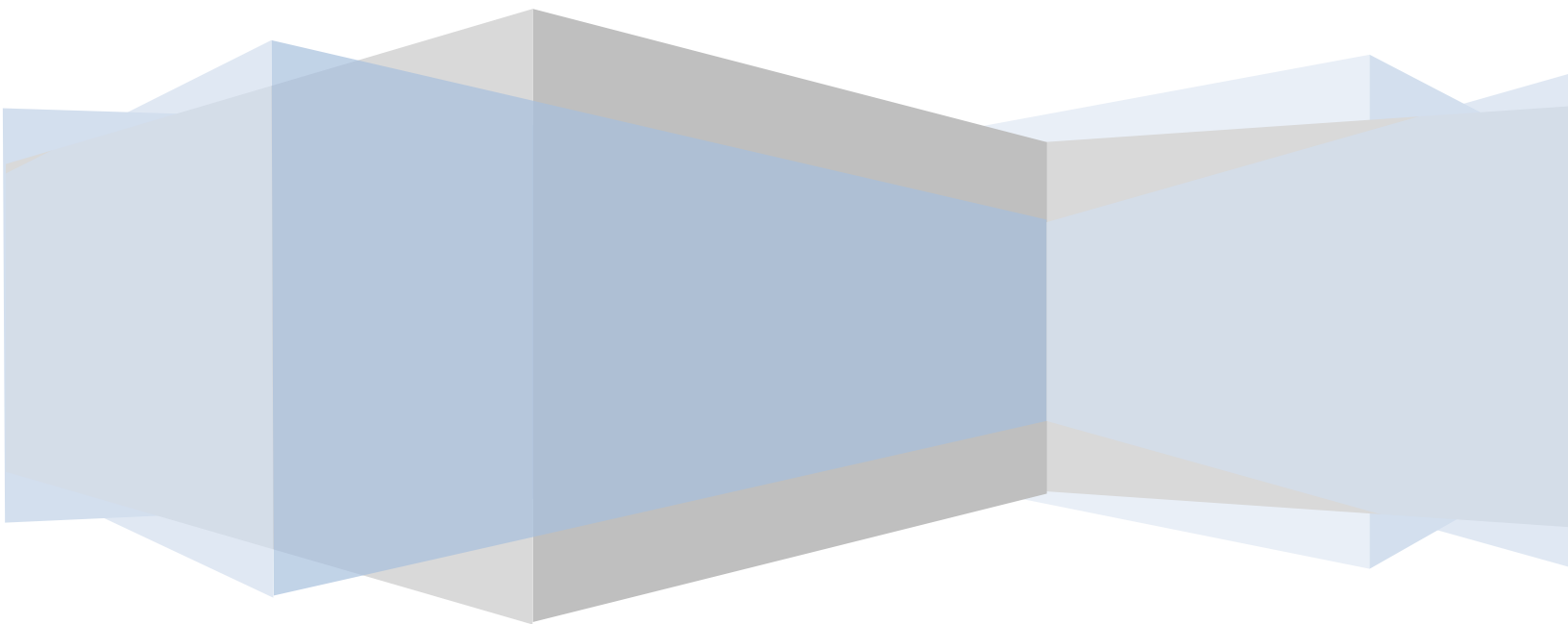




Depreciation Report

BCS 2634 – Painted Boat Resort Spa and Marina

Absolute Building Science Strata Engineering Inc.





Cover Letter

Absolute Building Science
Strata Engineering Inc.
#2322-938 Smithe Street
Vancouver, BC V6B 1E5

February 17, 2014

Strata Plan BCS 2634
12849 Lagoon Road
Madeira Park, BC V0N 2H0

RE: Depreciation Report for Strata Plan BCS 2634
File No. 20130318-DR-BCS2634

Dear Sirs or Mesdames,

The subject of this depreciation report consists of “Painted Boat Resort Spa and Marina”, a 31-unit townhouse complex constructed in 2008 and located at 12849 Lagoon Road in Madeira Park, BC. We are pleased to present you with the enclosed depreciation report, which we believe will serve as the basis of your reserve planning to help better equip your members for future expenditures.

The depreciation report describes the common property conditions, providing current and future replacement cost estimates. The projected replacement cost estimates serve to be the basis for financial models guiding contingency reserve fund management. The depreciation report is an extensive document prepared based on on-site inspections and financial analyses. The replacement cost estimates herein apply solely to property defined as common property, unless otherwise noted. This depreciation report is subject to the Assumptions and Limiting Conditions in Section 2.1.

We have inspected the subject property and reviewed all documentations made available by the strata corporation. With extensive analyses performed in conjunction with all pertinent data, our cash flow models predict that the optimal reserve fund management includes the following:

- 1) Contributions of \$39,246 to the CRF in the upcoming fiscal year; and
- 2) An increase of monthly fee allocations to the Contingency Reserve Fund by \$43.67 per unit. (Note that this does not necessarily entail an increase in strata fees, but rather an increase in the allocations to the CRF within the annual budget.)

We are hereby delivering to you a report describing our study objectives, methods of research, results, and recommendations.



We appreciate the opportunity of compiling this depreciation report for you and would be honoured to provide you with reviews and updating services as required in future. If you have any questions, please do not hesitate to contact the undersigned.

Respectfully yours,

**Absolute Building Science
Strata Engineering Inc.**



*BCS 2634 – Painted Boat Resort Spa and Marina
12849 Lagoon Road
Madeira Park, BC*



Executive Summary

Property Statistics			
Municipal Address	12849 Lagoon Road, Madeira Park, BC		
Legal Description	Strata Plan BCS 2634		
Real Property Type	Wood-frame townhouse complex		
Units	31		
Year of Construction	2008		
Designated Land Use	Multi-family residential		
Reserve Fund Components	46 total components: 1 substructure component; 24 building shell components; 5 services components; 3 equipment components; 2 special facilities components; 9 site improvements components; and 2 miscellaneous components (reporting).		
Financial Statistics			
Date of Study	May 27, 2013		
Critical Assumptions	The review is limited to readily accessible and visible building components and documents. Certain inaccessible, hidden problems may not be detected.		
Current Contingency Reserve Fund Balance	\$71,000		
Future Replacement Costs	First 10 years: \$447,825 Final 20 years: \$3,022,713		
CRF Contributions and Financial Strength Over 30-year Projection		Contributions	Financial Strength
	Current investment schedule:	\$713,000	22%
	Early investment schedule:	\$3,328,684	100%
	Delayed investment schedule:	\$3,385,025	100%
	Capped increase schedule:	\$1,774,958	50%
	Capped special levies schedule:	\$3,301,609	92%



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1. Introduction

1.1 Strata Development

A strata development divides land and buildings into parts for separate ownership with common features. The part of the property that an individual owns is known as the “strata lot”, whereas the remainder of the property is known as “common property”. Strata-titled properties, commonly known as condominiums, provide freehold ownership of a strata lot, together with the use of common property and facilities jointly owned with all strata units.

The strata development is administered by a strata corporation comprising of all owners within the strata development. The strata corporation is the decision-making body responsible for maintaining, managing, repairing, and insuring the common property and common assets. The strata corporation is also tasked with record-keeping responsibilities and must enforce its bylaws or rules.

The Strata Property Act¹ (the “**Act**”), bylaws, and Strata Plan of the corporation are the typical documents governing the operation of the strata corporation. They form the legal basis of the strata corporation and are generally enforceable in a court of law should the need arise.

As legislated within the Act, an executive body, known as a strata council, is elected annually by the strata owners to oversee the strata corporation during intervals between general meetings of all members. The strata council meets at regular intervals and makes decisions on behalf of and binding upon all owners for matters concerning the administration of the strata development that do not require the vote of the strata owners.

The strata council usually hires a strata manager or property manager for the management and maintenance of all common areas and facilities including the exterior of the buildings. The strata manager implements the decisions of the strata council, approves expenses, pays accounts according to the budget, administers the collection of monthly maintenance fees, and performs other like duties. In cases of self-managed stratas, the strata council directly oversees the management and maintenance of all common areas and facilities, assuming the duties of a strata manager.

¹ *Strata Property Act*, SBC 1998, c 43, as amended

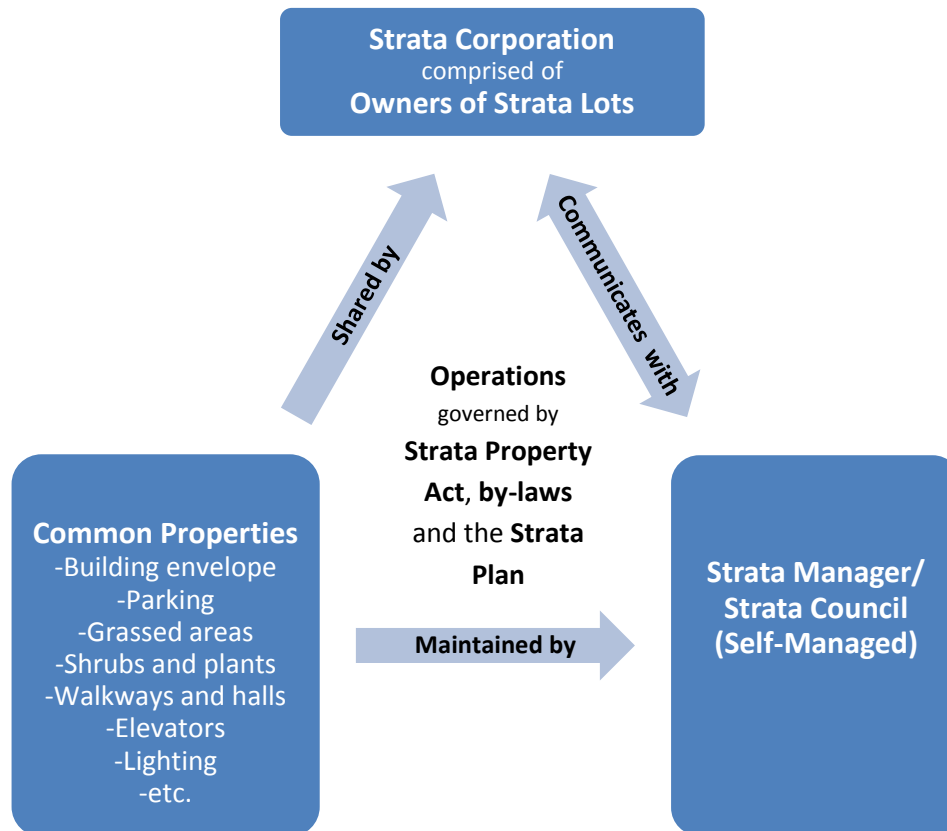


Figure 1: The strata community

1.2 Finances

In order to cover the costs of operating the strata, owners are assessed dues (termed maintenance fees or strata fees) for their proportionate share of the strata corporation's expenses based on their unit entitlement (a measure of the owner's allocated interest within the development). The strata fees are used to establish: 1) the operating fund, and 2) the contingency reserve fund. As outlined within the Act², these two funds cover the short-term and long-term expenses of the Strata Corporation.

1.2.1 Operating Fund

The operating fund is a fund set up for expenses that relate to the common properties and common assets of strata corporations that occur more than once per year³. These are normally recurring administrative expenses or costs that relate to the routine maintenance of the common properties. The operating expenses are treated as a separate sum of expenses and are not taken into consideration for the purposes of this report.

² *Strata Property Act*, SBC 1998, c 43, s 92

³ *Ibid*



1.2.2 Contingency Reserve Fund

The contingency reserve fund (“**CRF**”) is a fund set up for expenses that occur less than once per year or do not usually occur⁴ (e.g. major repairs like roof repairs, machinery repairs, etc.). The CRF constitutes an important part of the strata corporation's annual budget and is generally collected by means of strata fee contributions to a separate CRF account. Ideally, all major repair and replacement costs would be covered by the funds in the CRF account.

1.2.3 Special Levy

The Strata Corporation may raise money from the owners by means of a special levy for various reasons, the primary reason being that the CRF is insufficient to cover the Strata Corporation's existing or anticipated expenditures. A special levy must be approved by a resolution passed by a minimum 3/4 vote at an annual or special general meeting.

1.2.4 Legislation Governing the CRF

Section 6.1 of the Strata Property Regulation (the “**Regulation**”) sets out a formula for the purposes of determining the amount of the annual contribution to the CRF, as follows⁵:

6.1 ... the amount of the annual contribution to the CRF for a fiscal year, other than the fiscal year following the first annual general meeting, must be determined as follows:

(a) if the amount of money in the CRF at the end of any fiscal year after the first annual general meeting is less than 25% of the total amount budgeted for the contribution to the operating fund for the fiscal year that has just ended, the annual contribution to the CRF for the current fiscal year must be at least the lesser of

(i) 10% of the total amount budgeted for the contribution to the operating fund for the current fiscal year, and

(ii) the amount required to bring the CRF to at least 25% of the total amount budgeted for the contribution to the operating fund for the current fiscal year;

(b) if the amount of money in the CRF at the end of any fiscal year after the first annual general meeting is equal to or greater than 25% of the total amount budgeted for the contribution to the operating fund for the fiscal year that has just ended, additional contributions to the CRF may be made as part of the annual budget approval process after consideration of the depreciation report, if any, obtained under section 94 of the Act.

⁴ *Ibid*

⁵ *Strata Property Regulation*, BC Reg. 238/2011, s 6.1, as amended

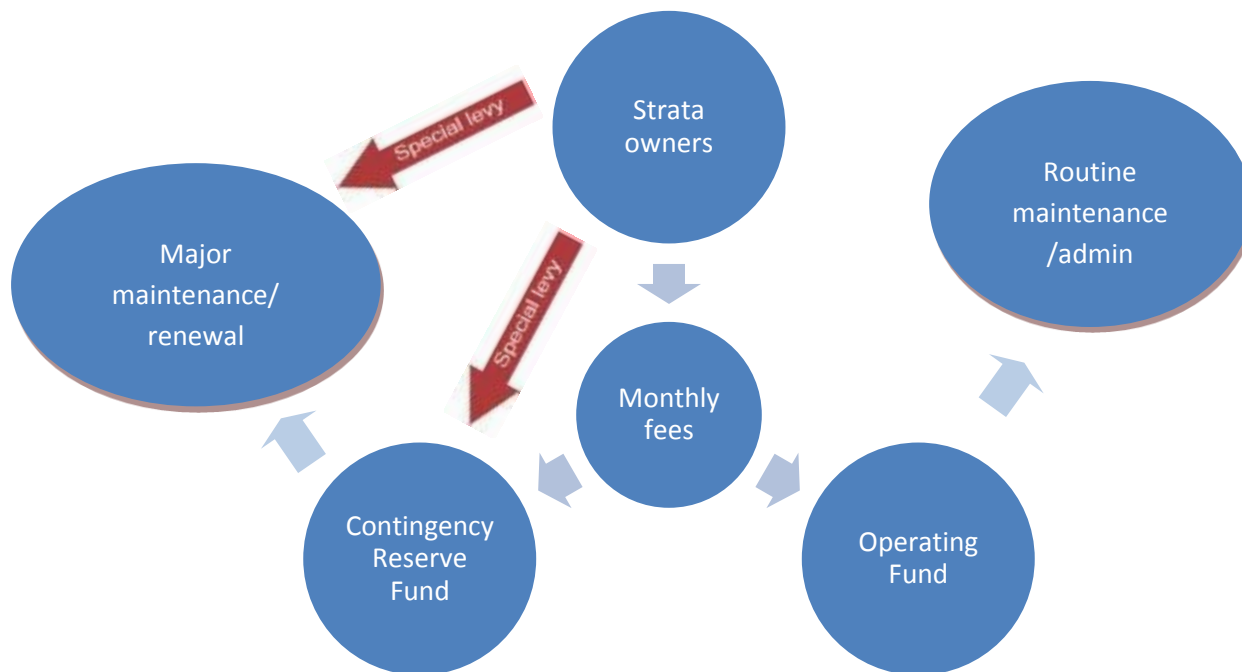


Figure 2: Financial structure of the strata community

1.3 Depreciation Reports

The depreciation report, also known as a reserve fund study, is a legislated planning requirement for strata corporations in British Columbia. Depreciation reports are used to establish long-term planning for CRF management. They are prepared after a thorough assessment of common properties and finances of the strata corporation, taking into account projected expenditures, replacement costs, and other factors.

Common properties for the purposes of a depreciation report include those items that comprise the common property, the common assets, the parts of a strata lot and/or limited common property that the Strata Corporation is responsible to maintain or repair under the Act⁶, and the strata corporation's bylaws or an agreement with an owner, including, but not limited to, the following items:

- the building's structure;
- the building's exterior, including roofs, roof decks, doors, windows and skylights;
- the building's systems, including the electrical, heating, plumbing, fire protection and security systems;
- common amenities and facilities;
- parking facilities and roadways;
- utilities, including water and sewage;

⁶ *Strata Property Act, supra* note 1



- landscaping, including paths, sidewalks, fencing and irrigation;
- interior finishes, including floor covering and furnishings;
- green building components; and
- balconies and patios.

1.3.1 Benefits of a Depreciation Report

Some important benefits to a well-prepared depreciation report are listed as follows:

- A. The depreciation report ensures that the strata corporation complies with the Act. As discussed earlier, the Regulation⁷ sets out certain thresholds for the management of the CRF. The depreciation report recommends a cash-flow model that will balance expenditures and corresponding special levies to assist the strata corporation with maintaining such compliance.
- B. The depreciation report seeks to optimize strata investments over time. The depreciation report is a planning tool which recommends a schedule for planned investment of funds amassed through strata fees. This optimized investment schedule incorporating interest and inflation contributions seek to ensure CRF sufficiency while maximizing returns.
- C. The depreciation report provides a more accurate description of a strata's financial strength and market value. Hence, other parties such as lending institutions for the strata's individual owners or prospective owners often review depreciation reports when considering financing decisions, such as credit-worthiness. Depreciation reports are important tools for evaluating a property and its value.
- D. The depreciation report allows for the preservation of the property value through a timely maintenance schedule. The depreciation report identifies the condition of major items of a strata corporation and their maintenance/replacement costs. It also provides preventative maintenance recommendations, which can help preserve the condition of the components and possibly extend their residual or useful lives.
- E. The depreciation report identifies risks for consumers interested in the property. As depreciation reports gain widespread use, consumers will use them as tools to gauge possible special levies or otherwise unknown future costs. This increases consumers' confidence in purchasing the property.
- F. The depreciation report may also identify unknown risks to strata corporations, allowing for better management. Many strata corporations assume that their budgeted CRF contributions can adequately cover their expenses. However, developer estimates may be

⁷ *Strata Property Regulation*, *supra* note 3



outdated and may not have accounted for modifications made since the complex was first conveyed. Hence, the interim calculations may not have reflected the strata's true exposure.

