

# BARCLAY NEWS

July 2014 (Volume 32 No. 07)

## News from the Board

Geoff Labelle, President, CCC #81

Your Board of Directors has now met four times since the 2014 AGM. We have focused on our working relationship with Apollo Property Management, establishing ourselves as a team, identifying the issues we need to address during our term in office, and gathering the information needed to work on those issues. I am pleased to report that we have made significant headway. While we face a considerable body of work, I believe we are ready for the challenges.

Our next regular meeting will be on 22 July. We are also scheduling a ½ - 1 day workshop to identify and prioritize our efforts for the year. Carole Sullivan and Graham Deline will facilitate this for the Board. This is tentatively planned for 17 July.

The Board is very aware of, and sensitive to, the concerns held by a large number of owners with respect to the Reserve Fund and the next two major activities it is expected to finance—repairs to the garages and driveways, and replacement of the windows and doors. Contributions to the Reserve Fund and the Special Assessment Fund for the windows and doors project are taking a significant bite out of all of our household budgets this year. We are committed to addressing the concerns raised by owners at the earliest opportunity.

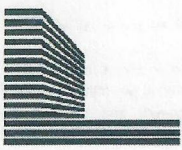
To date, we have been somewhat hampered by issues associated with the transfer of

bookkeeping and disbursement services to Apollo. The transition of the books from one system to the other, and reorganization of the associated bill payment systems has not gone as smoothly as envisaged in April. Most of the major issues are now worked out. Bud Smith is working with the controller at Apollo to resolve the remaining issues, and the executive is working with our manager, Charles Cullen, to settle on the processing and payment of invoices. I am confident that the remaining issues will be resolved by the end of July.

Thanks to the initiatives of the previous Board, and in particular Jacques Vachon who continues to lead the project, Halsall Engineering has completed the detailed engineering specifications for the needed work on the garages and ramp, and has determined that the work can be delayed for several months. The Board has determined that it is unwise to execute this type of project in the winter when street parking is scarce and walking is hazardous. This project will go out for tender this fall. The tender process will provide us with a firm price for the work which will be scheduled for early spring 2015.

While a plan of action for the window and door project has not been established, this will be a major topic at our workshop on 17 July. The previous Board had anticipated refining the estimates and conducting detailed planning for this project in 2015. I am confident that we can advance this portion of the project schedule, and will be able to better identify the





## News From the Board (con't)

project options and detailed costs this year. We will keep you informed.

The Board will be taking early action on items it can address quickly:

First, the tile installed in the second floor hallway to replace worn carpeting has resulted in some unexpected and undesirable side effects. While much more durable, the tile floor both causes and amplifies noise on the second floor. This was exacerbated by the use of the second floor storeroom as an ad hoc workshop by contractors, and the installation of a sink in the room for use by the cleaners. All of these factors combined to make the second floor a very noisy place indeed.

Three things will be done to correct this situation – contractors no longer have access to the storeroom, a new sink will be installed in the second floor laundry room for use by the cleaners, the tile flooring will be removed, and carpet re-installed. Work will proceed on these projects as soon as possible.

Secondly, the Reserve Fund Study includes a line item forecasting the refurbishment of the pool liner this year. The pool liner appears to be in good shape and this repair may not be required, but Gord Allie will have the pool inspected by a pool repair and maintenance company, and let us know if this repair is necessary, or provide an estimate of when it will be necessary, and an accurate estimate of the cost of repair.

This reminds us that the Reserve Fund Study is a guide for financial planning, and that the actual maintenance programme for the building must be based on supplementary analysis as each identified item approaches.

Finally, as our hydro bill still consumes more than 30% of our overall condominium fees, we will be conducting a limited experiment to determine if we can improve hallway lighting while reducing power consumption. Gord Allie will be testing brighter, lower-power LED light bulbs on the 6<sup>th</sup> floor to determine their utility. You will be invited to take a look for yourself and comment once they are installed. If effective, we would install them throughout the common areas to improve lighting, and reduce long-term consumption. We are also looking at the possibility of improving lighting in the garages, while reducing power usage. This is a more complex issue that requires analysis before we can even proceed to the experimentation level. We will keep you informed.

