Depreciation Report

LMS 2407 – Oceanwood

Absolute Building Science Strata Engineering Inc.

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Cover Letter

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Strata Engineering Inc.
#408 - 4621 Canada Way
Burnaby, BC V5G 4X8

October 12, 2021

Strata Plan LMS 2407
1711 140th Street
Surrey, BC V4A 4H1

RE: Depreciation Report for Strata Plan LMS 2407
File No. L2407DR21

Dear Sirs or Mesdames,

The subject of this depreciation report consists of "Oceanwood", a 31-unit townhouse complex constructed in 1996 and located at 1711 140th Street in Surrey, 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 (the "Report") describes the common property condition and provides immediate and future replacement cost estimates. The replacement cost estimates serve as a basis for financial modeling and contingency reserve fund management. The Report is a document prepared based on on-site reviews and financial analyses. The replacement cost estimates herein apply solely to property defined as common property, unless otherwise noted. This Report is subject to the Assumptions and Limiting Conditions in Section 2.1 and to the Assumptions and Qualifications in Appendix C.

We have assessed 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 $34,566 to the contingency reserve fund (CRF) in the upcoming fiscal year – Refer to Section 5 for recommendation details; and
2) An increase of monthly fee allocations to the CRF by $56.90 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.) – Refer to Section 3.3.2 for full 30-year scope details.

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 the future. If you have any questions, please do not hesitate to contact the undersigned.

Respectfully yours,

Absolute Building Science
Strata Engineering Inc.

Disclaimer: The work underlying this report was, by agreement with your strata council and in compliance with the provisions of the Act and Regulation, of limited scope. Given the constraints of the study, nature of building structures, future economic trends and a multitude of factors, there will always be uncertainty with respect to the assumptions underlying the remaining useful life of common property components, projected future expenditures, inflation and return on investments. This report cannot, and does not eliminate uncertainty regarding existing, or future defects in the common property, cost variations, unpredictable hazards, or losses in connection with the property. Neither physical testing nor verification of conformance with design parameters or building codes were performed, unless specifically noted. Given the limitations of the physical study undertaken, only conditions visibly apparent during examination of a representative sample of components have been considered in this report.



LMS 2407 – Oceanwood
1711 140th Street
Surrey, BC

Executive Summary

Property Statistics			
Municipal Address	1711 140th Street, Surrey, BC		
Registered Strata Plan	LMS 2407		
Real Property Type	Wood-frame townhouse complex		
Number of Units	31		
Year of Construction*	Circa 1996		
Designated Land Use	Multifamily residential		
Reserve Fund Components	Total of 41 components: 16 Shell, 4 Interiors, 8 Services, 2 Equipment and furnishings, 1 Special construction and demolition, 10 Site improvements.		
Financial Statistics			
Date of Study	June 30, 2021		
Critical Assumptions	The review is limited to readily accessible and visible building components and documents. Certain inaccessible, hidden problems may not be detected.		
Contingency Reserve Fund Balance (Opening amount of the current fiscal year)	$130,188		
Future Replacement Costs	**First** 10 years: $949,729 **Final** 20 years: $4,218,858		
		Contributions	**Financial Strength**
CRF Contributions and Financial Strength Over 30-year Projection	Current investment schedule:	$415,323	10%
	Early investment schedule:	$6,579,442	100%
	Delayed investment schedule:	$6,336,379	98%
	Capped increase schedule:	$1,567,288	32%
	Capped special levies schedule:	$2,982,433	56%

*For phased developments, the earliest completion year of all phases may be chosen.

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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 Act[1] (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 building(s). 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