1.3.2 Legislation Regarding the Depreciation Report

The depreciation report must be completed by a "qualified person" as defined in the Act⁸. It must be based upon an on-site visual inspection, comprising of a physical component inventory, a summary of repairs and maintenance work for common property expenses (for items that usually occur less than once per year or that do not usually occur), a financial forecasting section, and other information specified in the Regulation⁹. Beginning on December 13, 2012, a depreciation report is required to be conducted every 3 years and may only be deferred with a 3/4 vote at an annual or a special general meeting for strata corporations that are members of a prescribed class of strata corporations. These details outlined within the Act¹⁰ can be found in Appendix A.

1.4 Objectives

This depreciation report can be used as a guide to establish long term planning for the management of common assets or properties outlined in detail in Section 1.3. Strata Engineering strives to use this report to determine the following:

- The common properties the strata corporation owns;
- The condition of common properties in the strata corporation;
- The timeline for replacement of the common properties of the strata corporation;
- The balance within the CRF;
- The cost for future replacement of common properties; and
- Five cash flow models outlining future payments for future costs.

1.5 Intended Use

This depreciation report has been completed for the exclusive use of the council of the strata corporation, Strata Plan BCS 2634. No other party may rely on the report without specific written approval of Strata Engineering. This depreciation report is subject to the assumptions and limiting conditions set out in Appendix C attached hereto.

⁸ *Strata Property Act*, SBC 1998, c 43, s 94.1

⁹ *Strata Property Regulation*, BC Reg. 238/2011, s 6.2

¹⁰ *Strata Property Act*, SBC 1998, c 43, s 94



2. Methods

A physical assessment and a financial assessment were first performed, providing information regarding the current status of the building. After determining the common properties, the data were used to generate different strategic plans.



Figure 3: Formulation of the strategic plan

2.1 Assumptions and Limitations

This work resulted in recommendations made based on the information reviewed by the personnel at the time of preparation. This is not a certification of compliance with past or present regulations. This depreciation report is to be read in its entirety and as a whole. No portion of this report can be severed or read independently of the other portions.

This work does not completely eliminate uncertainty regarding the potential for existing or future costs, hazards or losses in connection with a property. Neither physical testing nor design calculations have been performed unless specifically noted. Conditions existing but not noted were not apparent given the level of study undertaken. Only conditions visibly apparent during examination of representative samples have been reviewed.



Only the specific information identified below has been reviewed. Absolute Building Science Strata Engineering (ABSSEI) is not obligated to identify mistakes or insufficiencies in the information obtained from the various sources or to verify the accuracy of the information.

The depreciation report estimates are subjective and are provided for approximate budgeting purposes only. The figures are calculated based on an understanding of the life cycle of building components and comparative analyses of similar properties over time. Accurate figures can only be obtained by establishing a scope of work and receiving quotes from suitable contractors. Time frames given for undertaking replacement or maintenance work represent our opinion of when to budget for the work. Failure of the item, or the optimum repair or replacement process, may vary from our estimate.

2.2 Physical Assessment

2.2.1 Physical Inspection

A site visit was performed on May 27, 2013 at 12849 Lagoon Road in Madeira Park, BC.

2.2.2 Documentation Review

The following documents were reviewed upon availability from the Strata Corporation:

- Bylaws (2006)
- Building plans – architectural (2006)
- Financial statements (2009-2013)
- Approved budget (2013)

2.2.3 Inspection of Common Properties

2.2.3.1 Common Property Classification

During the inspection, we classify the common properties assets according to the Uniformat II¹¹ system, specified by the National Institute of Standards and Technology. The Uniformat II system is organized into seven major building component divisions, with a letter assigned to each specific division. The building components inspected are classified into the following divisions¹²:

¹¹ ASTM Uniformat II for Building Elements (E1557-97)

¹² Components belonging to certain divisions may not be inspected due to accessibility issues.



1. **Substructure:** Slab on grade, underground garage and basement structures
2. **Shell:** Roof construction, exterior walls, exterior windows, balconies etc.
3. **Interiors:** Wall finishes, floor finishes, stairs, partitions etc.
4. **Services:** Elevators and lifts, HVAC, fire protection etc.
5. **Equipment and furnishings:** Commercial, institutional equipment, furniture etc.
6. **Special construction and demolition:** Special structures, integrated construction, special facilities etc.
7. **Site improvements:** Paving, landscaping, sewers etc.

2.2.3.2 Reserve Component Inventory

The reserve component inventory was compiled following the inspection and included in Section 3.2. It lists all common properties inspected, along with their quantities and life cycle indices.

2.2.4 Remaining Useful Life Estimation

The method of estimating the remaining useful life of common properties first necessitates the determination of their physical condition. The chronological age of any asset may not equate to its effective age. Some assets' lifetimes may have been prolonged by continued maintenance whereas others might have undergone rapid deterioration due to unforeseen circumstances or neglect.

In this depreciation report, the effective age of a common property is estimated via documentation review, discussion with facility representatives, and visual inspection. The total useful life is estimated based on industry standards of comparative improvements. The remaining useful life is thus represented by the following equation:

$$\text{Remaining useful life} = \text{Estimated useful life} - \text{Effective age}$$

No destructive testing was carried out on any of the common properties, nor were the common properties disassembled or subjected to confirmation of functionality.

2.3 Financial Assessment

Over the life of every building, owners contribute towards operating, maintenance, and renewal costs of capital assets. Occasionally, more comprehensive rehabilitation costs are also incurred.



The financial assessment identifies the following:

- The current replacement costs of the common properties and their future replacement costs;
- The status of the current CRF balance and how it is impacted by ongoing CRF requirements; and
- The ability of the current budget to meet major maintenance renewal needs.

This depreciation report is primarily concerned with costs of building upkeep. Expenditures such as legal consultation fees and unforeseen emergency expenses are not included.

2.3.1 Future Replacement Cost Estimation

The future replacement cost estimation is performed using the current replacement cost compounded by an average inflation rate across the remaining useful life of the components. Replacement costs were estimated based on the cost data service provided by RSMeans Online¹³. Inflation measurement in this depreciation report is based on construction indices rather than the widely quoted Consumer Price Index (CPI) which measures consumer goods. The average inflation rate was calculated based on changes in construction price index over a period of 20 years from 1991 to 2011. From the analysis, the inflation rate was found to be 3.4%.

2.3.2 Projected Cash Flow

The projected cash flow predicts how well the CRF would be able to cover necessary replacement costs over the next 30 years. There will be five cash flow models for your reference.

Model 1 (Current investment schedule): This model maintains the current method of funding the CRF and estimates future special levies based on current CRF contributions. This method has the effect of deferring the funding of replacement costs for your Common Properties to the date when such replacement is required, resulting in larger special levies and greater future financial burden.

Model 2 (Early investment schedule): This model increases current CRF contributions rapidly over the next three years, such that no special levies will be required over the 30-year projection. Depending on interest rates, this method potentially allows for the greatest investment returns, maximizing financial strength.

Model 3 (Delayed investment schedule): This model increases current CRF contributions over a period of five years, such that no special levies will be required over the 30-year projection. This method still allows for a reasonable return on investment while maintaining financial strength.

¹³ www.rsmeansonline.com



Model 4 (Partially funded investment schedule – capped increase): This model increases current CRF contributions by a maximum of 50% in the next year. For the remaining 30-year projection, CRF contributions are increased annually by the current inflation rate.

Model 5 (Partially funded investment schedule – capped special levies): This model increases current CRF contributions over the next three years, such that all special levies for the 30-year projection are \$100,000 or less. For the remaining 30-year projection, CRF contributions are increased annually by the current inflation rate.

2.3.2.1 Current CRF Levels

Current CRF level is defined as the opening balance of the reserve account beginning the year in which the inspection took place. In this case, it is \$71,000 beginning in 2013. In cases where reserve accounts are unavailable, the current CRF level is calculated by summing the total amount of funds set aside for major replacement or repairs beginning the year during which the inspection is performed.

2.3.2.2 Special Levies

The Strata Corporation may raise money from the owners by means of a special levy for various reasons, the primary reason being that the CRF is insufficient to cover the Strata Corporation's existing or anticipated expenditures. A special levy must be approved by a resolution passed by a minimum 3/4 vote at an annual or special general meeting.

2.3.2.3 Investment Returns

For this report, the strata corporation's funds are placed with a savings account. Hence, investment returns are estimated to be 2.0%.

2.3.2.4 CRF Contributions

CRF contributions with all our cash flow models except the current model are set based on different calculations tailored to different scenarios.

2.3.2.5 Calculations

The closing balance for a given year was calculated as follows:

Closing balance

$$= (\text{CRF opening balance} + \text{CRF contributions} + \text{investment returns} + \text{Special levies}) - \text{Replacement expenses}$$



2.3.3 Financial Strength

Within this depreciation report, the analysis is performed primarily based upon the CRF of the Strata Corporation, not accounting for operating expenses that are paid through the operating fund. The financial strength of the Strata Corporation is thus the proportion of replacement or maintenance expenses that can be covered by the CRF contributions and investment returns. The optimal CRF with maximized financial strength would be able to cover all expenses at any given time, resulting in no special levies over a specified period.

2.3.3.1 Reserve Requirements

Insufficiency in this depreciation report is determined by the percent of replacement expenses covered by special levies, given by the following formula:

$$\% \text{ Insufficiency} = \frac{\text{Special levies}}{\text{Replacement expenses}} \times 100\%$$

Financial strength in this depreciation report is expressed in the following formula:

$$\% \text{ Financial strength} = 100\% - \frac{\text{Total special levies}}{\text{Total replacement expenses}}$$

Hence, 100% strength means that no special levies are needed (insufficiency is 0%).



3. Results

3.1 Building Information

The building investigated was a 31-unit townhouse complex built in 2008 for residential purposes. The key statistics of the building are presented in Table 1 below.

Table 1: Property statistics

Painted Boat Resort Spa and Marina	
Municipal Address:	12849 Lagoon Road, Madeira Park, BC
Legal description	Strata Plan BCS 2634
Real property type	Wood-frame townhouse complex
Units	31
Year of Construction	2008
Designated land use	Multi-family residential use
Reserve fund components	46 total components: 1 substructure component; 24 building shell components; 5 services components; 3 equipment components; 2 special facilities components; 9 site improvements components; and 2 miscellaneous components (reporting).

3.2 Reserve Components Inventory

The identified components were grouped into major categories according to the Uniformat II system. The schedule of common property components can be found on the next page. Detailed descriptions can be found in Appendix B (reserve component data sheets) and the major replacement schedule regarding the components can be found in Appendix E. The reserve components included within this budget is listed in the following table.

Table 2: Reserve Components

Component	Estimated Useful Life (years)	Effective Age (years)	Remaining Useful Life (years)
Foundation walls	50	5	45
Deck flooring - wood	15	5	10
Deck flooring - vinyl membrane	20	5	15
Patio flooring - vinyl membrane	20	5	15
Patio flooring - concrete	50	5	45
Balcony flooring	20	5	15
Balcony/patio railing	50	5	45
Caulking and weather-stripping	8	6	2
Cladding - cedar shingles	20	5	15
Cladding - fibre cement	50	5	45
Exterior painting (trim)	8	5	3
Exterior painting (cement board siding)	8	5	3



Table 2 continued

Component	Estimated Useful Life (years)	Effective Age (years)	Remaining Useful Life (years)
Exterior painting (wooden columns)	8	1	7
Exterior soffits	50	5	45
External stairs - metal treads	50	5	45
External stairs - concrete	50	5	45
External stair railing	50	5	45
Exterior windows	30	5	25
Exterior windows (glazing)	15	5	10
Wooden patio doors	30	5	10
Unit entrance doors	30	5	25
Roofing	20	5	15
Roof flashing	30	5	25
Chimneys	30	5	15
Gutters and downspouts	30	5	45
Water distribution	50	5	45
Water storage	10	5	5
Sanitary waste drainage	50	5	45
Rain water drainage	50	5	45
HVAC - Boilers	50	5	45
Maintenance facility equipment	15	5	10
Pool building mechanical equipment	15	5	10
Fitness room equipment	20	5	15
Maintenance facility building exterior	50	5	45
Water treatment facility	30	5	25
Roads and paved areas – asphalt	25	5	20
Roads and paved areas – eco-grid	50	5	45
Carport structure	50	5	45
Carport roofs	15	5	10
Pool building structures	25	5	20
Landscaping	Contingency	N/A	Contingency
Site lighting	25	5	20
Zen pavilion paved area	50	5	45
Zen pavilion roof	15	5	10



3.3 Thirty-Year Cash Flow Models

Cash flow models allow you to tailor your budget to suit your own needs or financial abilities. We have provided five distinct cash flow models for the estimation of CRF contributions and special levies not accounting for preventive maintenance. In each of these models, calculations are based on the 2013 CRF opening balance of \$71,000. In order to satisfy legal requirements, special levies are assessed to bring the CRF closing balance to \$10,000 where there is a shortfall in covering replacement or repair expenses.

3.3.1 Model 1: Current Investment Schedule

In the current investment schedule, an annual CRF contribution of \$23,000 (as noted in the annual budget for 2013) is kept constant over the 30-year projection. Over the 30-year projection, twenty special levies, ranging from \$53,678 to \$250,859 are expected to be required to cover all replacement expenses. An investment return of \$31,984 is obtained.

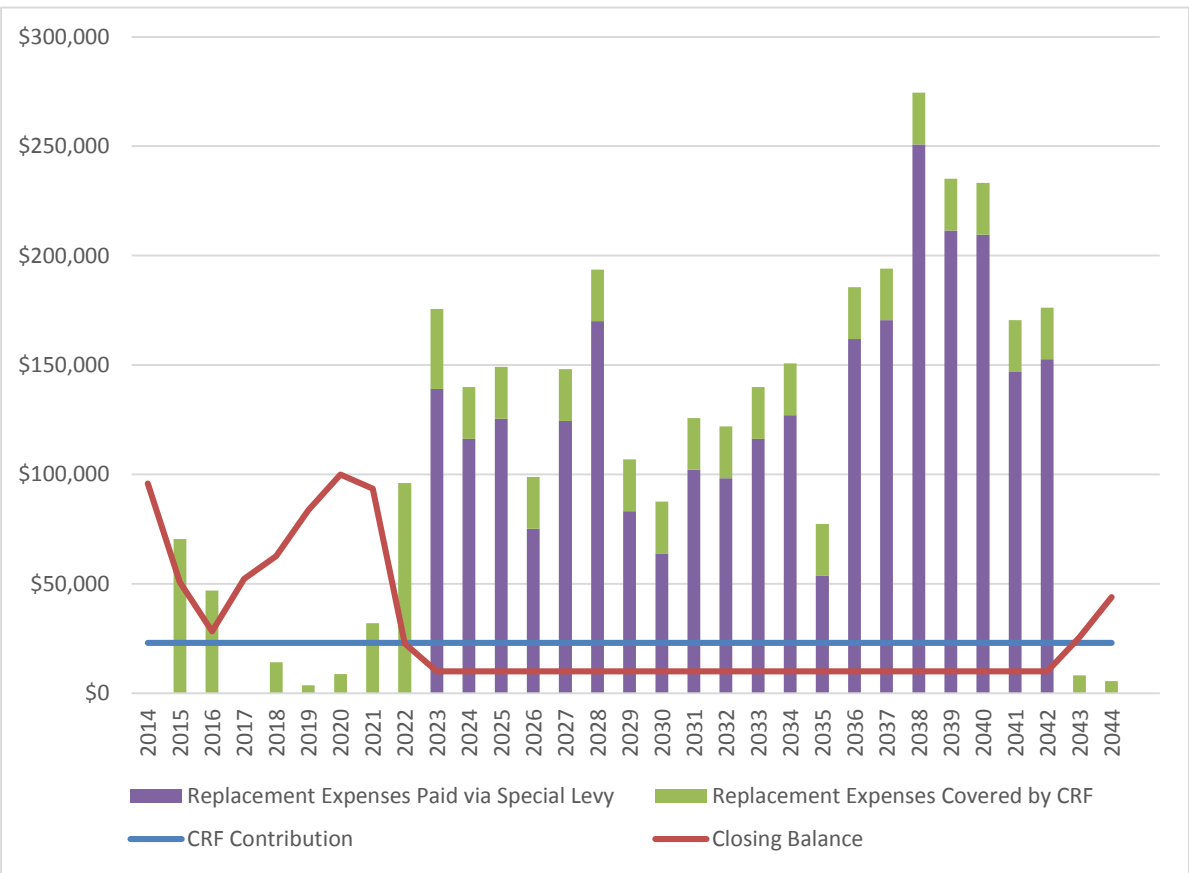


Figure 4: 30-year projection of CRF cash flow using current investment schedule



Table 3: Cash flow table for CRF with current investment schedule

Year	Opening balance	CRF contributions	Contribution changes	Investment returns	Replacement expenses	Special levies	Closing balance
2014	\$71,000	\$23,000		\$1,880	\$0	\$0	\$95,880
2015	\$95,880	\$23,000	0%	\$2,378	\$70,479	\$0	\$50,779
2016	\$50,779	\$23,000	0%	\$1,476	\$46,965	\$0	\$28,289
2017	\$28,289	\$23,000	0%	\$1,026	\$0	\$0	\$52,315
2018	\$52,315	\$23,000	0%	\$1,506	\$14,184	\$0	\$62,638
2019	\$62,638	\$23,000	0%	\$1,713	\$3,666	\$0	\$83,684
2020	\$83,684	\$23,000	0%	\$2,134	\$8,813	\$0	\$100,005
2021	\$100,005	\$23,000	0%	\$2,460	\$32,017	\$0	\$93,448
2022	\$93,448	\$23,000	0%	\$2,329	\$96,106	\$0	\$22,671
2023	\$22,671	\$23,000	0%	\$913	\$175,595	\$139,011	\$10,000
2024	\$10,000	\$23,000	0%	\$660	\$139,925	\$116,265	\$10,000
2025	\$10,000	\$23,000	0%	\$660	\$149,163	\$125,503	\$10,000
2026	\$10,000	\$23,000	0%	\$660	\$98,833	\$75,173	\$10,000
2027	\$10,000	\$23,000	0%	\$660	\$148,090	\$124,430	\$10,000
2028	\$10,000	\$23,000	0%	\$660	\$193,666	\$170,006	\$10,000
2029	\$10,000	\$23,000	0%	\$660	\$106,847	\$83,187	\$10,000
2030	\$10,000	\$23,000	0%	\$660	\$87,530	\$63,870	\$10,000
2031	\$10,000	\$23,000	0%	\$660	\$125,810	\$102,150	\$10,000
2032	\$10,000	\$23,000	0%	\$660	\$121,887	\$98,227	\$10,000
2033	\$10,000	\$23,000	0%	\$660	\$139,879	\$116,219	\$10,000
2034	\$10,000	\$23,000	0%	\$660	\$150,688	\$127,028	\$10,000
2035	\$10,000	\$23,000	0%	\$660	\$77,338	\$53,678	\$10,000
2036	\$10,000	\$23,000	0%	\$660	\$185,523	\$161,863	\$10,000
2037	\$10,000	\$23,000	0%	\$660	\$194,120	\$170,460	\$10,000
2038	\$10,000	\$23,000	0%	\$660	\$274,519	\$250,859	\$10,000
2039	\$10,000	\$23,000	0%	\$660	\$235,149	\$211,489	\$10,000
2040	\$10,000	\$23,000	0%	\$660	\$233,279	\$209,619	\$10,000
2041	\$10,000	\$23,000	0%	\$660	\$170,464	\$146,804	\$10,000
2042	\$10,000	\$23,000	0%	\$660	\$176,259	\$152,599	\$10,000
2043	\$10,000	\$23,000	0%	\$660	\$8,180	\$0	\$25,480
2044	\$25,480	\$23,000	0%	\$970	\$5,565	\$0	\$43,885