On a final note, I have been working with David Robinson to harness the potential of our web presence. I have started to look into inexpensive hosting solutions and platforms that would allow us to more easily share information and communicate with owners via the Internet. I feel that this would be a valuable extension of our current communication methods.

If you have any ideas, thoughts, or concerns you would like to share with me or the Board at any time please do. You can drop me a note in the Board mailbox, slip it into slot 308 in the mailroom or email me at ([geoff.labelle@viaticam.com](mailto:geoff.labelle@viaticam.com)).

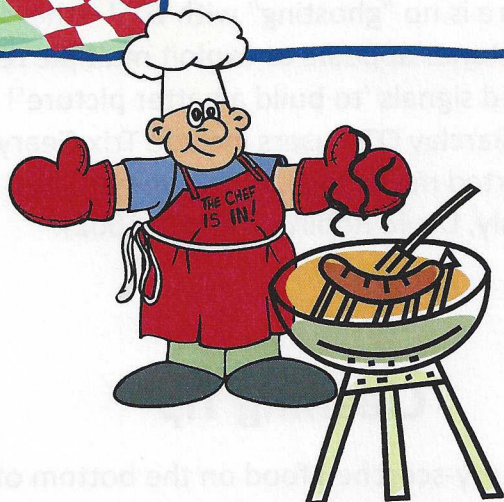
The annual Barclay BBQ is coming up on 10 July. I look forward to seeing you there. May you and yours have a very pleasant summer.







## The Barclay BBQ



Thanks to Lanny Beischer for all his efforts in making the spontaneous BBQ following the June 'Last Friday of the Month' get-together such a success! More than 15 people got together to enjoy good food, a beautiful evening, and great company. The BBQ could be set each Friday of the summer, weather-permitting.

## Police Choir

Dietrich Bach was collecting the latest influx of liquor/wine/beer bottles from our drop-off station in the garage. He was most effusive in his thanks to Barclay residents for their response to the request for donations of returnable bottles, the benefits of which are given to the Ottawa Police Choir.

He advises that another Police Choir Concert will be given here at the Barclay, date and time TBD.

## Don't Trust Spell Checker

Don't rely solely on your spell checker, as this will check only that strings of characters are in a specific order. Read the following to see why using a spell checker alone is not enough – everything in this poem is spelled perfectly!

I have a spelling chequer  
It came with my peas sea,  
It plainly marks four my revue,  
Miss steaks eye kin knot sea.

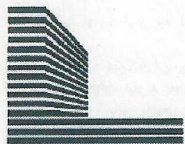
Eye strike a key an type a word,  
And weight four it two say,  
Weather eye am wrong oar write,  
It shows me strait a weigh.

As soon as a mist ache is maid,  
It nose bee fore to long,  
And eye can put the error rite,  
Its rare lea ever wrong.

Eye have run this poem threw it,  
I am shore your pleased two no,  
Its letter perfect awl the weigh,  
My chequer tolled me sew.

(Sores Unknown)





## Is “Free Television” For You?

David Robinson

How much television do you watch? How many of the 500+ channels a cable service can provide, would you watch? Could you find another use for the \$60, \$80, \$100 per month that cable service might cost you? Could you get by with as few as only, for example, CBC (English and French), Global, CTV, TVO channels? Your experience will vary, depending on which side of the Barclay, and how high up you are, your antenna installation, and your persistence (more about that later).

If interested, you might consider joining a growing number of people who are watching digital over-the-air television (OTA). But, if your last OTA experience was several years ago, before the Government of Canada and the CRTC mandated that over-the-air television transmission switch from analogue to digital, you are in for a few surprises (the Canadian switch-over occurred on August 31, 2011). The CBC website warned that “Television viewers, who receive their TV signals using an outdoor antenna, or “rabbit ears”, now require a digital converter box or a television with a built-in digital tuner in order to continue watching over-the-air television.