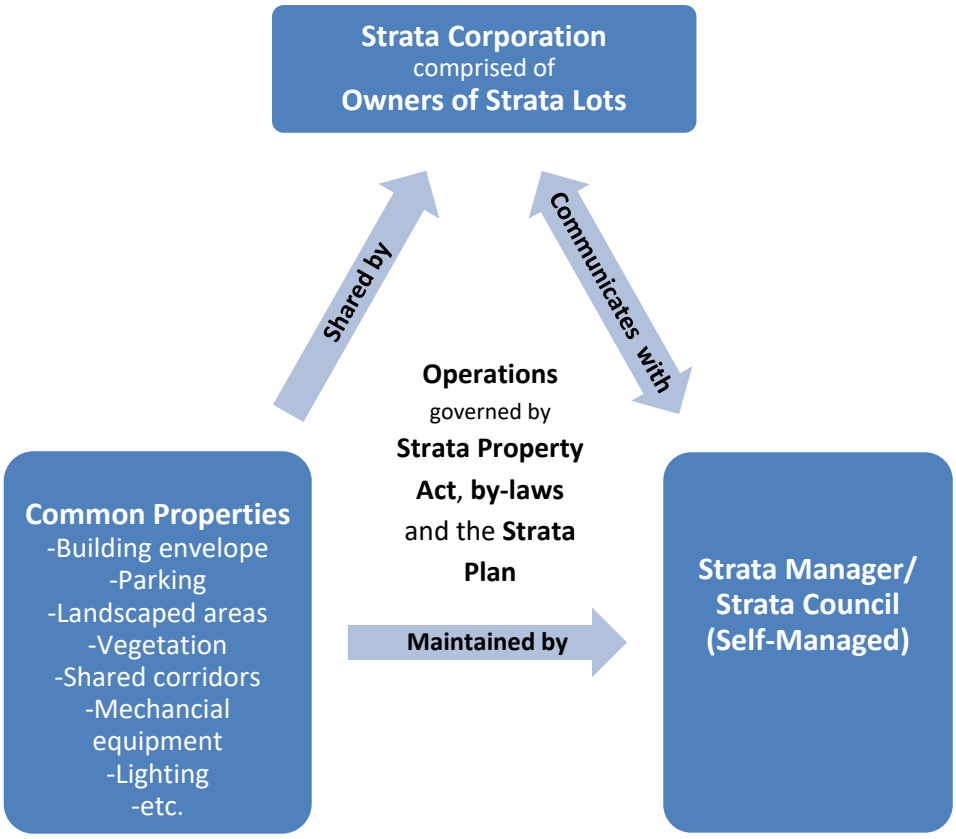


Figure 1: The strata community

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.

1.2.1 Operating Fund

The operating fund is set up for expenses that relate to the common properties and common assets of the Strata Corporation that occurs at least once per year[2]. These are normally recurring administrative expenses or costs that relate to the routine maintenance of the common properties. Operating expenses are not taken into consideration for the purposes of this report.

[2] *Ibid*

1.2.2 Contingency Reserve Fund

The contingency reserve fund ("**CRF"**) is a separate fund required by the Act to cover expenditures that occur less than once per year or do not usually occur[3] (e.g. major repairs like roof repairs, machinery repairs, etc.). We also utilize a material threshold for common reserve expenditures targeted at $5000. Repair/replacement cost typically estimated to be less than the material threshold may not be included in the asset renewal planning. However, in some cases, we may include an aggregate for an asset in the Report despite the individual components that form the assets having a repair/replacement cost less than the set material threshold. Budgeting for CRF expenditures and planning for adequate funding of the CRF is an important responsibility of the Strata Corporation. The CRF is required to be maintained in a separate account from the Operating Fund.

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.

[3] *Ibid*

1.2.4 Legislation Governing the CRF

1.2.4.1 Contributions

Contributions to the CRF are approved in the annual budget by a majority vote of the owners and collected as a proportion of strata fees. Contributions to the CRF are not refundable to owners. Typically, the CRF may have contributions from current and previous strata lot owners. CRF contributions are based on the unit entitlement of each strata lot in the Strata Corporation.

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 follows[4]:

> **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.

1.2.4.2 Expenditures

Expenditures from the CRF must be consistent with the purpose of the CRF. The expenditure can be approved by a majority vote if it is related to the repair, maintenance or replacement, as recommended by a depreciation report, of common property, common assets or portions of a strata lot for which the Strata Corporation has taken responsibility by bylaw. In almost all other expenditures, a ¾ vote is required for approval.

[4] *Strata Property Regulation*, BC Reg. 238/2011, s 6.1, as amended

1.2.4.3 Investing the CRF

The CRF can be invested or held in insured accounts with savings institutions in British Columbia and in those investments permitted by Strata Property Regulation 6.11. The CRF must be accounted for separately from other monies held by the Strata Corporation or separate section and must include any interest or income earned on the CRF.