3.3.2 Model 2: Early Investment Schedule (Recommended)

In the early investment schedule, contributions to the initial opening balance in the CRF increase 71% per year over the next three years. Over the 30-year projection, no special levies are expected to be required. An investment return of \$330,785 is obtained.

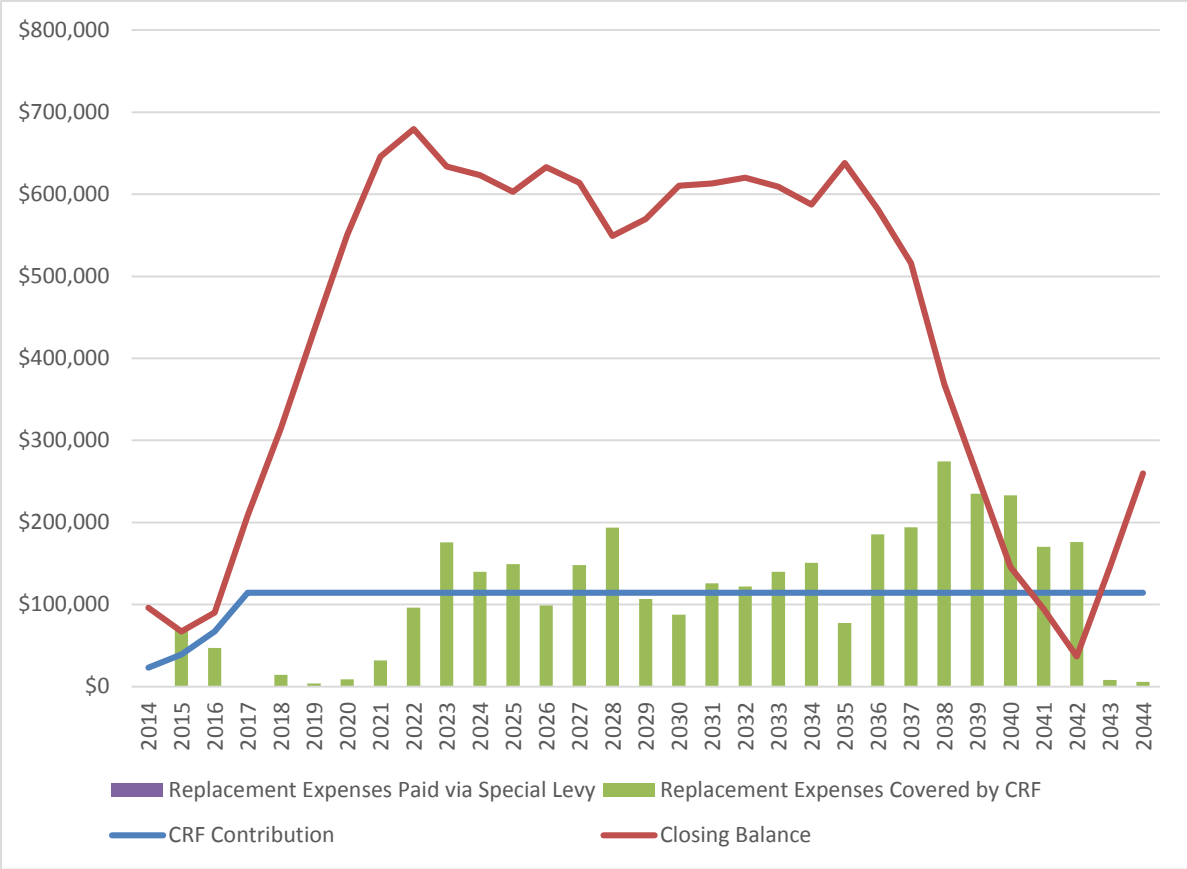


Figure 5: 30-year projection of CRF cash flow using early investment schedule



Table 4: Cash flow table for CRF with early investment schedule

Year	Opening balance	CRF contributions	Contribution changes	Investment returns	Replacement expenses	Special levies	Closing balance
2014	\$71,000	\$23,000		\$1,880	\$0	\$0	\$95,880
2015	\$95,880	\$39,246	71%	\$2,703	\$70,479	\$0	\$67,349
2016	\$67,349	\$66,966	71%	\$2,686	\$46,965	\$0	\$90,037
2017	\$90,037	\$114,267	71%	\$4,086	\$0	\$0	\$208,390
2018	\$208,390	\$114,267	0%	\$6,453	\$14,184	\$0	\$314,926
2019	\$314,926	\$114,267	0%	\$8,584	\$3,666	\$0	\$434,111
2020	\$434,111	\$114,267	0%	\$10,968	\$8,813	\$0	\$550,532
2021	\$550,532	\$114,267	0%	\$13,296	\$32,017	\$0	\$646,078
2022	\$646,078	\$114,267	0%	\$15,207	\$96,106	\$0	\$679,445
2023	\$679,445	\$114,267	0%	\$15,874	\$175,595	\$0	\$633,991
2024	\$633,991	\$114,267	0%	\$14,965	\$139,925	\$0	\$623,298
2025	\$623,298	\$114,267	0%	\$14,751	\$149,163	\$0	\$603,153
2026	\$603,153	\$114,267	0%	\$14,348	\$98,833	\$0	\$632,936
2027	\$632,936	\$114,267	0%	\$14,944	\$148,090	\$0	\$614,057
2028	\$614,057	\$114,267	0%	\$14,566	\$193,666	\$0	\$549,224
2029	\$549,224	\$114,267	0%	\$13,270	\$106,847	\$0	\$569,914
2030	\$569,914	\$114,267	0%	\$13,684	\$87,530	\$0	\$610,334
2031	\$610,334	\$114,267	0%	\$14,492	\$125,810	\$0	\$613,283
2032	\$613,283	\$114,267	0%	\$14,551	\$121,887	\$0	\$620,214
2033	\$620,214	\$114,267	0%	\$14,690	\$139,879	\$0	\$609,292
2034	\$609,292	\$114,267	0%	\$14,471	\$150,688	\$0	\$587,342
2035	\$587,342	\$114,267	0%	\$14,032	\$77,338	\$0	\$638,303
2036	\$638,303	\$114,267	0%	\$15,051	\$185,523	\$0	\$582,098
2037	\$582,098	\$114,267	0%	\$13,927	\$194,120	\$0	\$516,172
2038	\$516,172	\$114,267	0%	\$12,609	\$274,519	\$0	\$368,529
2039	\$368,529	\$114,267	0%	\$9,656	\$235,149	\$0	\$257,303
2040	\$257,303	\$114,267	0%	\$7,431	\$233,279	\$0	\$145,722
2041	\$145,722	\$114,267	0%	\$5,200	\$170,464	\$0	\$94,725
2042	\$94,725	\$114,267	0%	\$4,180	\$176,259	\$0	\$36,912
2043	\$36,912	\$114,267	0%	\$3,024	\$8,180	\$0	\$146,023
2044	\$146,023	\$114,267	0%	\$5,206	\$5,565	\$0	\$259,931



3.3.3 Model 3: Delayed Investment Schedule

In the delayed investment schedule, the CRF contributions to an initial opening balance of \$71,000 are phased in over a period of five years at increases of 39% per year. Over the 30-year projection, no special levies are expected to be required. An investment return of \$302,610 is obtained.

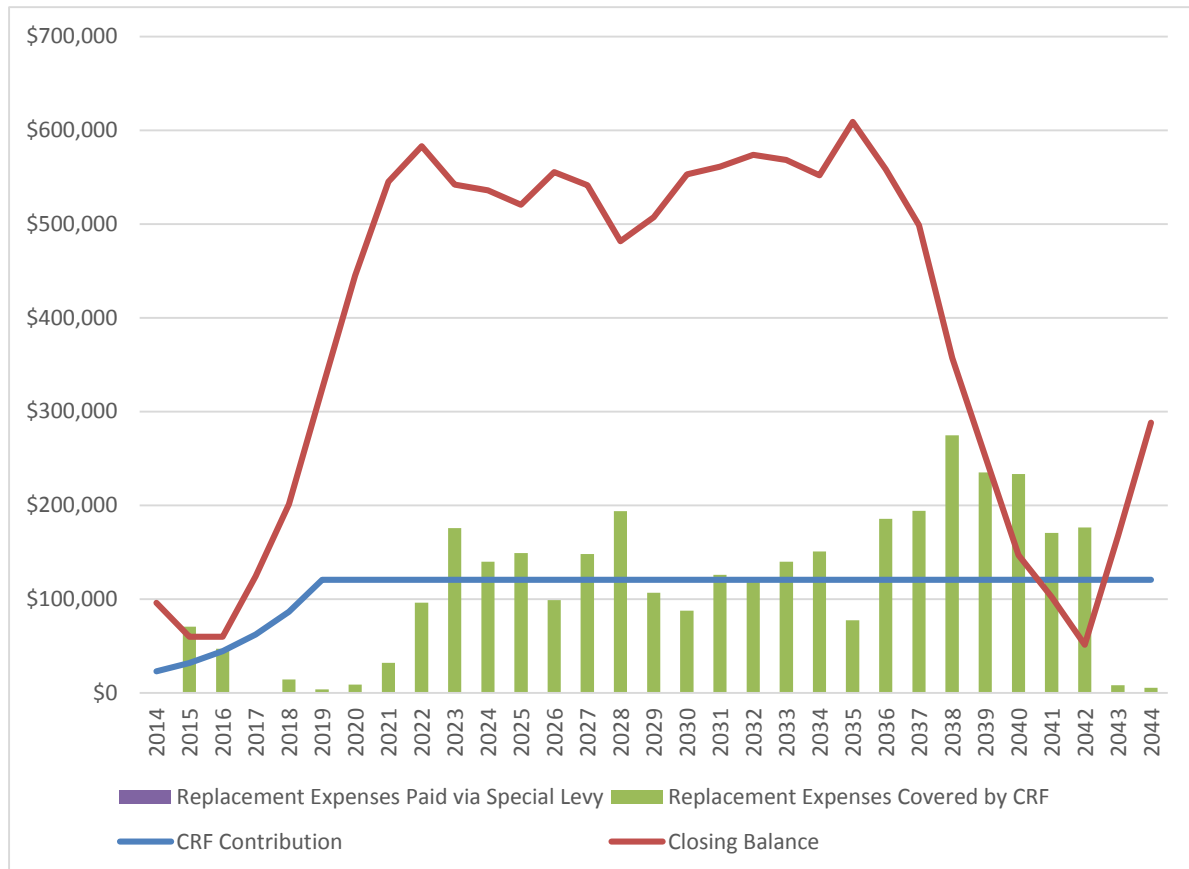


Figure 6: 30-year projection of CRF cash flow using delayed investment schedule



Table 5: Cash flow table for CRF with delayed investment schedule

Year	Opening balance	CRF contributions	Contribution changes	Investment returns	Replacement expenses	Special levies	Closing balance
2014	\$71,000	\$23,000		\$1,880	\$0	\$0	\$95,880
2015	\$95,880	\$32,039	39%	\$2,558	\$70,479	\$0	\$59,999
2016	\$59,999	\$44,630	39%	\$2,093	\$46,965	\$0	\$59,756
2017	\$59,756	\$62,170	39%	\$2,439	\$0	\$0	\$124,365
2018	\$124,365	\$86,603	39%	\$4,219	\$14,184	\$0	\$201,004
2019	\$201,004	\$120,638	39%	\$6,433	\$3,666	\$0	\$324,408
2020	\$324,408	\$120,638	0%	\$8,901	\$8,813	\$0	\$445,134
2021	\$445,134	\$120,638	0%	\$11,315	\$32,017	\$0	\$545,070
2022	\$545,070	\$120,638	0%	\$13,314	\$96,106	\$0	\$582,915
2023	\$582,915	\$120,638	0%	\$14,071	\$175,595	\$0	\$542,029
2024	\$542,029	\$120,638	0%	\$13,253	\$139,925	\$0	\$535,995
2025	\$535,995	\$120,638	0%	\$13,133	\$149,163	\$0	\$520,603
2026	\$520,603	\$120,638	0%	\$12,825	\$98,833	\$0	\$555,232
2027	\$555,232	\$120,638	0%	\$13,517	\$148,090	\$0	\$541,298
2028	\$541,298	\$120,638	0%	\$13,239	\$193,666	\$0	\$481,508
2029	\$481,508	\$120,638	0%	\$12,043	\$106,847	\$0	\$507,342
2030	\$507,342	\$120,638	0%	\$12,560	\$87,530	\$0	\$553,009
2031	\$553,009	\$120,638	0%	\$13,473	\$125,810	\$0	\$561,310
2032	\$561,310	\$120,638	0%	\$13,639	\$121,887	\$0	\$573,700
2033	\$573,700	\$120,638	0%	\$13,887	\$139,879	\$0	\$568,346
2034	\$568,346	\$120,638	0%	\$13,780	\$150,688	\$0	\$552,075
2035	\$552,075	\$120,638	0%	\$13,454	\$77,338	\$0	\$608,829
2036	\$608,829	\$120,638	0%	\$14,589	\$185,523	\$0	\$558,533
2037	\$558,533	\$120,638	0%	\$13,583	\$194,120	\$0	\$498,635
2038	\$498,635	\$120,638	0%	\$12,385	\$274,519	\$0	\$357,140
2039	\$357,140	\$120,638	0%	\$9,556	\$235,149	\$0	\$252,184
2040	\$252,184	\$120,638	0%	\$7,456	\$233,279	\$0	\$146,999
2041	\$146,999	\$120,638	0%	\$5,353	\$170,464	\$0	\$102,526
2042	\$102,526	\$120,638	0%	\$4,463	\$176,259	\$0	\$51,368
2043	\$51,368	\$120,638	0%	\$3,440	\$8,180	\$0	\$167,266
2044	\$167,266	\$120,638	0%	\$5,758	\$5,565	\$0	\$288,096



3.3.4 Model 4: Partially Funded Investment Schedule (Capped Increase)

In the capped increase investment schedule, contributions to the initial CRF opening balance are kept at a maximum increase of 50% over the next year, then increased by the current inflation rate for the remaining years. Over the 30-year projection, nineteen special levies, ranging from \$8,458 to \$198,392, are expected to be required. An investment return of \$66,065 is obtained.