How “free” will your experience be? If your TV has a built-in digital tuner, connect your “rabbit ears” cable to the TV’s “RF input”, and tell your TV to “search”. If your TV does not have an Advanced Television Systems Committee (ATSC) tuner, and/or your TV is not close to a window, you could require:

- a digital converter box; and
- an indoor amplified antenna.

These can be acquired at places such as The Source, Sears, and Canadian Tire. Depending on how upscale you go for these components, a few months of not paying for cable might be required before you experience “free TV”. And,

if your TV is due for replacement, I suggest that you consider a new digital TV, instead of a digital converter box. Compare the prices, and the newer TVs are smarter!

What’s different, between the analog TV and digital TV (DTV) experience?

- quality of picture – the DTV picture will be of “DVD movie” clarity;
- DTV reception exhibits a “cliff effect” – instead of going gradually “snowy” with reduced signal strength, the DTV signal will suddenly disappear (after a brief period of stuttering audio and blocky broken-up picture);
- every time you change your antenna’s location/orientation, you need to have your ATSC tuner perform another search to see new channels; and
- there is no “ghosting” with DTV – the ATSC tuner appears to exploit multiple reflected signals ‘to build a better picture’!

Current Barclay OTA users include Trix Geary (who alerted me to this), Bill Osterman, and yours truly, David Robinson (Suite 1002).

## Cleaning Tip

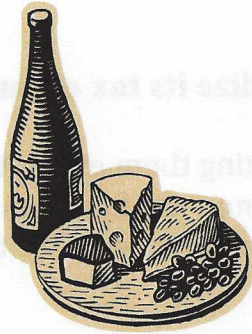
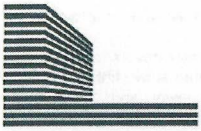
On seriously-scorched food on the bottom of a pot, “dishwasher detergent” can save the day!!!

A few mm of water plus a dishwasher puck “dissolves” the scorched residue, and the pot is as good as new!

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If anyone has any input or comments on the Barclay News, please send them to me, Pat Patterson at [patterson3945@rogers.com](mailto:patterson3945@rogers.com), or put them into The Barclay Office mailslot. Thanks.





**Carleton Condominium  
Corporation No. 81**

**The Barclay**

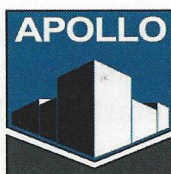


**All owners and residents  
are cordially invited to a  
Wine and Cheese Social Evening  
on Monday, July 21<sup>st</sup>, 2014  
from 5:30pm to 7:30pm  
in the Lobby at 370 Dominion Avenue**



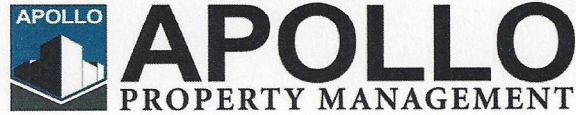
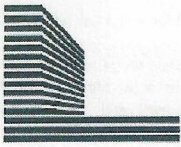
**Come out to meet  
Members of your  
Apollo Property Management Team**

**This event is being proudly sponsored by**



**APOLLO**  
**PROPERTY MANAGEMENT**





## **Income not incidental to a corporation's activities can jeopardize its tax exemption**

Condominium corporations are typically non-profit organizations, making them exempt from income tax. However, according to the Canada Revenue Agency (CRA), a non-profit condo corporation could lose its status if it generates income from activities that are not incidental to the corporation's overall non-profit activities.

All of this raises the question: what sort of activities, profits or revenues might jeopardize a condominium corporation's non-profit status, thereby exposing it to income tax, including tax on interest earned by the corporation's reserve fund investments?

To this lawyer's knowledge, there are no court decisions on this point. However, the CRA has published a few relevant technical interpretations. Though it should be noted that the CRA interpretations do not have the force of law, they are only an expression of CRA's views. A court might rule otherwise.

What follows are brief summaries of those CRA interpretations:

### **Suites**

A CRA interpretation on Dec. 15, 2009, found that a condominium corporation's non-profit status may be lost if the corporation rents a suite for an amount that exceeds the costs of operating and maintaining the suite. In other words, a condominium corporation can't earn rental profits without jeopardizing its non-profit status. This is true even if the profits are not distributed to owners, but are only used to reduce common fees.