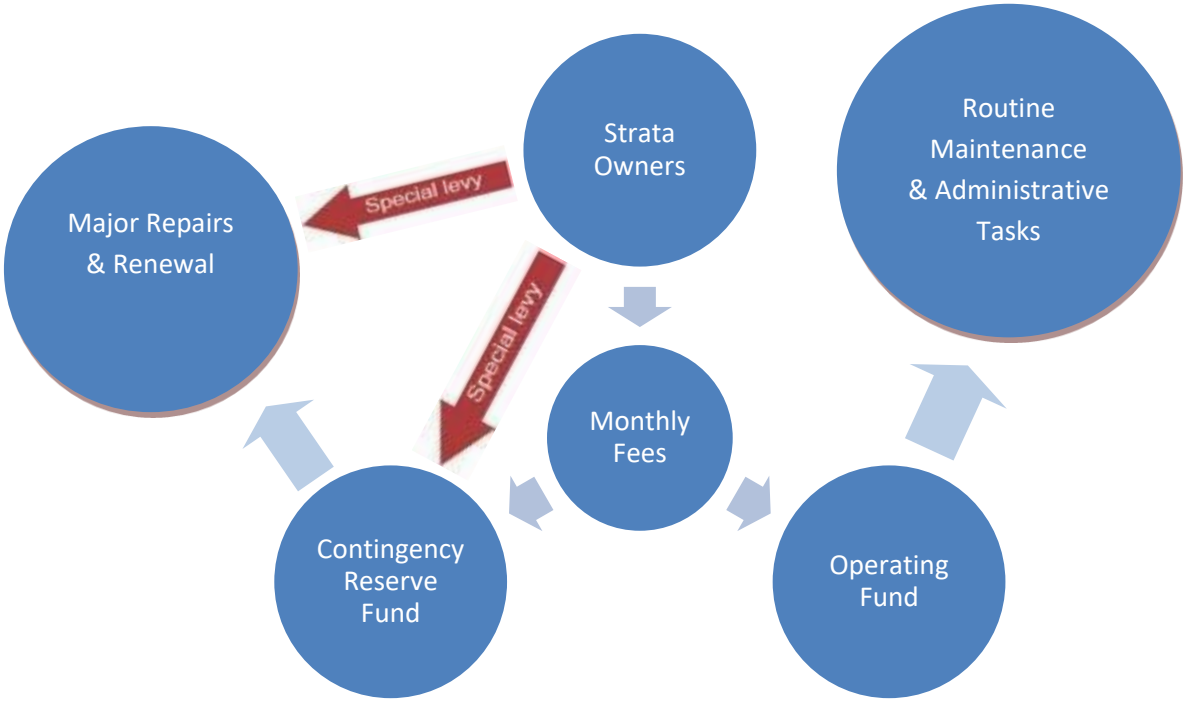


Figure 2: Financial structure of the strata community

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 serve to guide and assist with 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 Act[5], 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;
- landscaping, including paths, sidewalks, fencing and irrigation;
- common 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. A depreciation report may assist the Strata Corporation in ensuring that the Strata Corporation complies with the Act. As discussed earlier, the Regulation[6] set out certain thresholds for the management of the CRF. The depreciation report recommends different cash-flow models that will balance expenditures and corresponding special levies to assist the Strata Corporation with maintaining such compliance.

[5] *Strata Property Act*, *supra* note 1
[6] *Strata Property Regulation*, *supra* note 3

B. A depreciation report presents various analysis and models illustrating the concept of reserve fund planning. It aids the strata in prioritizing capital replacement and maintenance expenditures, which may in turn optimize strata investments over time. The models underlying the analyses reflected in the depreciation report incorporate assumptions on return on investments, inflation, the accumulation of strata fee contributions, the timing and amount of special levies relative to the projected timing and future costs of major repairs and replacements.

C. A depreciation report provides a measure of a strata's "financial strength" in the form of a ratio of the CRF to projected expenditures. Lending institutions, owners and prospective buyers, may look to the depreciation report to evaluate the likelihood, over time, of strata fee increases and special levies. Therefore, a depreciation report may assist in establishing credit, in personal financial planning, in appraising the value of a Strata Lot and in the negotiation of the purchase price of a Strata Lot.

D. A depreciation report may assist the Strata Corporation with the preservation of the common property value through establishing a timely major maintenance and replacement schedule. It identifies the condition of major items of the common property of a Strata Corporation and their estimated future maintenance/replacement costs. It also provides preventative maintenance recommendations, which can guide the strata council with respect to maintenance and repair which may extend the component's useful life.

E. A depreciation report may also identify risks to Strata Corporations, and potential expenditures not previously recognized, allowing for better planning. Many Strata Councils and Owners assume that their budgeted CRF contributions will adequately cover future expenditures. However, original estimates may be outdated, or may not account for modifications made since the complex was new.

1.3.2 Legislation Regarding the Depreciation Report

The depreciation report must be completed by a "qualified person" as defined in the Act[7]. It must be based upon on-site visual inspection, physical component inventory, summary of repairs and maintenance work on common property (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 Regulation[8]. Beginning on December 13, 2012, a depreciation report is required to be obtained every 3 years by Strata Corporations consisting of 5 or more owners unless this requirement is waived by a ¾ vote at an annual or special general meeting. These details outlined within the Act[9] can be found in Appendix A.

[7] *Strata Property Act*, SBC 1998, c 43, s 94.1
[8] *Strata Property Regulation*, BC Reg. 238/2011, s 6.2
[9] *Strata Property Act,* SBC 1998, c 43, s 94

1.4 Objectives

This depreciation report can be used as a guide for establishing long term planning for management of common assets or properties listed in detail in Section 1.3. In this report, we describe the following:

- Common properties the Strata Corporation owns;
- Condition of common properties in the Strata Corporation;
- Projected timeline for replacement or major maintenance and repairs of components of the common property of the Strata Corporation.
- Opening balance and projected balances of the CRF at year ends on various assumptions as set out in the report.
- Estimated current cost and inflation-adjusted future cost of replacement or major repairs of common property components.
- Five cash flow models projecting year by year for 30 years the funds available in the CRF relative to the projected future costs on various assumptions with respect to strata fee contributions to the CRF and special levies.

1.5 Intended Use

This depreciation report has been completed for the exclusive use of the owners of the Strata Corporation, Strata Plan LMS 2407. No other party may rely on the report without explicit written approval of Strata Engineering. This depreciation report may be attached to the "Form B: the information Certificate" in accordance with the Strata Property Act[10]. This depreciation report is subject to the assumptions and limiting conditions set out in Appendix C attached hereto.