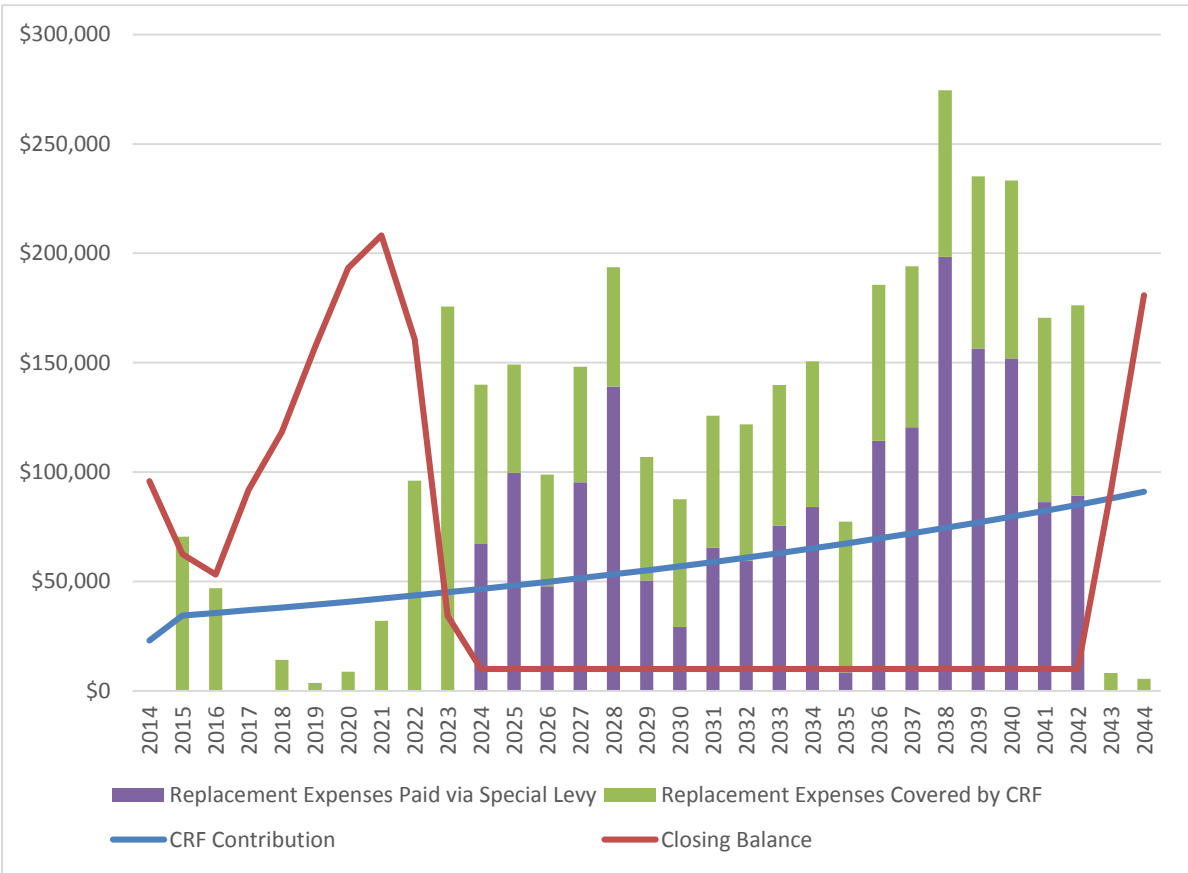


Figure 7: 30-year projection of CRF cash flow using capped increase investment schedule



Table 6: Cash flow table for CRF with capped increase investment schedule

Year	Opening balance	CRF contributions	Contribution changes	Investment returns	Replacement expenses	Special levies	Closing balance
2014	\$71,000	\$23,000		\$1,880	\$0	\$0	\$95,880
2015	\$95,880	\$34,500	50%	\$2,608	\$70,479	\$0	\$62,509
2016	\$62,509	\$35,673	3.4%	\$1,964	\$46,965	\$0	\$53,180
2017	\$53,180	\$36,886	3.4%	\$1,801	\$0	\$0	\$91,868
2018	\$91,868	\$38,140	3.4%	\$2,600	\$14,184	\$0	\$118,424
2019	\$118,424	\$39,437	3.4%	\$3,157	\$3,666	\$0	\$157,352
2020	\$157,352	\$40,778	3.4%	\$3,963	\$8,813	\$0	\$193,279
2021	\$193,279	\$42,164	3.4%	\$4,709	\$32,017	\$0	\$208,135
2022	\$208,135	\$43,598	3.4%	\$5,035	\$96,106	\$0	\$160,661
2023	\$160,661	\$45,080	3.4%	\$4,115	\$175,595	\$0	\$34,260
2024	\$34,260	\$46,613	3.4%	\$1,617	\$139,925	\$67,434	\$10,000
2025	\$10,000	\$48,197	3.4%	\$1,164	\$149,163	\$99,801	\$10,000
2026	\$10,000	\$49,836	3.4%	\$1,197	\$98,833	\$47,800	\$10,000
2027	\$10,000	\$51,531	3.4%	\$1,231	\$148,090	\$95,329	\$10,000
2028	\$10,000	\$53,283	3.4%	\$1,266	\$193,666	\$139,117	\$10,000
2029	\$10,000	\$55,094	3.4%	\$1,302	\$106,847	\$50,451	\$10,000
2030	\$10,000	\$56,968	3.4%	\$1,339	\$87,530	\$29,223	\$10,000
2031	\$10,000	\$58,904	3.4%	\$1,378	\$125,810	\$65,527	\$10,000
2032	\$10,000	\$60,907	3.4%	\$1,418	\$121,887	\$59,561	\$10,000
2033	\$10,000	\$62,978	3.4%	\$1,460	\$139,879	\$75,441	\$10,000
2034	\$10,000	\$65,119	3.4%	\$1,502	\$150,688	\$84,067	\$10,000
2035	\$10,000	\$67,333	3.4%	\$1,547	\$77,338	\$8,458	\$10,000
2036	\$10,000	\$69,623	3.4%	\$1,592	\$185,523	\$114,308	\$10,000
2037	\$10,000	\$71,990	3.4%	\$1,640	\$194,120	\$120,490	\$10,000
2038	\$10,000	\$74,437	3.4%	\$1,689	\$274,519	\$198,392	\$10,000
2039	\$10,000	\$76,968	3.4%	\$1,739	\$235,149	\$156,441	\$10,000
2040	\$10,000	\$79,585	3.4%	\$1,792	\$233,279	\$151,902	\$10,000
2041	\$10,000	\$82,291	3.4%	\$1,846	\$170,464	\$86,327	\$10,000
2042	\$10,000	\$85,089	3.4%	\$1,902	\$176,259	\$89,269	\$10,000
2043	\$10,000	\$87,982	3.4%	\$1,960	\$8,180	\$0	\$91,762
2044	\$91,762	\$90,973	3.4%	\$3,655	\$5,565	\$0	\$180,825



3.3.5 Model 5: Partially Funded Investment Schedule (Capped Special Levies)

In the capped special levies investment schedule, contributions to the initial CRF opening balance are increased over the next year such that any special levies are kept at \$100,000 or less. For the remaining years, the annual CRF contributions are increased at the current inflation rate. Over the 30-year projection, five special levies, ranging from \$10,708 to \$100,000 are expected to be required. An investment return of \$158,546 is obtained.

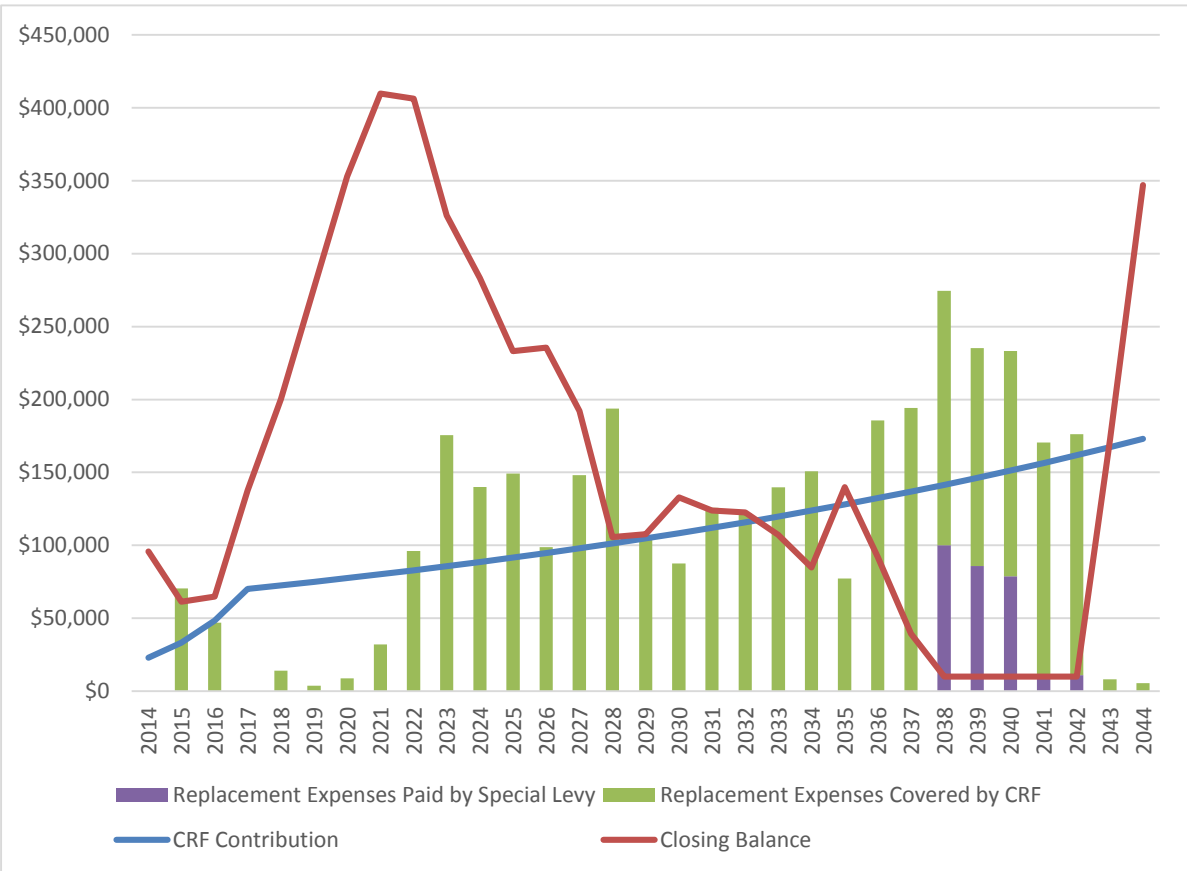


Figure 8: 30-year projection of CRF cash flow using capped special levies investment schedule



Table 7: Cash flow table for CRF with partially funded investment schedule

Year	Opening balance	CRF contributions	Contribution changes	Investment returns	Replacement expenses	Special levies	Closing balance
2014	\$71,000	\$23,000		\$1,880	\$0	\$0	\$95,880
2015	\$95,880	\$33,350	45%	\$2,585	\$70,479	\$0	\$61,336
2016	\$61,336	\$48,357	45%	\$2,194	\$46,965	\$0	\$64,921
2017	\$64,921	\$70,116	45%	\$2,701	\$0	\$0	\$137,738
2018	\$137,738	\$72,500	3.4%	\$4,205	\$14,184	\$0	\$200,259
2019	\$200,259	\$74,965	3.4%	\$5,504	\$3,666	\$0	\$277,063
2020	\$277,063	\$77,514	3.4%	\$7,092	\$8,813	\$0	\$352,855
2021	\$352,855	\$80,150	3.4%	\$8,660	\$32,017	\$0	\$409,648
2022	\$409,648	\$82,875	3.4%	\$9,850	\$96,106	\$0	\$406,267
2023	\$406,267	\$85,692	3.4%	\$9,839	\$175,595	\$0	\$326,203
2024	\$326,203	\$88,606	3.4%	\$8,296	\$139,925	\$0	\$283,180
2025	\$283,180	\$91,619	3.4%	\$7,496	\$149,163	\$0	\$233,132
2026	\$233,132	\$94,734	3.4%	\$6,557	\$98,833	\$0	\$235,590
2027	\$235,590	\$97,955	3.4%	\$6,671	\$148,090	\$0	\$192,125
2028	\$192,125	\$101,285	3.4%	\$5,868	\$193,666	\$0	\$105,613
2029	\$105,613	\$104,729	3.4%	\$4,207	\$106,847	\$0	\$107,701
2030	\$107,701	\$108,289	3.4%	\$4,320	\$87,530	\$0	\$132,780
2031	\$132,780	\$111,971	3.4%	\$4,895	\$125,810	\$0	\$123,837
2032	\$123,837	\$115,778	3.4%	\$4,792	\$121,887	\$0	\$122,521
2033	\$122,521	\$119,715	3.4%	\$4,845	\$139,879	\$0	\$107,201
2034	\$107,201	\$123,785	3.4%	\$4,620	\$150,688	\$0	\$84,918
2035	\$84,918	\$127,994	3.4%	\$4,258	\$77,338	\$0	\$139,832
2036	\$139,832	\$132,346	3.4%	\$5,444	\$185,523	\$0	\$92,098
2037	\$92,098	\$136,845	3.4%	\$4,579	\$194,120	\$0	\$39,402
2038	\$39,402	\$141,498	3.4%	\$3,618	\$274,519	\$100,000	\$10,000
2039	\$10,000	\$146,309	3.4%	\$3,126	\$235,149	\$85,713	\$10,000
2040	\$10,000	\$151,283	3.4%	\$3,226	\$233,279	\$78,770	\$10,000
2041	\$10,000	\$156,427	3.4%	\$3,329	\$170,464	\$10,708	\$10,000
2042	\$10,000	\$161,746	3.4%	\$3,435	\$176,259	\$11,079	\$10,000
2043	\$10,000	\$167,245	3.4%	\$3,545	\$8,180	\$0	\$172,610
2044	\$172,610	\$172,931	3.4%	\$6,911	\$5,565	\$0	\$346,887



4. Analysis

4.1 Investment Schedule Comparison

Apart from the current investment schedule, all other cash flow models propose increases to the CRF contributions in the next few years (in addition to matching inflation), eliminating or reducing special levies. Model 2 (the early investment schedule) and Model 3 (the delayed investment schedule) distinguish themselves in that no special levies will be required over the 30-year projection due to larger increases in CRF contributions. The figure below illustrates the outcome of each investment schedule (without preventive maintenance), along with the changes in CRF contributions.

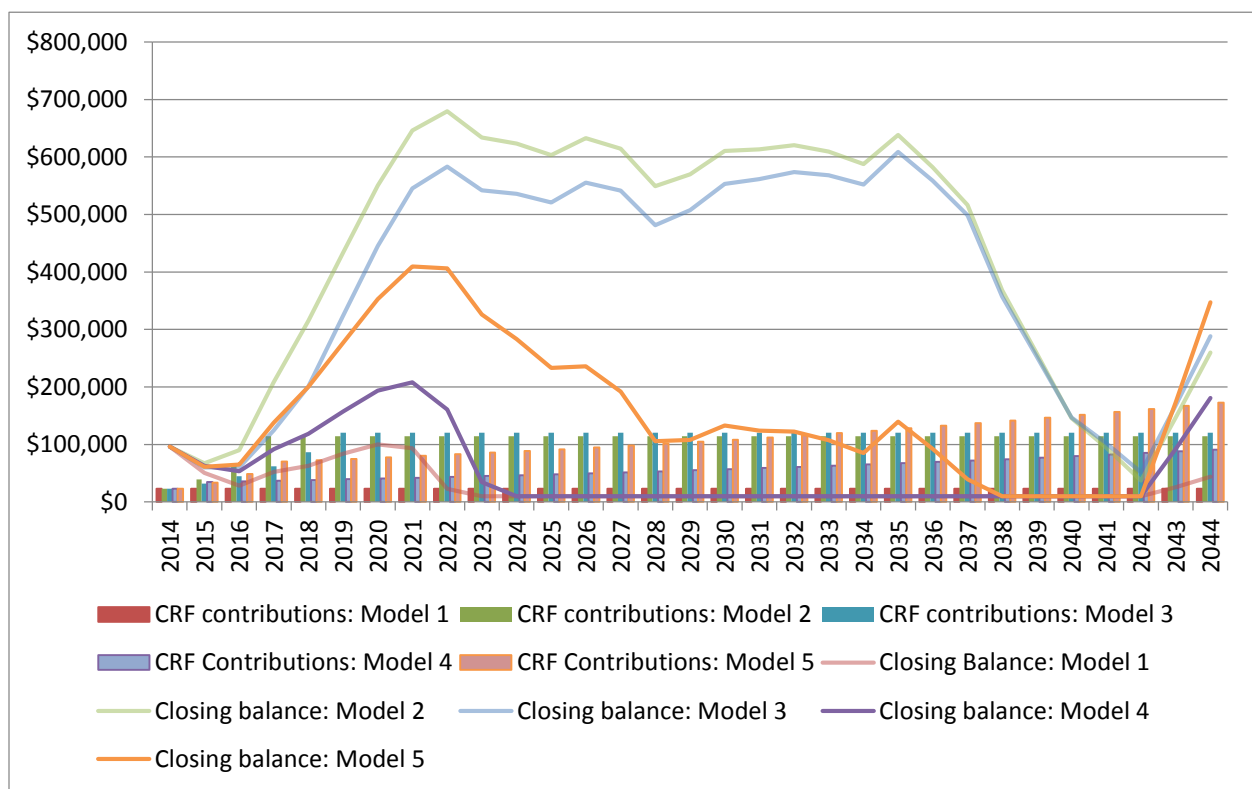


Figure 9: Comparison of CRF contributions and closing balances



Table 8: Summary of investment schedules

	Model 1: Current Model	Model 2: Early investment	Model 3: Delayed investment	Model 4: Partially Funded (Capped Increase)	Model 5: Partially Funded (Capped Special Levies)
Analysis for first 10 years					
Current CRF balance	\$71,000	\$71,000	\$71,000	\$71,000	\$71,000
CRF contributions	\$230,000	\$929,080	\$851,631	\$379,255	\$648,519
Investment returns	\$17,814	\$81,737	\$67,223	\$31,831	\$54,510
Special levies	\$139,011	\$0	\$0	\$0	\$0
Replacement expenses	\$447,825	\$447,825	\$447,825	\$447,825	\$447,825
Financial strength	69%	100%	100%	100%	100%
Insufficiency	31%	0%	0%	0%	0%
Analysis for final 20 years					
Opening balance in year 11	\$10,000	\$633,991	\$542,029	\$34,260	\$326,203
CRF contributions	\$483,000	\$2,399,604	\$2,533,394	\$1,395,703	\$2,653,090
Investment returns	\$14,170	\$249,049	\$235,386	\$34,235	\$104,037
Special levies	\$2,559,428	\$0	\$0	\$1,739,340	\$286,271
Replacement expenses	\$3,022,713	\$3,022,713	\$3,022,713	\$3,022,713	\$3,022,713
Financial strength	15%	100%	100%	42%	91%
Insufficiency	85%	0%	0%	58%	9%
Overall analysis (30-year course)					
Opening balance in year 1	\$71,000	\$71,000	\$71,000	\$71,000	\$71,000
CRF contributions	\$713,000	\$3,328,684	\$3,385,025	\$1,774,958	\$3,301,609
Investment returns	\$31,984	\$330,785	\$302,610	\$66,065	\$158,546
Special levies	\$2,698,439	\$0	\$0	\$1,739,340	\$286,271
Replacement expenses	\$3,470,538	\$3,470,538	\$3,470,538	\$3,470,538	\$3,470,538
Financial strength	22%	100%	100%	50%	92%
Insufficiency	78%	0%	0%	50%	8%
Closing balance in year 30	\$43,885	\$259,931	\$288,096	\$180,825	\$346,887