### **Rooftop solar panels**

A May 5, 2011 CRA interpretation found that condominium corporations could earn revenue from rooftop solar panels to generate electricity that will be sold to the Power Authority under Ontario's Feed-In Tariff program without jeopardizing the corporation's non-profit status.

This is true even if the profits are used to reduce or offset common fees. The reasoning is that non-profit organizations can earn a profit "as long as the profit is incidental and the activity is in support of the organization's not-for-profit objectives". CRA's interpretation is that this principle will apply in most cases to solar panel hydro generation.





## **For-profit businesses**

A CRA interpretation on June 21, 2011, found that a condominium corporation's non-profit status is jeopardized if the corporation earns profit from operating a golf course, pro shop and restaurant. These activities were not felt to be in support of the corporation's non-profit objectives. The interpretation includes the following: "In short, it appears that the Corporation operated a for-profit business directed at earning revenue from third parties and attempted to 'cloak' this for-profit business within its not-for-profit condominium operations."

## **Telecommunications towers**

A July 13, 2011 CRA interpretation found that a condominium corporation's non-profit status is not jeopardized if the condominium corporation earns profit from a rooftop lease for a telecommunications tower. Even if the income is more than is "incidental to the non-profit activities", such income will usually be considered income of the unit owners (and therefore would not jeopardize the corporation's non-profit status).

## **Storage lockers**

According to a May 23, 2013 CRA ruling, if locker space is sold, it is not clear whether a capital gain would belong to the corporation or to its members (because this depends on the applicable provincial legislation). If the unit owners own the common elements, they would earn the capital gain on the sale and there would be no impact upon the corporation. If the corporation owns (and sells) a locker, this again would likely not jeopardize the corporation's non-profit status, assuming the corporation has owned and maintained the locker as part of the corporation's overall non-profit purposes. However, the corporation must not pay out the funds to its members or it risks losing its tax-exempt status.

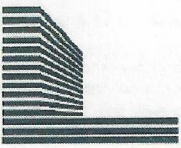
Renting out the locker space would likely be treated as only generating incidental income, meaning the income generated is both minor and directly related to activities undertaken to meet the corporation's non-profit objectives of managing and maintaining the condominium property and reserves. However, the ruling states that whether the income generated is material is a question of fact. If the income is material, the corporation risks losing its tax-exempt status.

## **Caretaker suites**

An Aug. 12, 2013 CRA interpretation explored whether the following actions with respect to a caretaker suite might affect the condominium corporation's tax-exempt status:

If the corporation sold the suite at fair market value and placed the proceeds into its reserve fund, this would not necessarily remove it from tax-exempt status.





Conversely, renting out the unit would indicate that the corporation is no longer pursuing exclusively non-profit purposes, which could result in the corporation losing its tax-exempt status. Additionally, if the corporation used the income to decrease its members' fees, it would be considered to have made income available for the personal benefit of its members, and would cease to meet the requirements for tax-exempt status.

If the corporation rents out a suite to members for the sole use of their guests, this would likely be viewed as an activity undertaken for meeting the non-profit objectives of the corporation, as long as the profits are not material and are not made available to the members.

Finally, if a caretaker suite is repurposed as a facility intended to make a profit by charging people for its use (such as a fitness or health centre), the corporation may lose its tax-exempt status unless the income can be shown to be incidental.

The bottom line is that a condominium corporation's non-profit status may be jeopardized if the corporation earns any income that is not incidental to the corporation's non-profit activities. However, the problem is that it is difficult to draw any clear conclusions from the CRA interpretations. In other words, it's not clear when a revenue-generating activity will be considered "incidental" to the corporation's non-profit status. The most one can say is that it will depend upon the particular circumstances in each case.

James Davidson is a partner at Nelligan O'Brien Payne LLP, and has been a member of the firm's Condominium Law Practice Group for more than 30 years. He represents condominium corporations, their directors, owners and insurers throughout eastern Ontario.