[10] *Strata Property Act*, SBC 1998, c 43, as amended

2. Methods

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

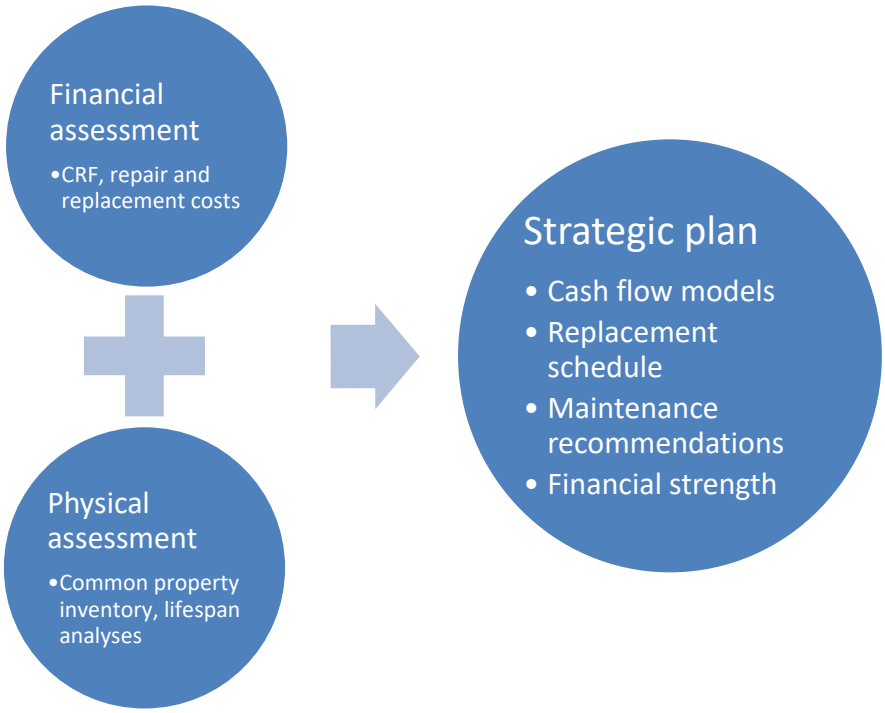


Figure 3: Formulation of the strategic plan

2.1 Assumptions and Limitations

This report contains recommendations based on information available for our review 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.

The work underlying this report was, by agreement with your strata council and in compliance with the provisions of the Act and Regulation, of limited scope. Given the constraints of the study, nature of building structures, future economic trends and a multitude of factors, there will always be uncertainty with respect to the assumptions underlying the remaining useful life of common property components, projected future expenditures, inflation and return on investments. This report cannot, and does not eliminate uncertainty regarding existing, or future defects in the common property, cost variations, unpredictable hazards, or losses in connection with the property.

Neither physical testing nor verification of conformance with design parameters or building codes were performed, unless specifically noted. Given the limitations of the physical study undertaken, only conditions visibly apparent during examination of a representative sample of components have been considered in this report.

Only specific information identified below has been reviewed. Absolute Building Science Strata Engineering (Strata Engineering) 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 report should only be relied upon for general guidance and planning of the Strata Corporation. The figures are calculated based on our educated understanding of life cycle of building components and comparative analyses of similar properties over time. Accurate replacement costs for building components can only be obtained after proper design and tendering processes, with scopes of work established and contractors' obligations identified. The estimated time frame for undertaking replacement or maintenance work represents our opinion at the time of report preparation and may vary based on real-time conditions. Failure of an item, or an optimum repair or replacement process, may vary from our estimates. Additional engineering investigations are required for more certainty in establishing the scope of work and replacement requirements.

In issuing this report, Strata Engineering does not assume any of the duties, or liabilities of the original designers, builders or owners of the subject property. Owners, prospective purchasers, tenants, or others who use, or rely on the contents of this report, do so with the understanding that Strata Engineering cannot be held liable for damages which may be suffered with respect to the purchase, ownership, or use of the subject property.

2.2 Physical Assessment

2.2.1 Physical Inspection

A site visit was performed by Jincheng Zhou and Herman Kwok of Strata Engineering on June 30, 2021 at 1711 140th Street in Surrey, BC.

2.2.2 Documentation Review

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

- Strata plans (LMS2407)
- Balance sheet (April 2021) & Approved budget (2021-2022)
- Council meeting minutes (2019-2021)

2.2.3 Inspection of Common Properties

2.2.3.1 Common Property Classification

Within this report, we classified the common properties assets according to the Uniformat II[11] 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 divisions[12] (examples of such components are indicated below):

1. ***Substructure:*** Slab on grade, underground parking and basement structures etc.
2. ***Shell:*** Roof construction, exterior walls, exterior windows, balconies, decks etc.
3. ***Interiors:*** Common wall finishes, floor finishes, stairs, partitions etc.
4. ***Services:*** Elevators and lifts, heating ventilation & air conditioning, fire protection etc.
5. ***Equipment and furnishings:*** Commercial, institutional equipment, furniture etc.
6. ***Special construction and demolition:*** Special facilities, integrated construction etc.
7. ***Site improvements:*** Paving, landscaping, fencing, sewers etc.