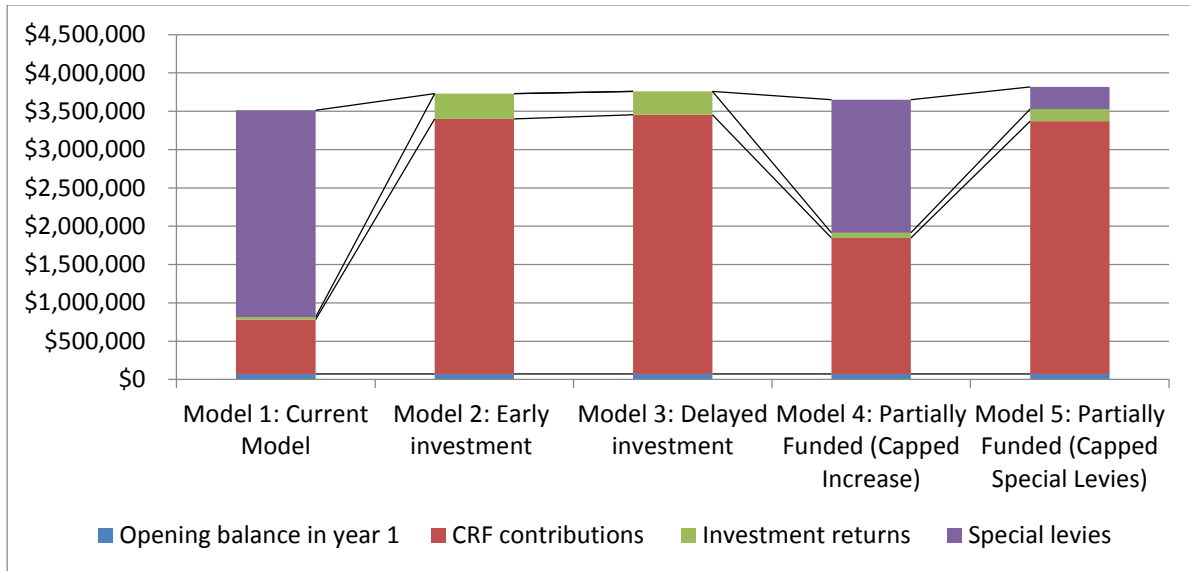


Figure 10: Comparison of financial models over 30-year projection

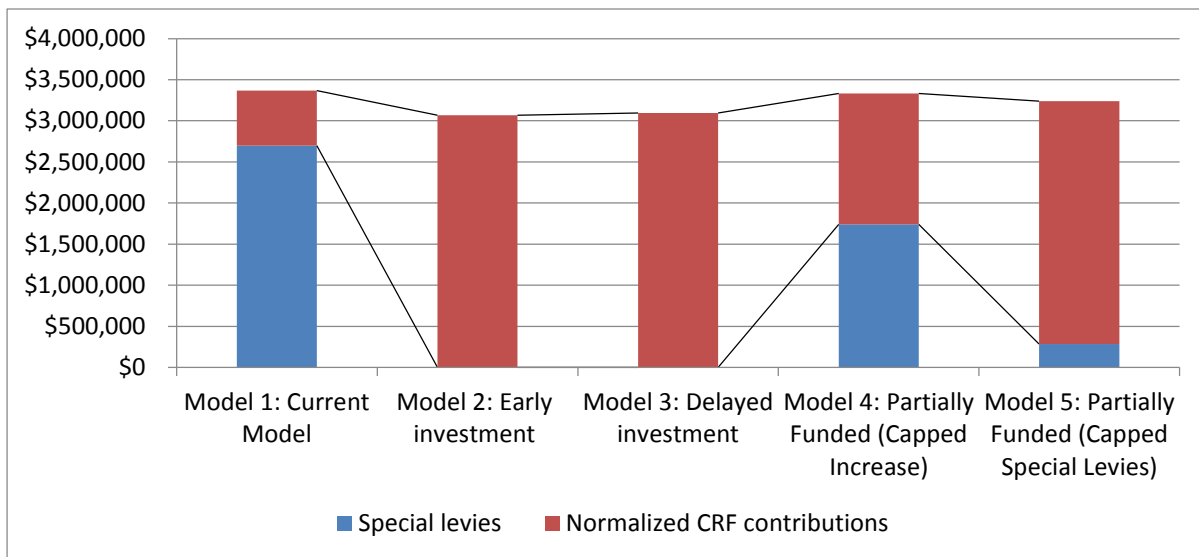


Figure 11: Normalized CRF contributions and special levies

From Table 8 and Figures 9, 10, and 11 above, it is apparent that Model 2, the early investment schedule, has the highest rate of investment returns after the 30-year projection, at \$249,049. Though Model 2 requires a surge in CRF contributions over the next three years, the overall CRF contribution amount is still the lowest of all investment schedules (with normalized CRF contributions and special levies summed; see Figure 11).



5. Recommendations

Given the aforementioned scenarios, the adoption of Cash Flow Model 2, the early investment schedule, is recommended because it has the potential to lead to the greatest amount of investment returns. Investing in the CRF at the earliest possible time is recommended because a greater delay in investment may lead to lower potential income from investment returns.

However, in times of economic hardship, not all owners can endure the burden of a sudden increase in monthly fees for CRF contributions. Hence, a delayed investment model, a capped increase investment model, and a capped special levies investment model have been provided, which require larger special levies but increase CRF contributions less drastically. Although these investment models will potentially lead to lower investment returns compared to Model 2, they may be much more viable solutions for certain strata corporations.

If your Strata Corporation has any additional concerns about the investment schedule, please do not hesitate to contact ABSSEI so that a more feasible and reasonable solution may be determined to suit your specific needs.



Appendix A – Strata Property Act

[SBC 1998] CHAPTER 43

Part 6 — Finances

Division 1 — Operating Fund and Contingency Reserve Fund

Depreciation report

94 (1) In this section, "**qualified person**" has the meaning set out in the regulations.

(2) Subject to subsection (3), a strata corporation must obtain from a qualified person, on or before the following dates, a depreciation report estimating the repair and replacement cost for major items in the strata corporation and the expected life of those items:

(a) for the first time,

(i) December 14, 2013, in the case of a strata corporation that existed on December 14, 2011, or

(ii) the prescribed date, in all other cases;

(b) if the strata corporation has, before or after the coming into force of this section, obtained a depreciation report that complies with the requirements of this section, the date that is the prescribed period after the date on which that report was obtained;

(c) if the strata corporation has, under subsection (3) (a), waived the requirement under this subsection to obtain a depreciation report, the date that is the prescribed period after the date on which the resolution waiving the requirement was passed.

(3) A strata corporation need not comply with the requirement under subsection (2) to obtain a depreciation report on or before a certain date if

(a) the strata corporation, by a resolution passed by a 3/4 vote at an annual or special general meeting within the prescribed period, waives that requirement, or

(b) the strata corporation is a member of a prescribed class of strata corporations.

(4) A depreciation report referred to in subsection (2) must contain the information set out in the regulations.



Strata Property Act

STRATA PROPERTY REGULATION

Part 6 — Finances

Contributions to contingency reserve fund

6.1 For the purposes of section 93 of the **Act**, the amount of the annual contribution to the contingency reserve fund for a fiscal year, other than the fiscal year following the first annual general meeting, must be determined as follows:

(a) if the amount of money in the contingency reserve fund at the end of any fiscal year after the first annual general meeting is less than 25% of the total amount budgeted for the contribution to the operating fund for the fiscal year that has just ended, the annual contribution to the contingency reserve fund for the current fiscal year must be at least the lesser of

(i) 10% of the total amount budgeted for the contribution to the operating fund for the current fiscal year, and

(ii) the amount required to bring the contingency reserve fund to at least 25% of the total amount budgeted for the contribution to the operating fund for the current fiscal year;

(b) if the amount of money in the contingency reserve fund at the end of any fiscal year after the first annual general meeting is equal to or greater than 25% of the total amount budgeted for the contribution to the operating fund for the fiscal year that has just ended, additional contributions to the contingency reserve fund may be made as part of the annual budget approval process after consideration of the depreciation report, if any, obtained under section 94 of the **Act**.

[en. B.C. Reg. 238/2011, Sch. 1, s. 2.]

Depreciation report

6.2 (1) For the purposes of section 94 of the **Act**, a depreciation report must include all of the following:

(a) a physical component inventory and evaluation that complies with subsection (2);

(b) a summary of repairs and maintenance work for common expenses respecting the items listed in subsection (2) (b) that usually occur less often than once a year or that do not usually occur;

(c) a financial forecasting section that complies with subsection (3);

(d) the name of the person from whom the depreciation report was obtained and a description of

(i) that person's qualifications,

(ii) the error and omission insurance, if any, carried by that person, and



- (iii) the relationship between that person and the strata corporation;
 - (e) the date of the report;
 - (f) any other information or analysis that the strata corporation or the person providing the depreciation report considers appropriate.
- (2) For the purposes of subsection (1) (a) and (b) of this section, the physical component inventory and evaluation must
- (a) be based on an on-site visual inspection of the site and, where practicable, of the items listed in paragraph (b) conducted by the person preparing the depreciation report,
 - (b) include a description and estimated service life over 30 years of those items that comprise the common property, the common assets and those parts of a strata lot or limited common property, or both, that the strata corporation is responsible to maintain or repair under the **Act**, the strata corporation's bylaws or an agreement with an owner, including, but not limited to, the following items:
 - (i) the building's structure;
 - (ii) the building's exterior, including roofs, roof decks, doors, windows and skylights;
 - (iii) the building's systems, including the electrical, heating, plumbing, fire protection and security systems;
 - (iv) common amenities and facilities;
 - (v) parking facilities and roadways;
 - (vi) utilities, including water and sewage;
 - (vii) landscaping, including paths, sidewalks, fencing and irrigation;
 - (viii) interior finishes, including floor covering and furnishings;
 - (ix) green building components;
 - (x) balconies and patios, and
 - (c) identify common property and limited common property that the strata lot owner, and not the strata corporation, is responsible to maintain and repair.
- (3) For the purposes of subsection (1) (c), the financial forecasting section must include
- (a) the anticipated maintenance, repair and replacement costs for common expenses that usually occur less often than once a year or that do not usually occur, projected over 30 years, beginning with the current or previous fiscal year of the strata corporation, of the items listed in subsection (2) (b),
 - (b) a description of the factors and assumptions, including interest rates and rates of inflation, used to calculate the costs referred to in paragraph (a),
 - (c) a description of how the contingency reserve fund is currently being funded,



- (d) the current balance of the contingency reserve fund minus any expenditures that have been approved but not yet taken from the fund, and
- (e) at least 3 cash-flow funding models for the contingency reserve fund relating to the maintenance, repair and replacement over 30 years, beginning with the current or previous fiscal year of the strata corporation, of the items listed in subsection (2) (b).
- (4) For the purposes of subsection (3) (e), the cash-flow funding models may include any one or more of the following:
 - (a) balances of, contributions to and withdrawals from the contingency reserve fund;
 - (b) special levies;
 - (c) borrowings.
- (5) If a strata corporation contributes to the contingency reserve fund based on a depreciation report, the contributions in respect of an item become part of the contingency reserve fund and may be spent for any purpose permitted under section 96 of the **Act**.
- (6) For the purposes of section 94 (1) of the **Act**, "**qualified person**" means any person who has the knowledge and expertise to understand the individual components, scope and complexity of the strata corporation's common property, common assets and those parts of a strata lot or limited common property, or both, that the strata corporation is responsible to maintain or repair under the **Act**, the strata corporation's bylaws or an agreement with an owner and to prepare a depreciation report that complies with subsections (1) to (4).
- (7) The following periods are prescribed:
 - (a) for the purposes of section 94 (2) (b) of the **Act**, 3 years;
 - (b) for the purposes of section 94 (2) (c) of the **Act**, 18 months;
 - (c) for the purposes of section 94 (3) (a) of the **Act**, the one year period immediately preceding the date on or before which the depreciation report is required to be obtained.
- (8) A strata corporation is prescribed for the purposes of section 94 (3) (b) of the **Act** if and for so long as there are fewer than 5 strata lots in the strata plan.

[en. B.C. Reg. 238/2011, Sch. 1, s. 2.]



Appendix B – Component Data Sheets

Reserve Component A101002	Foundation walls	
Properties	Concrete foundation walls	
Potential Deterioration	Plantation and soil changes can lead to settling of the structure, causing cracks in the foundation over time. Cracks in concrete walls may lead to water penetration.	
Condition Analysis	<i>Deterioration</i>	Approximately 1 square foot of exposed rebar was found.
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
	<i>Date of Installation</i>	2008
Life Cycle Analysis	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	50 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	45 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 7,010
	<i>Estimated Year of Repair/Replacement</i>	2058
Preventive Maintenance	Cement admixture for permanent repairs of minor cracks.	
Recommendations	Localized repair of concrete is needed.	



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Foundation walls



Exposed rebar in foundation walls



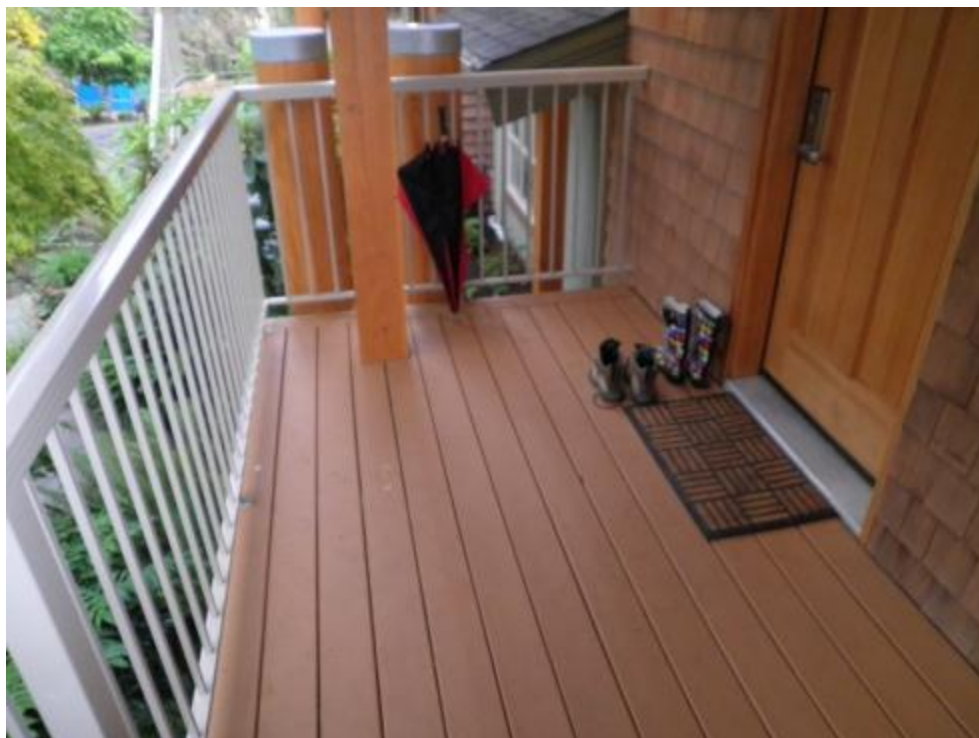
Reserve Component B1010010101	Deck flooring	
Properties	Built-up wood decks at entrances to units	
Potential Deterioration	Wooden components are subject to rotting over prolonged periods of time.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	Wooden decks were refinished in 2013.
	<i>Overall Condition</i>	Good
Life Cycle Analysis	<i>Date of Installation</i>	2008
	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	15 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	10 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 73,509
	<i>Estimated Year of Repair/Replacement</i>	2023
Preventive Maintenance	Inspect every two years, repair and restrain as needed.	
Recommendations	None	



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Wooden deck flooring



Wooden deck flooring



Reserve Component B1010010102	Deck flooring	
Properties	Vinyl membrane on decks (Building A only)	
Potential Deterioration	Sun exposure leads to fading of vinyl and could lead to brittleness after long term wear and tear. Cracks in the vinyl membrane could allow water to seep in and cause leaks to the interior, causing damage to the wall assembly and decay of the balcony structure.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
	<i>Date of Installation</i>	2008
Life Cycle Analysis	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	20 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	15 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 7,578
	<i>Estimated Year of Repair/Replacement</i>	2028
Preventive Maintenance	Inspect every two years, repair as needed.	
Recommendations	None	



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Vinyl membrane deck flooring



Vinyl membrane deck flooring



Reserve Component B1010010201	Patio flooring	
Properties	Vinyl membrane	
Potential Deterioration	Sun exposure leads to fading of vinyl and could lead to brittleness after long term wear and tear. Cracks in the vinyl membrane could allow water to seep in and cause leaks to the interior, causing damage to the wall assembly and decay of the balcony structure.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
Life Cycle Analysis	<i>Date of Installation</i>	2008
	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	20 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	15 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 62,160
	<i>Estimated Year of Repair/Replacement</i>	2028
Preventive Maintenance	Inspect every two years, repair as needed.	
Recommendations	None	



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Vinyl membrane patio flooring



Reserve Component B1010010202	Patio flooring	
Properties	Concrete with aggregate finish/concrete paving	
Potential Deterioration	Over prolonged periods of wear, cracks will appear and severe cracking may present tripping hazards	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
Life Cycle Analysis	<i>Date of Installation</i>	2008
	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	50 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	45 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 3,313
	<i>Estimated Year of Repair/Replacement</i>	2058
Preventive Maintenance	Cement admixture for permanent repairs of minor cracks.	
Recommendations	None	



