



# Depreciation Report Draft Review

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Strata Engineering

2013  
June



## Cover letter

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June 3<sup>rd</sup>, 2013

Strata Plan BCS 2634  
Painted Boat Resorts  
112849 Lagoon Road  
Madeira Park BC, V0N 2H00

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

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Dear Sirs or Mesdames,

We were pleased to have presented you with a draft of your depreciation report after a comprehensive documentation review and a physical inspection of common properties.

The draft report describes the common property conditions, providing current and future replacement cost estimates. The replacement cost estimates were subsequently used to generate three examples of funding models, illustrating some possible ways of planning your contingency reserve fund. Even though these generic funding models may be sufficient in themselves to guide your contingency reserve fund planning, we believe in further tailoring them for your strata corporation.

We have thus prepared this follow-up package which will assist you in the review of your draft report. Your valued response to the questions in this package will allow us to modify our models according to the demographics and other preferences of your strata corporation, such that the final version of your depreciation report will be best optimized to suit your needs.

Respectfully yours,

**Absolute Building Science**  
**Strata Engineering Inc.**



## 1. Introduction

### *1.1 Guide to your report*

This comprehensive report serves as a contingency reserve fund planning tool for strata owners while simultaneously serving as a useful overview of the strata corporation for first time buyers. This overview discusses the structure and purpose of each section within this report.

*Introduction:* This section provides a broad overview of the concept of a “strata corporation” its structure, operations and management. In particular, it discusses the financial elements of a strata corporation including the operating fund, the contingency reserve fund, special levies, and legislation applicable to the contingency reserve fund. It also describes the purpose, benefits, and objectives of this report.

*Methods:* This section provides the details of how the depreciation is prepared, the different assessments, calculations and analyses involved. It also seeks to clarify different terms and definitions used within the report.

*Results:* This section contains the cash flow models that we prepared based on our financial analyses and inspection. Component lists and replacement expenditure distributions over 10 and 30 year periods are also included within this section.

*Analysis and recommendations:* This section provides a comparison of the cash flow models proposed.

## 2. The review

In order to assist you in the review of this draft, we have prepared some questions for you to consider. Please note that the scope of the report is not limited to these suggestions and that the report is to be read in its entirety. Suggestions given in this review mostly concern the following sections;

### *2.1 The results section (Section 3 in the draft)*

*The schedule of reserve components* – this schedule indicates the components we have included and excluded in your budget. Key statistics like component quantity, Estimated Useful Life (EUL), Remaining Useful Life (RUL) and effective age have also been listed within this schedule.

*The schedule of excluded components* – This schedule indicates the components which have been excluded in your budget. Key statistics like component quantity, EUL, RUL and effective age are also listed within this schedule.

*The cash flow models* – the cash flow models set out 3 different CRF contribution scenarios. Annual adjustments to the CRF contributions are also indicated within tables 3.1-3.3.



Suggestions	Notes
1.) Please review the reserve components included and excluded from the budget (Section 3.2, Detailed component descriptions Appendix B)	
a.) Which other components would you like to include into your budget (add to schedule of reserve components)?	
2.) Please review the cash flow models (sections 3.3), and indicate:	
a.) Are the proposed CRF contributions reasonable? What are the acceptable increase CRF contributions (%) for your strata?	
b.) What are the maximum levels of special levies that are reasonable over the first 5-year period, 10 year period, or 30 year period?	

**Comments:**

## ***2.2 The recommendations and analysis section (Section 4 in the draft)***

This section compares the different cash flow models and their respective contributions and returns. Statistics such as CRF contributions, special levies and financial strength of the different models are contrasted within table 4.1

Suggestions	Notes
1.) Please review the model comparisons	
a.) Please state which investment schedule appeals to you the most? The current investment schedule, the early investment schedule or the delayed investment schedule. Which aspect of the model would you like to see changed?	

**Comments:**



### 2.3 Component data sheets (Appendix B in the draft)

The component data sheets outline the Remaining Useful Life (RUL) estimate and current replacement cost estimate for each of your components. The RUL estimates are typically derived from observable component conditions. The current replacement costs represent best estimates from our own database as well as from RSMeans.

Suggestions	Notes
1.) Please list any concerns that you may have with respect to the current replacement costs estimated.	
2.) Please list any concerns that you may have with respect to the estimated remaining life of the components.	
3.) Please list any additional components that you think should be included within the component data sheets (the report in general).	

*Comments:*

### 2.5 General Feedback

Please let us know if you would like us to include anything else within your report or if you have any concerns. We welcome all feedback as they only serve to make better.



We thank you for completing this follow-up form. We look forward to providing you with your final report. Due to the higher than normal volume of work we are currently experiencing, there may be some delays and we thank you in advance for your kind understanding.