2.2.3.2 Reserve Component Inventory

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

2.2.4 Remaining Useful Life (RUL) Estimation

The method of estimating the remaining useful life of the components 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 Report, the effective age of a common property is estimated via documentation review, discussion with facility representatives, and visual examination. The total useful life is estimated based on industry standards of comparative improvements. Generally, the RUL is thus represented by the following equation:

$$Remaining\ useful\ life(RUL) = Estimated\ useful\ life(EUL) - Effective\ age(EA)$$

[11] ASTM Uniformat II for Building Elements (E1557-97)
[12] Components belonging to certain divisions may not be inspected due to accessibility issues.

In cases where the component's RUL is labelled as "**contingency**", this simply means an allowance is include in the plan to address partial repairs and replacements of the assets described in the component as they are unlikely to fail all at the same time. The component as a whole does not have a definite remaining life span as the condition of the individual parts varies. Equivalently, the various assets that make up the component as a whole does not have a definite Estimated Useful Life "EUL" and therefore may also be listed as "**contingency**", "**various**", or "**building life**".

Please note that in the process of determining the remaining useful life of each component, 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, warranty claims, investigative report 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 Online[13], National Construction Estimator, Get-A-Quote, and our quotation database collected over time from contractors and supplier. Inflation measurement in this depreciation report is based on construction indices rather than the widely quoted Consumer Price Index (CPI), which measures consumer goods. An average inflation rate was calculated based on changes in construction price index over a period of 30 years from 1990 to 2020. From the analysis, the inflation rate was found to be **2.60%**.

[13] www.rsmeansonline.com

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 are five cash flow models presented here for your reference. Dollar amounts are indexed, based on todays' costs.

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 one will be required over the 30-year projection. This method still allows for a reasonable return on investment while maintaining financial strength.

Model 4 (Partially funded investment schedule – capped increase): This model increases current CRF contributions by a maximum of 160% 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 the sum of all special levies for the 30-year projection is kept at $2,500,000 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 study took place. In this case, it is $130,188 beginning in April 2021. 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.

Within this report, special levies are calculated as the amount of money required to cover the shortfalls in the CRF after anticipated expenditures.

2.3.2.3 Investment Returns

For this report, the Strata Corporation's funds are placed within a savings account. Hence, investment returns are estimated to be **1.00%** based on historical rates and current rates. Actual rates of return will differ depending on minimum balances, terms, and financial instruments chosen.

2.3.2.4 CRF Contributions

CRF contributions with all our cash flow models except the current model (Model 1) 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:

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

2.3.3 Financial Strength

For this depreciation report, the analysis is performed primarily based upon the CRF of the Strata Corporation, and not accounting for operating expenses that are paid through the operating fund. Thus, the financial strength of the Strata Corporation is 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:

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

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

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

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

3. Results

3.1 Building Information

The property assessed was a 31-unit townhouse complex built in 1996 for Multifamily residential purposes. The key statistics of the building are presented in Table 1 below.

Table 1: Property statistics

Oceanwood	
Municipal Address	1711 140th Street, Surrey, BC
Registered Strata Plan	LMS 2407
Real property type	Wood-frame townhouse complex
Number of Units	31
Year of Construction*	Circa 1996
Designated land use	Multifamily residential
Reserve fund components	Total of 41 components: 16 Shell, 4 Interiors, 8 Services, 2 Equipment and furnishings, 1 Special construction and demolition, 10 Site improvements.

*For phased developments, the earliest completion year of all phases may be chosen.

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 D. The reserve components included within this budget is listed in the following table. Due to varying factors such as usage and load, items listed as “contingency” are anticipated not to fail as a whole at the same time and as a result will likely see periodic partial replacements with an allocation of a contingency amount over the life of the property.