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Concrete patio flooring



Concrete patio flooring



Reserve Component B10100102	Balcony flooring	
Properties	Some wooden decks are finished with a vinyl deck membrane	
Potential Deterioration	Sun exposure leads to fading of vinyl and could lead to brittleness after long term wear and tear. Cracks in the vinyl membrane could allow water to seep in and cause leaks to the interior, causing damage to the wall assembly and decay of the balcony structure.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
	<i>Date of Installation</i>	2008
Life Cycle Analysis	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	20 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	15 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 57,480
	<i>Estimated Year of Repair/Replacement</i>	2028
Preventive Maintenance	Inspect every two years, repair as needed.	
Recommendations	None	



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Wooden balcony covered with vinyl membrane



Wooden balcony covered with vinyl membrane



Reserve Component B20100102	Balcony/patio railing	
Properties	Prefinished aluminum railing, surface-mounted to existing balcony slabs	
Potential Deterioration	Water may leak through the junction between the guardrail base and the membrane directly onto the underlying wooden frame. This may cause decay in the wood, leading to severe deterioration of the frame itself. Guardrails may also be loose at the junction between the balcony surface and the wall surface after prolonged use.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
	<i>Date of Installation</i>	2008
Life Cycle Analysis	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	50 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	45 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 105,188
	<i>Estimated Year of Repair/Replacement</i>	2058
Preventive Maintenance	Inspect every two years.	
Recommendations	None	



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Balcony railing



Balcony railing



Reserve Component B201002	Caulking and weather-stripping	
Properties	Silicone caulking	
Potential Deterioration	Over prolonged exposure to the elements, the caulking may lose elasticity after multiple expansion/contraction cycles. The hardening of caulking leads to a lower tensile strength and may cause it to crack or pull away from the substrate. Long-term exposure to sunlight also causes caulking to fade in colour.	
Condition Analysis	<i>Deterioration</i>	Some caulking has pulled away from the window trims.
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Fair
	<i>Date of Installation</i>	2008
Life Cycle Analysis	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	8 years
	<i>Effective Age</i>	6 years
	<i>Remaining Useful Life</i>	2 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 65,920
	<i>Estimated Year of Repair/Replacement</i>	2015
Preventive Maintenance	Annual inspection.	
Recommendations	None	



BCS 2634 – 12489 Lagoon Road, Madeira Park



Caulking and weather-stripping



Caulking with signs of deterioration



Reserve Component B20100301	Cladding	
Properties	Cedar shingles	
Potential Deterioration	Prolonged exposure to the elements may cause rotting or brittleness, leading to shingles breaking and pulling apart.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
Life Cycle Analysis	<i>Date of Installation</i>	2008
	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	20 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	15 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 27,000
	<i>Estimated Year of Repair/Replacement</i>	2028
Preventive Maintenance	Clean with water every 5 years; apply masonry sealant every 6 years; repoint mortar every 15 years.	
Recommendations	None	



BCS 2634 – 12489 Lagoon Road, Madeira Park



Cedar shingles



Cedar shingles



Reserve Component B20100302	Cladding	
Properties	Cement board siding	
Potential Deterioration	Cement board siding may become brittle after prolonged exposure to sunlight. Furthermore, cement board siding may fade in colour, decreasing aesthetic appeal.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	The HardiePlank siding is washed twice a year. The most recent cleaning took place in 2013.
	<i>Overall Condition</i>	Good
Life Cycle Analysis	<i>Date of Installation</i>	2008
	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	50 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	45 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 192,627
	<i>Estimated Year of Repair/Replacement</i>	2058
Preventive Maintenance	Clean with soap and water every 2 years,	
Recommendations	None	



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Cement board siding



Cement board siding



Reserve Component B20100401	Exterior painting (trim)	
Properties	Acrylic paint	
Potential Deterioration	Over prolonged exposure to the elements, the paint may peel or fade. Rusting of metallic elements on the surface may lead to stains.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
	<i>Date of Installation</i>	2008
Life Cycle Analysis	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	8 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	3 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 22,990
	<i>Estimated Year of Repair/Replacement</i>	2016
Preventive Maintenance	Clean annually.	
Recommendations	None	



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Exterior painting (trim)



Exterior painting (trim)



Reserve Component B20100402	Exterior painting (cement board siding)	
Properties	Alkyd paint	
Potential Deterioration	Over prolonged exposure to the elements, the paint may peel or fade. Rusting of metallic elements on the surface may lead to stains.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	Washed in 2013.
	<i>Overall Condition</i>	Good
	<i>Date of Installation</i>	2008
Life Cycle Analysis	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	8 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	3 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 16,493
	<i>Estimated Year of Repair/Replacement</i>	2016
Preventive Maintenance	Clean annually.	
Recommendations	None	



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Exterior paint (cement board siding)



Exterior paint (cement board siding)



Reserve Component B20100403	Exterior painting (wooden support columns)	
Properties	Acrylic paint	
Potential Deterioration	Over prolonged exposure to the elements, the paint may peel or fade. Rusting of metallic elements on the surface may lead to stains.	
Condition Analysis	<i>Deterioration</i>	Some wooden columns have yet to be refinished.
	<i>Repair/Replacement History</i>	2013 and onwards - will be inspected and maintained yearly.
	<i>Overall Condition</i>	Good
Life Cycle Analysis	<i>Date of Installation</i>	2012
	<i>Chronological Age</i>	1 year
	<i>Estimated Useful Life</i>	8 years
	<i>Effective Age</i>	1 year
	<i>Remaining Useful Life</i>	7 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 1,974
	<i>Estimated Year of Repair/Replacement</i>	2020
Preventive Maintenance	Clean annually.	
Recommendations	None	



BCS 2634 – 12489 Lagoon Road, Madeira Park



Exterior painting (wooden support columns)



Wooden support columns needing refinishing



Reserve Component B201005	Exterior soffits	
Properties	Vented vinyl soffits	
Potential Deterioration	Vinyl soffits may be prone to deterioration after exposure to the elements. Furthermore, soffit ventilation may be disturbed by dust trappings in soffit openings.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
	<i>Date of Installation</i>	2008
Life Cycle Analysis	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	50 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	45 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 87,112
	<i>Estimated Year of Repair/Replacement</i>	2058
Preventive Maintenance	Inspect every 1-2 years; clean if clogged.	
Recommendations	None	



BCS 2634 – 12489 Lagoon Road, Madeira Park



Exterior vented vinyl soffits



Exterior vented vinyl soffits



Reserve Component B20100701	External stairs	
Properties	Galvanized metal treads on 3"x12" fir stringer	
Potential Deterioration	Metal threads may be prone to corrosion after prolonged exposure to the elements.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
Life Cycle Analysis	<i>Date of Installation</i>	2008
	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	50 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	45 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 10,800
	<i>Estimated Year of Repair/Replacement</i>	2058
Preventive Maintenance	Inspect every two years.	
Recommendations	None	



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External stairs (galvanized metal treads)



External stairs (galvanized metal treads)



Reserve Component B20100702	External stairs	
Properties	Exposed aggregate concrete steps	
Potential Deterioration	Concrete aggregate steps may be prone to cracking after multiple expansion and contraction cycles	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
Life Cycle Analysis	<i>Date of Installation</i>	2008
	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	50 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	45 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 89,760
	<i>Estimated Year of Repair/Replacement</i>	2058
Preventive Maintenance	Pressure wash/clean regularly. Repair as needed.	
Recommendations	None	



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External stairs (concrete aggregate)



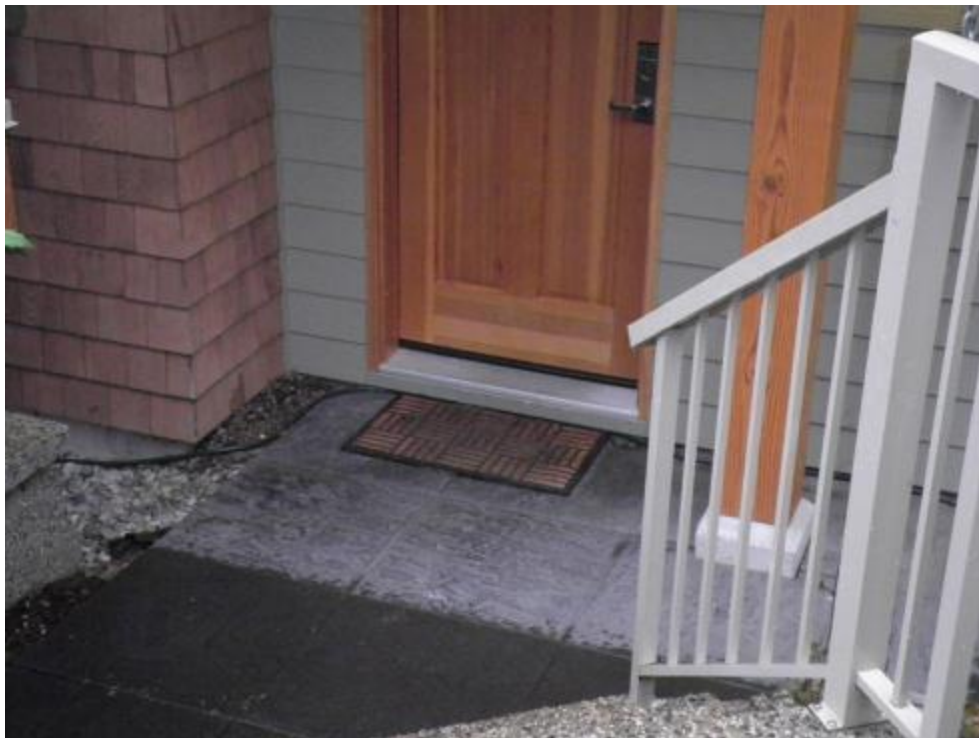
Reserve Component B201008	External stair rails	
Properties	3'-6" high pre-finished aluminum picket railing	
Potential Deterioration	Water may leak through the junction between the guardrail base and the membrane directly onto the underlying wooden frame. This may cause decay in the wood, leading to severe deterioration of the frame itself. Guardrails may also be loose at the junction between the balcony surface and the wall surface after prolonged use.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
	<i>Date of Installation</i>	2008
Life Cycle Analysis	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	50 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	45 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 19,530
	<i>Estimated Year of Repair/Replacement</i>	2058
Preventive Maintenance	Inspect every two years.	
Recommendations	None	



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External stair railing



External stair railing



Reserve Component B20200101	Exterior windows	
Properties	Vinyl framed double glazed windows	
Potential Deterioration	Building settlement may lead to the distortion of window frames, which may cause difficulties in opening and closing the windows.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
Life Cycle Analysis	<i>Date of Installation</i>	2008
	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	30 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	25 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 268,296 (cost distributed over 5 years)
	<i>Estimated Year of Repair/Replacement</i>	2038-2042
Preventive Maintenance	Regular washing.	
Recommendations	None	



BCS 2634 – 12489 Lagoon Road, Madeira Park



Vinyl-framed double-glazed windows



Vinyl-framed double-glazed windows



Reserve Component B20200102	Exterior windows (glazing)	
Properties	Vinyl framed double glazed units.	
Potential Deterioration	The seals of the exterior windows may deteriorate over time, decreasing energy efficiency or causing potential failure of seals, leading to fogging of windows. Constant exposure to water can also cause oxidation to metallic parts around windows and discolouration or cause staining. Dirt in window sills may also make closing difficult.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
	<i>Date of Installation</i>	2008
Life Cycle Analysis	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	15 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	10 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 38,328
	<i>Estimated Year of Repair/Replacement</i>	2023
Preventive Maintenance	Regular washing.	
Recommendations	None	



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Vinyl-framed double-glazed window



Reserve Component B203001	Wooden patio doors	
Properties	Wooden patio doors with tempered glass	
Potential Deterioration	Deterioration of patio doors mainly concerns aesthetic appeal.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
	<i>Date of Installation</i>	2008
Life Cycle Analysis	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	30 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	25 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 50,000
	<i>Estimated Year of Repair/Replacement</i>	2038
Preventive Maintenance	Regular cleaning.	
Recommendations	None	



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Wooden patio door



Wooden patio doors



Reserve Component B203002	Unit entrance doors	
Properties	Wooden entrance doors	
Potential Deterioration	Deterioration of entrance doors mainly concerns aesthetic appeal.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
Life Cycle Analysis	<i>Date of Installation</i>	2008
	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	30 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	25 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 31,000
	<i>Estimated Year of Repair/Replacement</i>	2038
Preventive Maintenance	Regular cleaning.	
Recommendations	None	



BCS 2634 – 12489 Lagoon Road, Madeira Park



Wooden entrance door



Wooden entrance door



Reserve Component B301001	Roofing	
Properties	Fibreglass reinforced asphalt shingles	
Potential Deterioration	Asphalt shingles may lose surface flexibility over time. There may be shrinkage of the asphalt tiles, causing curling along the leading edges. Over time, the asphalt shingles may become brittle and start to break apart.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
	<i>Date of Installation</i>	2008
Life Cycle Analysis	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	20 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	15 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 140,301
	<i>Estimated Year of Repair/Replacement</i>	2028
Preventive Maintenance	inspect twice a year (spring and fall) and repair/replace any damage.	
Recommendations	None	



BCS 2634 – 12489 Lagoon Road, Madeira Park



Fibreglass reinforced asphalt shingles



Fibreglass reinforced asphalt shingles



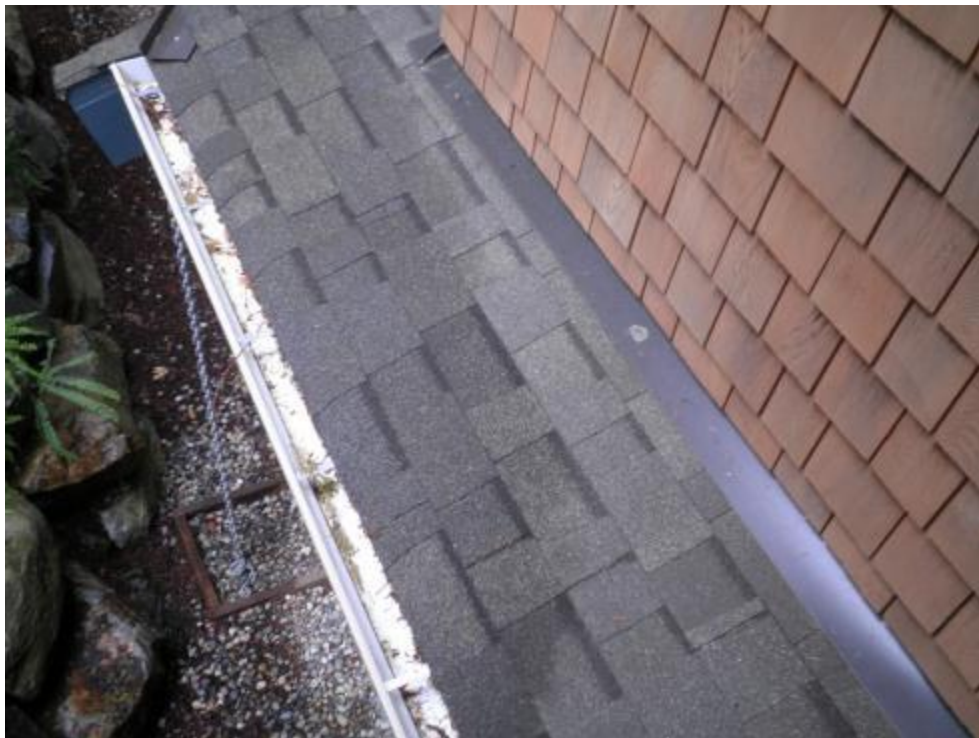
Reserve Component B301002	Roof flashing	
Properties	Metal flashing	
Potential Deterioration	Metal flashing may be affected by corrosion due to exposure to the elements. Furthermore, strong winds may dislodge flashings which are improperly secured.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
	<i>Date of Installation</i>	2008
Life Cycle Analysis	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	30 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	25 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 8,017
	<i>Estimated Year of Repair/Replacement</i>	2038
Preventive Maintenance	inspect twice a year (spring and fall) and repair/replace any damage.	
Recommendations	None	



BCS 2634 – 12489 Lagoon Road, Madeira Park



Metal flashing



Metal flashing



Reserve Component B302003	Chimneys	
Properties	Cedar shingle clad vent chimneys	
Potential Deterioration	Chimney chase caps may be dislodged during high winds. Corrosion to chimney cap may allow water ingress into chimney chase. Deterioration of sealant around collar flashing may cause water leakage into the building from the chimney.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
	<i>Date of Installation</i>	2008
Life Cycle Analysis	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	30 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	25 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 51,680
	<i>Estimated Year of Repair/Replacement</i>	2038
Preventive Maintenance	Inspect annually and repair as needed.	
Recommendations	None	



BCS 2634 – 12489 Lagoon Road, Madeira Park



Cedar shingle clad vent chimneys



Cedar shingle clad vent chimneys



Reserve Component B302004	Gutters and downspouts	
Properties	5" continuous pre-finished aluminum gutter	
Potential Deterioration	Gutters and downspouts may be clogged by organic debris over time, leading to poor drainage.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
Life Cycle Analysis	<i>Date of Installation</i>	2008
	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	30 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	25 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 25,092
	<i>Estimated Year of Repair/Replacement</i>	2038
Preventive Maintenance	Clean and remove debris annually.	
Recommendations	None	



BCS 2634 – 12489 Lagoon Road, Madeira Park



Gutters and downspouts



Gutters and downspouts



Reserve Component D202001	Water distribution	
Properties	Domestic water distribution system	
Potential Deterioration	Copper piping is prone to corrosion over time.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
	<i>Date of Installation</i>	2008
Life Cycle Analysis	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	50 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	45 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	Replacement expenses are not accounted for as the expected lifespan of this component extends past the 30-year projection.
	<i>Estimated Year of Repair/Replacement</i>	2058
Preventive Maintenance	Annual inspection; replace valves as necessary.	
Recommendations	None	



