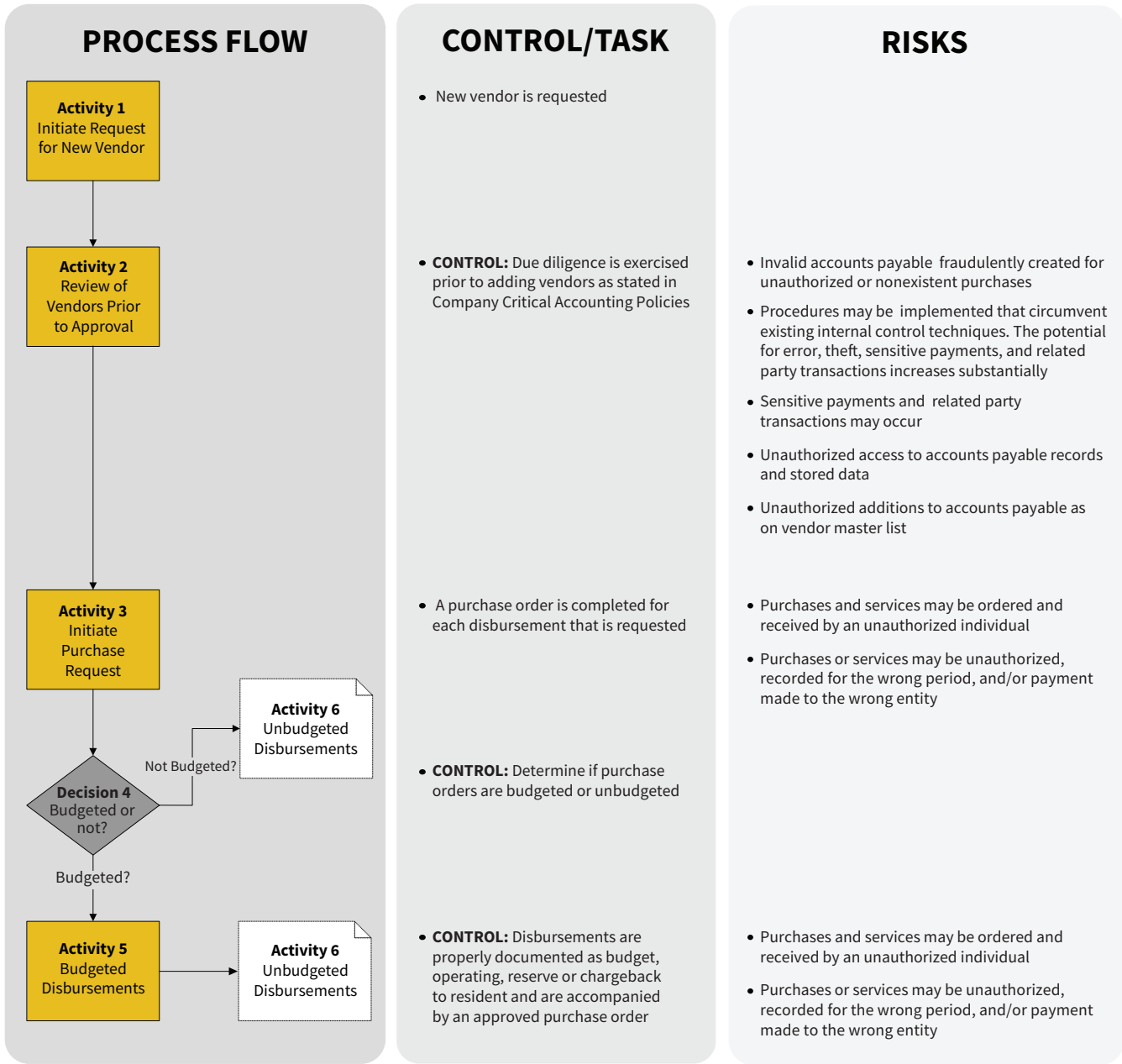
/// KPIs OVERVIEW Q1 2023 ///



/// TAKE A PROACTIVE APPROACH ///

TO PROTECT CORPORATION VALUE, MANAGE RISK AND REDUCE LIABILITY – **CONDO** PARTNER PROVIDES:

- Quarterly **industry group workshops** to help your team prepare for a risk assessment and internal controls review and the related sign-off on the annual financial audit:
 - Share experiences with other board members and property managers
 - Get a head-start on risk management and internal control issues that may affect your corporation
 - Learn about best practices in managing risk and operational controls
 - Materials to facilitate your best practices
- **One-on-one** risk management and internal control **review sessions** customized to your corporation and specific issues.
- **Optional reporting tools and templates** with content designed to facilitate the need to “manage, control and administer” the corporation to protect value, manage risk and reduce liability.
- The team at Issues Central, Inc. can also provide an **audit of risk management and internal control practices at your corporation** for:
 - Boards and property managers looking to improve performance, or
 - Provide litigation support in difficult legal situations
- **Property management firms** can also benefit from the team at Issues Central reviewing property management manuals and procedures to determine if they are in-line with required legislation and provide boards with best practices.



/// GETTING STARTED ///

WITH **CONDO** PARTNER

How much does it cost and how to get started?

FIRST STEP – Schedule a free, fifteen-minute inquiry to discuss your risk and control requirements. Visit the **CONDO** PARTNER website to schedule an inquiry or contact Charley Best at 1.416.520.0303 or by e-mail at condopartner@issuescentral.com

NEXT STEP – Receive a quote and free access to an initial Zoom/YouTube video introducing **CONDO** PARTNER and your **CONDO** PARTNER journey has begun.

/// ABOUT ISSUES CENTRAL ///

Founded in 2003, Issues Central Inc. (ICI) has provided corporate governance, risk management, internal control reviews, training and litigation support to over 1500 publicly-traded firms (including TSX® and NYSE® listed companies) in 21 countries. Expertise in the standard setting COSO Internal Control and Risk Assessment frameworks.

“ I recommend their CONDO PARTNER approach to any other board who needs to protect the value of their condominium corporation and at the same time, reduce liability as a board member. We serve our community without any remuneration, so this puts my mind at ease in a critical area.
Peter Makowchik-Treasurer, TSCC 1713, Former President, TSCC 1713

“ Per the Canadian audit standards for non-profit corporations, our auditor has us sign off and warrant that our corporation has done a risk assessment and has internal controls in place each fiscal year. This is prior to starting the annual audit for the owners. For board members, The CONDO PARTNER approach is like an insurance policy by formalizing and updating our risk management and internal controls. This helps us protect the value of corporation assets and reduces liability for our board members.
Yannis Koutsoubos - President, TSCC 1694, Toronto

The CONDO PARTNER division of ICI is led by Cathy Connally and Charley Best. Expertise backed by experience on multiple condo boards/shared facilities over the last twenty years including President of two condo boards.

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