Table 2: Reserve Components

Components	Estimated Useful Life (years)	Effective Age (years)	Remaining Useful Life (years)
Patio flooring - wood	30	22	8
Patio flooring - concrete	Contingency	25	Contingency
Cladding - brick	Contingency	25	Contingency
Cladding- cedar	Contingency	25	Contingency
Balcony soffits	50	25	25
Exterior painting	10	5	5
Trim and fascia painting	5	0	5
Exterior windows	35	25	10
Skylights	25	8	17
Caulking and weatherstripping	10	5	5
Unit entry doors & Service doors	40	25	15
Garage doors	40	25	15
Clubhouse entry doors & Patio doors	35	25	10
Roofing	25	8	17
Gutters and downspouts	35	18	17
Trims, fascia and pergola	Contingency	25	Contingency
Clubhouse - amenity room	Contingency	25	Contingency
Clubhouse - washroom	Contingency	25	Contingency
Clubhouse - wall finishes	15	10	5
Clubhouse - floor finishes	Contingency	25	Contingency
Plumbing system - domestic water	30	28	2
Plumbing system - sanitary	Contingency	25	Contingency
Plumbing system - storm	Contingency	25	Contingency
Clubhouse - HVAC systems	Contingency	25	Contingency
Clubhouse - hot water heater	20	19	1
Fire hydrant	Contingency	25	Contingency
Electrical distribution	Contingency	25	Contingency
Access control system	20	5	15
Clubhouse - Lighting fixtures	20	0	20
Exterior lighting fixtures	Contingency	25	Contingency
Handyman's room/Shed	Contingency	3	Contingency
Exterior paving - asphalt	Contingency	25	Contingency
Exterior paving - brick unit pavers	Contingency	25	Contingency
Exterior paving - concrete	Contingency	25	Contingency
Fencing - wooden	30	27	3
Dividers	Contingency	25	Contingency
Main entrance gate	40	23	17

Components	Estimated Useful Life (years)	Effective Age (years)	Remaining Useful Life (years)
Fencing - metal/brick	50	25	25
Retaining wall	Contingency	25	Contingency
Landscaping	Contingency	25	Contingency
Site lighting	Contingency	25	Contingency

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 April 2021 CRF opening balance of $130,188. In order to satisfy legal requirements, special levies are assessed to ensure the minimum closing balance of the CRF is 25% of the operating budget, or where there is a shortfall in covering replacement or repair expenses. In this case, the operating budget is $133,975 for 2021/2022 and in each subsequent year, the operating budget is estimated to increase 2.6% to account for inflation.

3.3.1 Model 1: Current Investment Schedule

In the current investment schedule, an annual CRF contribution $13,398 (assuming 10% of the operating budget for 2021-2022) is kept constant over the 30-year projection. Over the 30-year projection, twenty-three special levies, ranging from $504 to $979,823 are expected to be required. An investment return of $18,059 is obtained.