Reserve Component D202002	Water storage	
Properties	Hot water tank (John Wood signature series)	
Potential Deterioration	Storage tanks tend to require replacement with deterioration of the liner and/or corrosion of the tank body, leading to obstructions and leakage	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	Two water storage tanks were replaced in Buildings B and C in 2012 and 2013.
	<i>Overall Condition</i>	Good
	<i>Date of Installation</i>	2008
Life Cycle Analysis	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	10 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	5 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 12,000
	<i>Estimated Year of Repair/Replacement</i>	2018
Preventive Maintenance	Annual inspection.	
Recommendations	None	



BCS 2634 – 12489 Lagoon Road, Madeira Park



Hot water tanks



Reserve Component D203001	Sanitary waste drainage	
Properties	Cast iron piping	
Potential Deterioration	Over time, as the building ages, there could be seizing and leakage of valves. Impurities in the water and currents may lead to corrosion, pitting and erosion and/or embrittlement of piping.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
	<i>Date of Installation</i>	2008
Life Cycle Analysis	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	50 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	45 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	Replacement expenses are not accounted for as the expected lifespan of this component extends past the 30-year projection.
	<i>Estimated Year of Repair/Replacement</i>	2058
Preventive Maintenance	Flushing of all risers and main lines every 1-2 years.	
Recommendations	None	



Reserve Component D204001	Rain water drainage	
Properties	PVC piping	
Potential Deterioration	Little or no deterioration in PVC piping will occur over time.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	Eaves cleaned
	<i>Overall Condition</i>	Good
	<i>Date of Installation</i>	2008
Life Cycle Analysis	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	50 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	45 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	Replacement expenses are not accounted for as the expected lifespan of this component extends past the 30-year projection.
	<i>Estimated Year of Repair/Replacement</i>	2058
Preventive Maintenance	Annual inspection and cleaning of catch basins; sump pumps inspected and replaced if necessary.	
Recommendations	None	



BCS 2634 – 12489 Lagoon Road, Madeira Park



Rain water drainage



Rain water drainage



Reserve Component D302001	HVAC - Boilers	
Properties	In-floor radiant heating system with electric boiler	
Potential Deterioration	Corrosions may lead to cracks and leaks. Overheating may also lead to tube failures.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
Life Cycle Analysis	<i>Date of Installation</i>	2008
	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	50 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	45 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 3,100,000
	<i>Estimated Year of Repair/Replacement</i>	2058
Preventive Maintenance	Annual inspection.	
Recommendations	None	



BCS 2634 – 12489 Lagoon Road, Madeira Park



In-floor radiant heating system



Boiler(white) setup with expansion tank(green)



Reserve Component E109001	Maintenance facility equipment	
Properties	2 washers and 3 dryers, 1 ironing system (Continental Girbau).	
Potential Deterioration	Laundry equipment may be prone to mechanical failures.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	One 20-lb washing machine was added in 2013.
	<i>Overall Condition</i>	Good
Life Cycle Analysis	<i>Date of Installation</i>	2008
	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	15 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	10 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 50,000
	<i>Estimated Year of Repair/Replacement</i>	2023
Preventive Maintenance	Annual inspection.	
Recommendations	None	



BCS 2634 – 12489 Lagoon Road, Madeira Park



Maintenance facility equipment – washers and dryers



Maintenance facility equipment – ironing system



Reserve Component E109002	Pool building mechanical equipment	
Properties	3 boilers, 2 septic tanks	
Potential Deterioration	Boilers and filtration equipment within the pool facility may be subject to mechanical and electrical failures.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	One boiler is currently under monitoring; the other two are functional.
	<i>Overall Condition</i>	Good
Life Cycle Analysis	<i>Date of Installation</i>	2008
	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	15 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	10 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 25,000
	<i>Estimated Year of Repair/Replacement</i>	2023
Preventive Maintenance	Annual inspection.	
Recommendations	None	



BCS 2634 – 12489 Lagoon Road, Madeira Park



Pool building mechanical equipment - boiler



Pool building mechanical equipment – septic tank



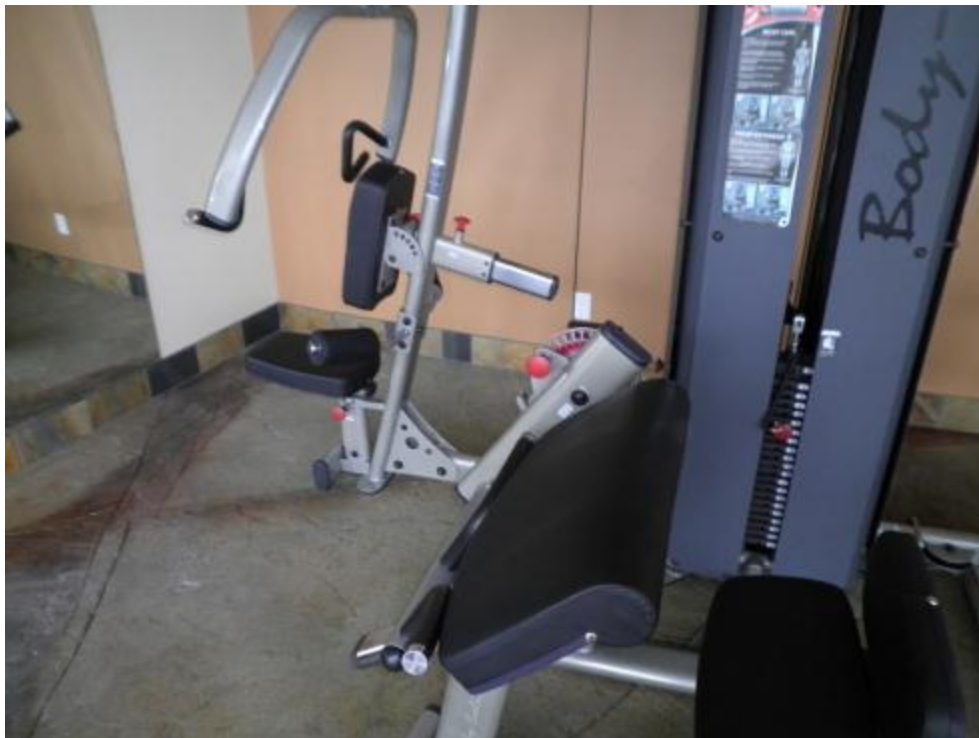
Reserve Component E109003	Fitness room equipment	
Properties	TRUE fitness equipment	
Potential Deterioration	Prolonged use may lead to wear of mechanical parts.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	Mats were replaced on 2 treadmills in 2011.
	<i>Overall Condition</i>	Good
Life Cycle Analysis	<i>Date of Installation</i>	2008
	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	20 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	15 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 18,000
	<i>Estimated Year of Repair/Replacement</i>	2028
Preventive Maintenance	Regular maintenance.	
Recommendations	None	



BCS 2634 – 12489 Lagoon Road, Madeira Park



Fitness equipment



Fitness equipment



Reserve Component F104002	Maintenance facility building exterior	
Properties	Asphalt shingles and roof vents, HardiePlank siding	
Potential Deterioration	Asphalt shingles may lose surface flexibility over time. There may be shrinkage of the asphalt tiles, causing curling along the leading edges. Over time, the asphalt shingles may become brittle and start to break apart. Hardiplank siding may become brittle over time and will deteriorate after prolonged exposure to moisture.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
	<i>Date of Installation</i>	2008
Life Cycle Analysis	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	50 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	45 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 100,000
	<i>Estimated Year of Repair/Replacement</i>	2058
Preventive Maintenance	Clean annually.	
Recommendations	None	



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Maintenance facility building exterior



Maintenance facility building exterior



Reserve Component F104003	Water treatment facility	
Properties	Water treatment facility with multi-step water purification, consisting of chemical, mechanical, and electromagnetic filtration processes.	
Potential Deterioration	Chemical, mechanical, or electrical failures may develop over time.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
Life Cycle Analysis	<i>Date of Installation</i>	2008
	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	30 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	25 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	Contingency
	<i>Estimated Year of Repair/Replacement</i>	2038
Preventive Maintenance	Annual inspection.	
Recommendations	None	



BCS 2634 – 12489 Lagoon Road, Madeira Park



UV filtration apparatus



Water treatment facility



Reserve Component G20100101	Roads and paved areas	
Properties	Asphalt paving	
Potential Deterioration	Asphaltic pavements can deteriorate due to loads from vehicles, oxidization with exposure to ultraviolet light, and embrittlement from age. They can also fail if the sub-grade materials are inadequate and/or are allowed to become excessively wet as a result of poor drainage or failure to seal cracks	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
	<i>Date of Installation</i>	2008
Life Cycle Analysis	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	25 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	20 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 43,341
	<i>Estimated Year of Repair/Replacement</i>	2033
Preventive Maintenance	Cement admixture for permanent repairs of minor cracks.	
Recommendations	None	



BCS 2634 – 12489 Lagoon Road, Madeira Park



Asphalt paving



Asphalt paving



Reserve Component G20100102	Roads and paved areas	
Properties	Eco-grid paving and parking areas	
Potential Deterioration	None identified	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
	<i>Date of Installation</i>	2008
Life Cycle Analysis	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	50 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	45 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	Contingency
	<i>Estimated Year of Repair/Replacement</i>	2058
Preventive Maintenance	Annual inspection and cleaning.	
Recommendations	None	



BCS 2634 – 12489 Lagoon Road, Madeira Park



Eco-grid paving and parking area



Eco-grid paving and parking area



Reserve Component G202004	Carport structure	
Properties	Wooden beams and columns	
Potential Deterioration	Cracking and splitting of supporting columns may occur, compromising structural integrity	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	Carports were refinished in 2013. 2013 and onwards - carport will be maintained yearly.
	<i>Overall Condition</i>	Good
	<i>Date of Installation</i>	2008
Life Cycle Analysis	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	50 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	45 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 100,000
	<i>Estimated Year of Repair/Replacement</i>	2058
Preventive Maintenance	Restain every 3-5 years.	
Recommendations	None	



BCS 2634 – 12489 Lagoon Road, Madeira Park



Carport structure



Carport structure



Reserve Component G20200401	Carport roofs	
Properties	SBS roofing	
Potential Deterioration	The membrane roof is constantly exposed to the elements. Over time, cracks may appear due to expansion and contraction under extreme temperatures. Furthermore, torch down roofing with large number of seams has a higher risk of failure and water penetration.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
Life Cycle Analysis	<i>Date of Installation</i>	2008
	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	15 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	10 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 37,063
	<i>Estimated Year of Repair/Replacement</i>	2023
Preventive Maintenance	Inspect twice a year (spring and fall) and repair/replace any damage.	
Recommendations	None	



BCS 2634 – 12489 Lagoon Road, Madeira Park



Carport roof



Reserve Component G204006	Pool building structures	
Properties	Infinity pool, hot tub, pool decking and building (a contingency amount is reserved for repairs)	
Potential Deterioration	Liners and coats within the pools and hot tub structures may be worn over time. Cracking may appear in pool deck due to increased loads over prolonged periods of time.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	Deck was resurfaced and tiles were regROUTED in 2013. Pool drainage system was repaired in 2012.
	<i>Overall Condition</i>	Good
	<i>Date of Installation</i>	2013
Life Cycle Analysis	<i>Chronological Age</i>	0 years
	<i>Estimated Useful Life</i>	20 years
	<i>Effective Age</i>	0 years
	<i>Remaining Useful Life</i>	20 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 100,000
	<i>Estimated Year of Repair/Replacement</i>	2033
Preventive Maintenance	Daily inspection & maintenance.	
Recommendations	None	



BCS 2634 – 12489 Lagoon Road, Madeira Park



Infinity pool and surrounding deck



Hot tub



Reserve Component G205001	Landscaping	
Properties	In-ground water sprinkler systems	
Potential Deterioration	Sprinkler mechanical components may fail over time.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	Maintenance of in-ground water sprinkler system in front of Sakinaw building was done in 2012.
	<i>Overall Condition</i>	Good
Life Cycle Analysis	<i>Date of Installation</i>	2008
	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	Contingency
	<i>Effective Age</i>	N/A
	<i>Remaining Useful Life</i>	Contingency
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 5,000 (for repairs approximated every 10 years)
	<i>Estimated Year of Repair/Replacement</i>	2020
Preventive Maintenance	Annual inspection.	
Recommendations	None	



Reserve Component G402001	Site lighting	
Properties	Low incandescent lighting along roads and paving	
Potential Deterioration	Lighting may be subject to electrical failures.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
	<i>Date of Installation</i>	2008
Life Cycle Analysis	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	25 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	20 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 25,000
	<i>Estimated Year of Repair/Replacement</i>	2033
Preventive Maintenance	Annual inspection.	
Recommendations	None	



BCS 2634 – 12489 Lagoon Road, Madeira Park



Low incandescent lighting



Low incandescent lighting



Reserve Component G204009	Zen pavilion paved area	
Properties	Concrete paving under zen pavillion with wooden posts.	
Potential Deterioration	Concrete paving may develop cracks over time due to mechanics of concrete expansion and soil movements.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
Life Cycle Analysis	<i>Date of Installation</i>	2008
	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	50 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	45 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 1800
	<i>Estimated Year of Repair/Replacement</i>	2058
Preventive Maintenance	Cement admixture for permanent repairs of minor cracks.	
Recommendations	None	



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Concrete paving under zen pavilion



Reserve Component G20400901	Zen pavilion roof	
Properties	SBS roofing with vinyl soffits under roof	
Potential Deterioration	Cracking may appear in the SBS membrane due to differential rates of expansion. Insufficient overlap of the seams may also lead to water ingress into structure.	
Condition Analysis	<i>Deterioration</i>	None observed
	<i>Repair/Replacement History</i>	None available
	<i>Overall Condition</i>	Good
	<i>Date of Installation</i>	2008
Life Cycle Analysis	<i>Chronological Age</i>	5 years
	<i>Estimated Useful Life</i>	15 years
	<i>Effective Age</i>	5 years
	<i>Remaining Useful Life</i>	10 years
Replacement/Repair Estimates	<i>Current Repair/Replacement Cost Estimate</i>	\$ 2,657
	<i>Estimated Year of Repair/Replacement</i>	2023
Preventive Maintenance	Inspect twice a year (spring and fall) and repair/replace any damage.	
Recommendations	None	



BCS 2634 – 12489 Lagoon Road, Madeira Park



Zen pavilion roof



Appendix C – Assumptions and Qualifications

Preamble

This report is subject to the assumptions and qualifications outlined below and otherwise set out elsewhere in this report. Use of this report by any reader constitutes acceptance of these assumptions, qualification and the conditions outlined below and elsewhere in this report. The acceptance of this report also constitutes acceptance of responsibility for payment of the fee balance and any due costs to ABSSEI.

Common Property Conditions

The determination of the physical condition of the common properties is solely based on a visual review of a representative sampling of all common properties in readily accessible locations after discussion with strata corporation representatives and a review of documentation provided by the strata corporation. No invasive testing or excavations were carried out on the site for the purposes of this report. Similarly, none of the equipment is disassembled, operated or subjected to any sort of functional testing. The physical inspection does not constitute a "technical audit" since extensive, comprehensive testing was not included in the scope of work.

Building Codes

The visual reviews were not conducted to determine whether common property construction meets or exceeds building code requirements and thus this depreciation report is exempt from all recommendations regarding build code requirements.

Cost Estimation for Common Properties

All cost estimates are performed in future year dollars. The estimates presented are solely intended for budgetary or planning purposes and not accounting for tender use. Actual costs will vary depending on a variety of factors. Most importantly, the estimates assume economies of scale and small operations will incur higher costs when performed individually. Miscellaneous costs such as consulting services and certain contingency allowances unrelated to building components are not included in the budget estimates. Cost estimates for actual projects should be developed in greater detail, accounting for owner contingency, permit fees, engineering fees etc. Construction costs may fluctuate, varying based on the time of year, contractor availability and other factors. These cost estimates must be updated over time and confirmed by competitive tender before any contracts are awarded. The cost estimates do not include allowances for site-specific access requirements or environmental concerns. Generally, replacement costs are based on like-for-like with a similar component except in face of building code modifications or external obsolescence.



Remaining Useful Life of Common Properties

Determination of the remaining useful life is based on the condition of the common properties assessed through a visual review and on the average lifespan of the same component by industry standards. Poor maintenance, insurable losses such as earthquakes, fires and floods can shorten the life of an asset. These unforeseen events are not accounted for in our calculation

Funding Models

The funding models for this depreciation report are calculated based on a 30-year horizon, beginning within the current year. A report performed in 2013 projects funding until 2043. The projected period is stationary and does not shift. Hence, in year 1, 2014, the projections will be valid for 29 years. The funding projections does not extend past 30 years and accuracy is only estimated by a +/- 30% error within the prescribed period of 30 years. Renewals and major maintenance projects occurring beyond the 30-year projection time frame are not considered in the given funding models.

Services Not Included

The agreed compensation for services rendered in preparing this report does not include fees for follow-up consultations and/or attendances to arbitrations or mediations, other than those outlined at the time of the acceptance of the given quote. Additional fees will have to be negotiated if personal appearances are required in connection with this report after its acceptance.

Services Included

Limited consulting or clarification regarding the content of this report or requested modifications shall be provided at no additional charge within one year of the completion of the draft report. Attendance of a final meeting with the strata council to clarify ramifications and concerns regarding the report will also be provided at no extra charge.

Currency

Unless otherwise noted, all estimates are expressed in Canadian currency.

Report Distribution, Third Party Liability

This report is intended sole and exclusive use of the Strata Corporation. Possession of a copy of the report shall not authorize use of the report for any purpose other than that noted in the agreement and/or report. This report shall not be distributed or communicated to unauthorized third parties in whole or in part without prior written consent of representative of the client as noted herein. Any liability, if any, of ABSSEI is limited to the strata corporation only. Notwithstanding anything herein to the contrary, the strata corporation will forever indemnify and hold ABSSEI along with its employees harmless from any claims by third parties related in any way to this report.



Information Provided by Third Parties

This report, its analysis and conclusions required information from various sources. Such information was believed to be reasonably reliable, accurate, and true. ABSSEI shall not be responsible for the accuracy of any information used in this report that has been obtained from any source. No independent verification of factual data presented to ABSSEI has been undertaken by ABSSEI.

Modifications

ABSSEI reserves the right at any time to alter statements, analyses, conclusions or value estimates, if additional facts pertinent to this report are discovered at any time. ABSSEI is not responsible for any unauthorized alterations or distributions to the report. The report must not be abstracted and must be used in its entirety.

Measurements and Exhibits

The sketches, maps and photographs in the report are included solely for the purpose of assisting the reader in visualizing the assets and may not be to scale. All components assessed herein are assumed to be completed according to the architectural, structural, mechanical, electrical plans provided, unless otherwise noted. Any variation in land or building areas from those considered in the depreciation report may alter the estimates and in turn, the required funding. No legal survey, soil tests, engineering investigations, detailed quantity survey compilations, nor exhaustive physical examinations have been made. Accordingly, no responsibility is assumed concerning these matters or other technical and engineering techniques, which would be required to discover any inherent or hidden condition of the property.

Legal Concerns

The author is highly qualified in matters concerning the depreciation report itself but otherwise not qualified in legal affairs and does not purport to give legal advice. It is assumed that:

- 1) The legal description as well as the registered survey as stated herein is that which is recorded by the Registrar of the requisite Land Titles Office and are assumed correct;
- 2) Title to the property is good and marketable; and
- 3) Rights-of-way, easements or encroachments over other real property, are legally enforceable.

The distribution of cost and other estimates in this report apply only under the programme of utilization as identified in this report. The estimates herein must not be used in conjunction with any other forms of valuation or depreciation reports and may be invalid if so used.

The report is based, unless otherwise stated, on there being full compliance with all applicable federal, provincial and local environmental regulations, laws and restrictions.



Moreover, it is assumed that all required permits have been or can be obtained or renewed for any use considered herein. It is also assumed that the subject property is maintained and managed pursuant to prudent and competent ownership and management.

Environmental Concerns

ABSSEI personnel are not qualified in aspects of surveying and environmental assessment. Unless otherwise stated in the report, it is assumed that the subject assets are not affected in any way by any adverse environmental conditions. ABSSEI personnel are not qualified to detect potentially hazardous materials and/or substances which may adversely affect the value of the property. Hence, ABSSEI shall not be held responsible for past or present, legal or physical deficiencies that may be found.

Furthermore, ABSSEI personnel are not qualified to comment on environmental issues that may affect the market value of the property. These environmental issues include but are not limited to, the pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants including, but not limited to, moulds or mildews or the conditions that might give rise to either. ABSSEI and its assignees expressly deny any legal liability relating to the effect of environmental issues on the market value of the property assessed.

Physical Concerns

ABSSEI shall not be held responsible for any costs incurred to investigate or correct any deficiencies of any type, which may be present in the real estate and/or real property described herein. It is assumed that there are no patent or latent defects in the subject improvements, that no objectionable materials are present and that the improvements are structurally, mechanically and electrically adequate and in need of no immediate repairs unless expressly noted within this report.



Appendix D – Additional Financial Model

An additional financial model has been provided as requested by the Resort General Manager to incorporate a proposed increase to the CRF contribution in 2014 to an annual amount of \$49,982. The following model is based on Model 5 in the report, where special levies are capped at a maximum \$100,000 per year. Starting in 2015, an 11% increase to the CRF contribution is proposed with five special levies in the 30-year projection. An investment return of \$176,918 is obtained.

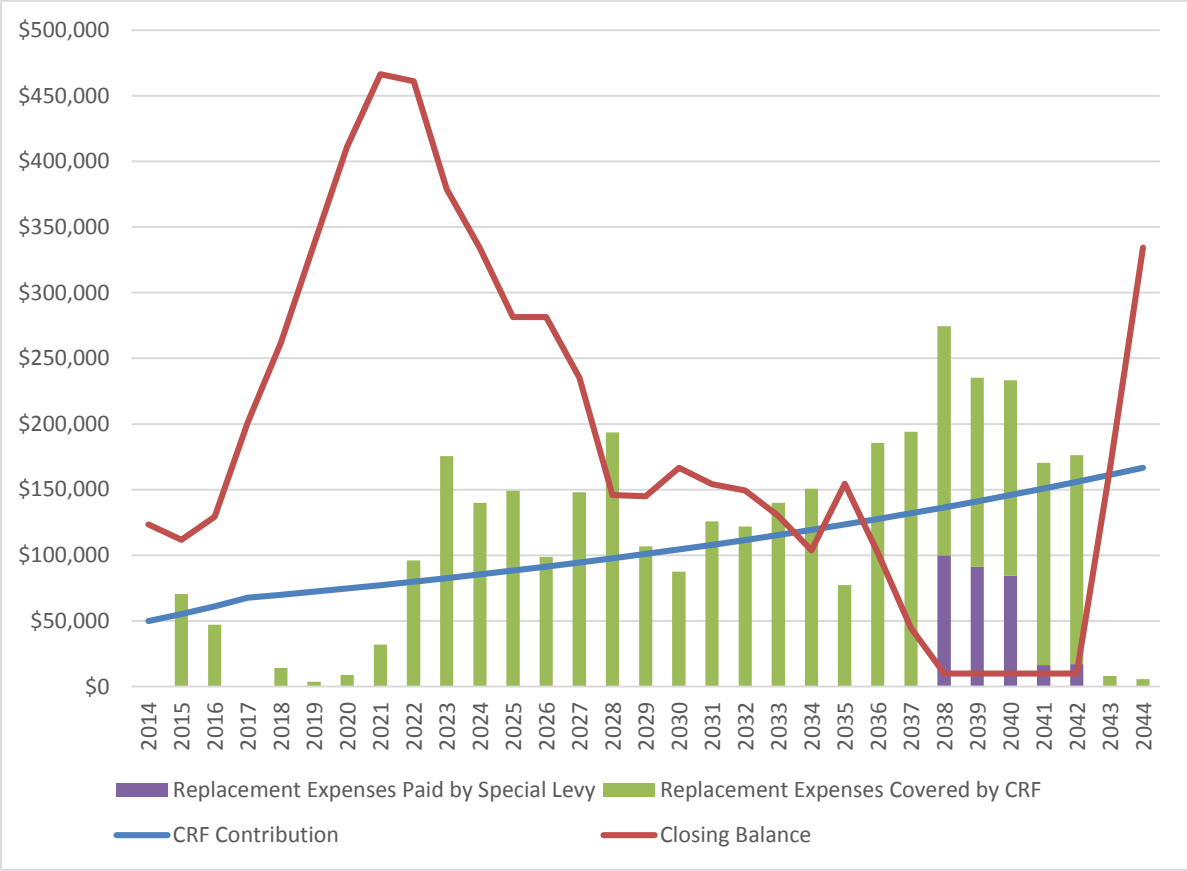


Figure 12: 30-year projection of CRF cash flow using capped special levies investment schedule.



Table 9: Cash flow table for CRF with partially funded investment schedule

Year	Opening balance	CRF contributions	Contribution changes	Investment returns	Replacement expenses	Special levies	Closing balance
2014	\$71,000	\$49,982		\$2,420	\$0	\$0	\$123,402
2015	\$123,402	\$55,271	11%	\$3,573	\$70,479	\$0	\$111,767
2016	\$111,767	\$61,119	11%	\$3,458	\$46,965	\$0	\$129,379
2017	\$129,379	\$67,587	11%	\$3,939	\$0	\$0	\$200,905
2018	\$200,905	\$69,885	3.4%	\$5,416	\$14,184	\$0	\$262,022
2019	\$262,022	\$72,261	3.4%	\$6,686	\$3,666	\$0	\$337,302
2020	\$337,302	\$74,718	3.4%	\$8,240	\$8,813	\$0	\$411,447
2021	\$411,447	\$77,258	3.4%	\$9,774	\$32,017	\$0	\$466,462
2022	\$466,462	\$79,885	3.4%	\$10,927	\$96,106	\$0	\$461,167
2023	\$461,167	\$82,601	3.4%	\$10,875	\$175,595	\$0	\$379,048
2024	\$379,048	\$85,409	3.4%	\$9,289	\$139,925	\$0	\$333,821
2025	\$333,821	\$88,313	3.4%	\$8,443	\$149,163	\$0	\$281,414
2026	\$281,414	\$91,316	3.4%	\$7,455	\$98,833	\$0	\$281,351
2027	\$281,351	\$94,420	3.4%	\$7,515	\$148,090	\$0	\$235,197
2028	\$235,197	\$97,631	3.4%	\$6,657	\$193,666	\$0	\$145,819
2029	\$145,819	\$100,950	3.4%	\$4,935	\$106,847	\$0	\$144,857
2030	\$144,857	\$104,383	3.4%	\$4,985	\$87,530	\$0	\$166,695
2031	\$166,695	\$107,932	3.4%	\$5,493	\$125,810	\$0	\$154,309
2032	\$154,309	\$111,601	3.4%	\$5,318	\$121,887	\$0	\$149,342
2033	\$149,342	\$115,396	3.4%	\$5,295	\$139,879	\$0	\$130,153
2034	\$130,153	\$119,319	3.4%	\$4,989	\$150,688	\$0	\$103,773
2035	\$103,773	\$123,376	3.4%	\$4,543	\$77,338	\$0	\$154,354
2036	\$154,354	\$127,571	3.4%	\$5,638	\$185,523	\$0	\$102,040
2037	\$102,040	\$131,908	3.4%	\$4,679	\$194,120	\$0	\$44,507
2038	\$44,507	\$136,393	3.4%	\$3,618	\$274,519	\$100,000	\$10,000
2039	\$10,000	\$141,030	3.4%	\$3,021	\$235,149	\$91,098	\$10,000
2040	\$10,000	\$145,825	3.4%	\$3,117	\$233,279	\$84,337	\$10,000
2041	\$10,000	\$150,783	3.4%	\$3,216	\$170,464	\$16,465	\$10,000
2042	\$10,000	\$155,910	3.4%	\$3,318	\$176,259	\$17,031	\$10,000
2043	\$10,000	\$161,211	3.4%	\$3,424	\$8,180	\$0	\$166,456
2044	\$166,456	\$166,692	3.4%	\$6,663	\$5,565	\$0	\$334,245



Appendix E – Replacement Schedule

Please note that the years listed below may differ from the replacement years in Appendix B in order to optimize the financial models.

Component	Current Cost	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Foundation walls	\$7,010	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deck flooring - wood	\$73,509	-	-	-	-	-	-	-	\$ 32,017	\$ 33,106	\$ 34,231	-	-	-	-	-	-
Deck flooring - vinyl membrane	\$7,578	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 12,513	-
Patio flooring - vinyl membrane	\$62,160	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 53,065
Patio flooring - concrete	\$3,313	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balcony flooring	\$57,480	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 45,896	\$ 47,457	-
Balcony/patio railing	\$105,188	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Caulking and weather-stripping	\$65,920	-	\$ 70,479	-	-	-	-	-	-	-	-	\$ 47,612	\$ 49,230	-	-	-	-
Cladding - cedar shingles	\$27,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 23,049
Cladding - fibre cement	\$192,627	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exterior painting (trim)	\$22,990	-	-	\$ 25,416	-	-	-	-	-	-	-	\$ 16,605	\$ 17,170	-	-	-	-
Exterior painting (cement board siding)	\$16,493	-	-	\$ 18,233	-	-	-	-	-	-	-	\$ 11,912	\$ 12,317	-	-	-	-
Exterior painting (wooden columns)	\$1,974	-	-	-	-	-	-	\$ 2,495	-	-	-	-	-	-	-	\$ 3,260	-
Exterior soffits	\$87,112	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
External stairs - metal treads	\$10,800	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
External stairs - concrete	\$89,760	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
External stair railing	\$19,530	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exterior windows	\$268,296	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exterior windows (glazing)	\$38,328	-	-	-	-	-	-	-	-	-	-	\$ 27,683	\$ 28,624	-	-	-	-
Wooden patio doors	\$50,000	-	-	-	-	-	-	-	-	-	-	\$ 36,113	\$ 37,341	-	-	-	-
Unit entrance doors	\$31,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roofing	\$140,301	-	-	-	-	-	-	-	-	-	-	-	-	\$ 72,228	\$ 74,684	\$ 77,223	-
Roof flashing	\$8,017	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Chimneys	\$51,680	-	-	-	-	-	-	-	-	-	-	-	-	\$ 26,605	\$ 27,510	\$ 28,445	-
Gutters and downspouts	\$25,092	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water distribution	\$1,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water storage	\$12,000	-	-	-	-	\$ 14,184	-	-	-	-	-	-	-	-	-	\$ 19,815	-
Sanitary waste drainage	\$1,500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rain water drainage	\$250,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HVAC - Boilers	\$3,100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance facility equipment	\$80,000	-	-	-	-	-	-	-	-	-	\$ 111,762	-	-	-	-	-	-
Pool building mechanical equipment	\$25,000	-	-	-	-	-	-	-	-	\$ 33,909	-	-	-	-	-	-	-
Fitness room equipment	\$18,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 30,733
Maintenance facility building exterior	\$50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water treatment facility	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads and paved areas - asphalt	\$43,341	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads and paved areas - eco-grid	Contingency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carport structure	\$100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carport roofs	\$37,063	-	-	-	-	-	-	-	-	\$ 25,038	\$ 25,890	-	-	-	-	-	-
Pool building structures	\$100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Landscaping	\$5,000	-	-	-	-	-	-	\$ 6,318	-	-	-	-	-	-	-	-	-
Site lighting	\$25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Zen pavilion paved area	\$1,800	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Zen pavilion roof	\$2,657	-	-	-	-	-	-	-	-	-	\$ 3,712	-	-	-	-	-	-
First depreciation report	\$5,800	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subsequent depreciation reports	\$3,000	-	-	\$ 3,317	-	-	\$ 3,666	-	-	\$ 4,053	-	-	\$ 4,481	-	-	\$ 4,954	-
TOTAL		-	\$ 70,479	\$ 46,965	-	\$ 14,184	\$ 3,666	\$ 8,813	\$ 32,017	\$ 96,106	\$ 175,595	\$ 139,925	\$ 149,163	\$ 98,833	\$ 148,090	\$ 193,666	\$ 106,847

Component	Current Cost	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Foundation walls	\$7,010	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deck flooring - wood	\$73,509	-	-	-	-	-	-	\$ 52,868	\$ 54,665	\$ 56,524	-	-	-	-	-	-
Deck flooring - vinyl membrane	\$7,578	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Patio flooring - vinyl membrane	\$62,160	\$ 54,870	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Patio flooring - concrete	\$3,313	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balcony flooring	\$57,480	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balcony/patio railing	\$105,188	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Caulking and weather-stripping	\$65,920	-	\$ 120,334	-	-	-	-	-	-	\$ 30,413	\$ 31,447	\$ 32,516	\$ 33,622	\$ 34,765	-	-
Cladding - cedar shingles	\$27,000	\$ 23,833	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cladding - fibre cement	\$192,627	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exterior painting (trim)	\$22,990	-	-	\$ 43,394	-	-	-	-	-	-	\$ 27,418	\$ 28,351	-	-	-	-
Exterior painting (cement board siding)	\$16,493	-	-	\$ 31,131	-	-	-	-	-	-	\$ 19,670	\$ 20,339	-	-	-	-
Exterior painting (wooden columns)	\$1,974	-	-	-	-	-	-	\$ 4,259	-	-	-	-	-	-	-	\$ 5,565
Exterior soffits	\$87,112	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
External stairs - metal treads	\$10,800	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
External stairs - concrete	\$89,760	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
External stair railing	\$19,530	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exterior windows	\$268,296	-	-	-	-	-	-	-	-	\$ 123,782	\$ 127,991	\$ 132,342	\$ 136,842	\$ 141,495	-	-
Exterior windows (glazing)	\$38,328	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wooden patio doors	\$50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unit entrance doors	\$31,000	-	-	-	-	-	-	\$ 33,443	\$ 34,580	-	-	-	-	-	-	-
Roofing	\$140,301	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roof flashing	\$8,017	-	-	-	-	-	-	\$ 8,649	\$ 8,943	-	-	-	-	-	-	-
Chimneys	\$51,680	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gutters and downspouts	\$25,092	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water distribution	\$1,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water storage	\$12,000	-	-	-	-	-	-	-	-	-	\$ 28,623	-	-	-	-	-
Sanitary waste drainage	\$1,500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rain water drainage	\$250,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HVAC - Boilers	\$3,100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance facility equipment	\$80,000	-	-	-	-	-	-	\$ 86,304	\$ 89,239	-	-	-	-	-	-	-
Pool building mechanical equipment	\$25,000	-	-	-	-	-	-	-	-	\$ 57,670	-	-	-	-	-	-
Fitness room equipment	\$18,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance facility building exterior	\$50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water treatment facility	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads and paved areas - asphalt	\$43,341	-	-	-	\$ 42,294	\$ 43,732	-	-	-	-	-	-	-	-	-	-
Roads and paved areas - eco-grid	Contingency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carport structure	\$100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carport roofs	\$37,063	-	-	-	-	-	\$ 77,338	-	-	-	-	-	-	-	-	-
Pool building structures	\$100,000	-	-	-	\$ 97,585	\$ 100,902	-	-	-	-	-	-	-	-	-	-
Landscaping	\$5,000	\$ 8,827	-	-	-	-	-	-	-	-	-	\$ 12,332	-	-	-	-
Site lighting	\$25,000	-	-	\$ 47,362	-	-	-	-	-	-	-	-	-	-	-	-
Zen pavilion paved area	\$1,800	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Zen pavilion roof	\$2,657	-	-	-	-	-	-	-	-	\$ 6,129	-	-	-	-	-	-
First depreciation report	\$5,800	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subsequent depreciation reports	\$3,000	-	\$ 5,476	-	-	\$ 6,054	-	-	\$ 6,693	-	-	\$ 7,399	-	-	\$ 8,180	-
	TOTAL	\$ 87,530	\$ 125,810	\$ 121,887	\$ 139,879	\$ 150,688	\$ 77,338	\$ 185,523	\$ 194,120	\$ 274,519	\$ 235,149	\$ 233,279	\$ 170,464	\$ 176,259	\$ 8,180	\$ 5,565