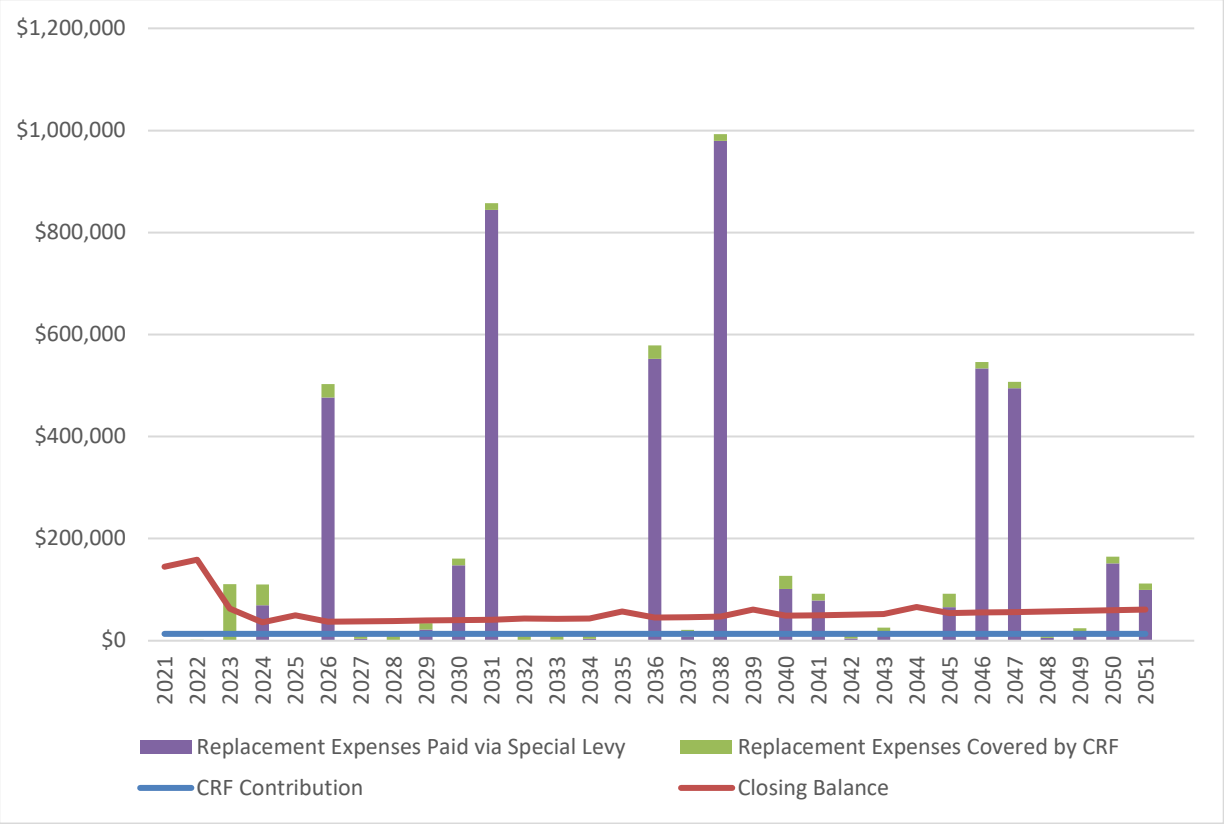


Figure 4: 30-year projection of CRF cash flow using current investment schedule

Table 3: Model 1—Cash flow table for CRF with current investment schedule

Year	Opening balance	CRF contributions	Contribution changes	Investment returns	Replacement expenses	Special levies	Closing balance
2021	$130,188	$13,398		$1,302	$0	$0	$144,887
2022	$144,887	$13,398	0%	$1,449	$1,436	$0	$158,297
2023	$158,297	$13,398	0%	$1,583	$110,531	$0	$62,747
2024	$62,747	$13,398	0%	$627	$110,251	$69,023	$35,544
2025	$35,544	$13,398	0%	$355	$0	$0	$49,297
2026	$49,297	$13,398	0%	$493	$502,684	$476,476	$36,980
2027	$36,980	$13,398	0%	$370	$16,273	$3,245	$37,719
2028	$37,719	$13,398	0%	$377	$13,524	$504	$38,474
2029	$38,474	$13,398	0%	$385	$34,382	$21,370	$39,243
2030	$39,243	$13,398	0%	$392	$160,647	$147,642	$40,028
2031	$40,028	$13,398	0%	$400	$857,626	$844,628	$40,829
2032	$40,829	$13,398	0%	$408	$11,273	$0	$43,361
2033	$43,361	$13,398	0%	$434	$16,329	$1,614	$42,478
2034	$42,478	$13,398	0%	$425	$16,474	$3,501	$43,328
2035	$43,328	$13,398	0%	$433	$0	$0	$57,159
2036	$57,159	$13,398	0%	$572	$578,535	$552,485	$45,078
2037	$45,078	$13,398	0%	$451	$21,034	$8,088	$45,980
2038	$45,980	$13,398	0%	$460	$992,761	$979,823	$46,899
2039	$46,899	$13,398	0%	$469	$0	$0	$60,766
2040	$60,766	$13,398	0%	$608	$127,125	$101,148	$48,794
2041	$48,794	$13,398	0%	$488	$91,703	$78,794	$49,770
2042	$49,770	$13,398	0%	$498	$16,972	$4,072	$50,765
2043	$50,765	$13,398	0%	$508	$25,152	$12,262	$51,781
2044	$51,781	$13,398	0%	$518	$0	$0	$65,696
2045	$65,696	$13,398	0%	$657	$91,560	$65,682	$53,873
2046	$53,873	$13,398	0%	$539	$546,296	$533,438	$54,950
2047	$54,950	$13,398	0%	$550	$507,425	$494,577	$56,049
2048	$56,049	$13,398	0%	$560	$17,998	$5,161	$57,170
2049	$57,170	$13,398	0%	$572	$24,211	$11,385	$58,313
2050	$58,313	$13,398	0%	$583	$164,325	$151,511	$59,480
2051	$59,480	$13,398	0%	$595	$112,059	$99,256	$60,669

3.3.2 Model 2: Early Investment Schedule (Recommended)

In the early investment schedule, contributions to the initial opening balance in the CRF increase 158% per year over the next three years. Over the 30-year projection, no special levies are expected to be required. An investment return of $260,845 is obtained.

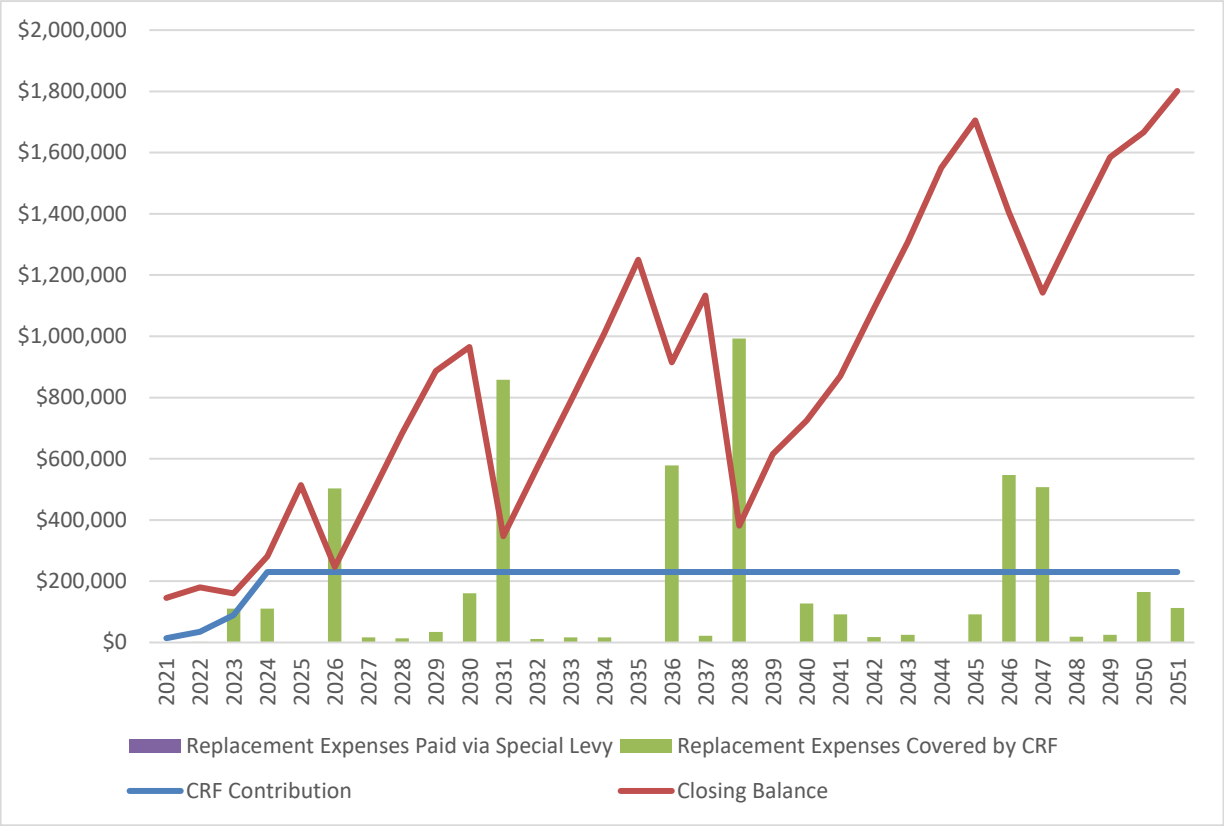


Figure 5: 30-year projection of CRF cash flow using early investment schedule

Table 4: Model 2—Cash flow table for CRF with early investment schedule

Year	Opening balance	CRF contributions	Contribution changes	Investment returns	Replacement expenses	Special levies	Closing balance
2021	$130,188	$13,398		$1,302	$0	$0	$144,887
2022	$144,887	$34,566	158%	$1,449	$1,436	$0	$179,465
2023	$179,465	$89,179	158%	$1,795	$110,531	$0	$159,908
2024	$159,908	$230,082	158%	$1,599	$110,251	$0	$281,338
2025	$281,338	$230,082	0%	$2,813	$0	$0	$514,234
2026	$514,234	$230,082	0%	$5,142	$502,684	$0	$246,774
2027	$246,774	$230,082	0%	$2,468	$16,273	$0	$463,052
2028	$463,052	$230,082	0%	$4,631	$13,524	$0	$684,240
2029	$684,240	$230,082	0%	$6,842	$34,382	$0	$886,782
2030	$886,782	$230,082	0%	$8,868	$160,647	$0	$965,085
2031	$965,085	$230,082	0%	$9,651	$857,626	$0	$347,193
2032	$347,193	$230,082	0%	$3,472	$11,273	$0	$569,474
2033	$569,474	$230,082	0%	$5,695	$16,329	$0	$788,922
2034	$788,922	$230,082	0%	$7,889	$16,474	$0	$1,010,419
2035	$1,010,419	$230,082	0%	$10,104	$0	$0	$1,250,606
2036	$1,250,606	$230,082	0%	$12,506	$578,535	$0	$914,659
2037	$914,659	$230,082	0%	$9,147	$21,034	$0	$1,132,853
2038	$1,132,853	$230,082	0%	$11,329	$992,761	$0	$381,503
2039	$381,503	$230,082	0%	$3,815	$0	$0	$615,400
2040	$615,400	$230,082	0%	$6,154	$127,125	$0	$724,511
2041	$724,511	$230,082	0%	$7,245	$91,703	$0	$870,135
2042	$870,135	$230,082	0%	$8,701	$16,972	$0	$1,091,947
2043	$1,091,947	$230,082	0%	$10,919	$25,152	$0	$1,307,796
2044	$1,307,796	$230,082	0%	$13,078	$0	$0	$1,550,956
2045	$1,550,956	$230,082	0%	$15,510	$91,560	$0	$1,704,988
2046	$1,704,988	$230,082	0%	$17,050	$546,296	$0	$1,405,824
2047	$1,405,824	$230,082	0%	$14,058	$507,425	$0	$1,142,539
2048	$1,142,539	$230,082	0%	$11,425	$17,998	$0	$1,366,049
2049	$1,366,049	$230,082	0%	$13,660	$24,211	$0	$1,585,581
2050	$1,585,581	$230,082	0%	$15,856	$164,325	$0	$1,667,193
2051	$1,667,193	$230,082	0%	$16,672	$112,059	$0	$1,801,889

3.3.3 Model 3: Delayed Investment Schedule

In the delayed investment schedule, the CRF contributions to an initial opening balance of $130,188 are phased in over a period of five years at increases of 77% per year. Over the 30-year projection, one special levy costing $105,958 is expected to be required. An investment return of $204,257 is obtained.

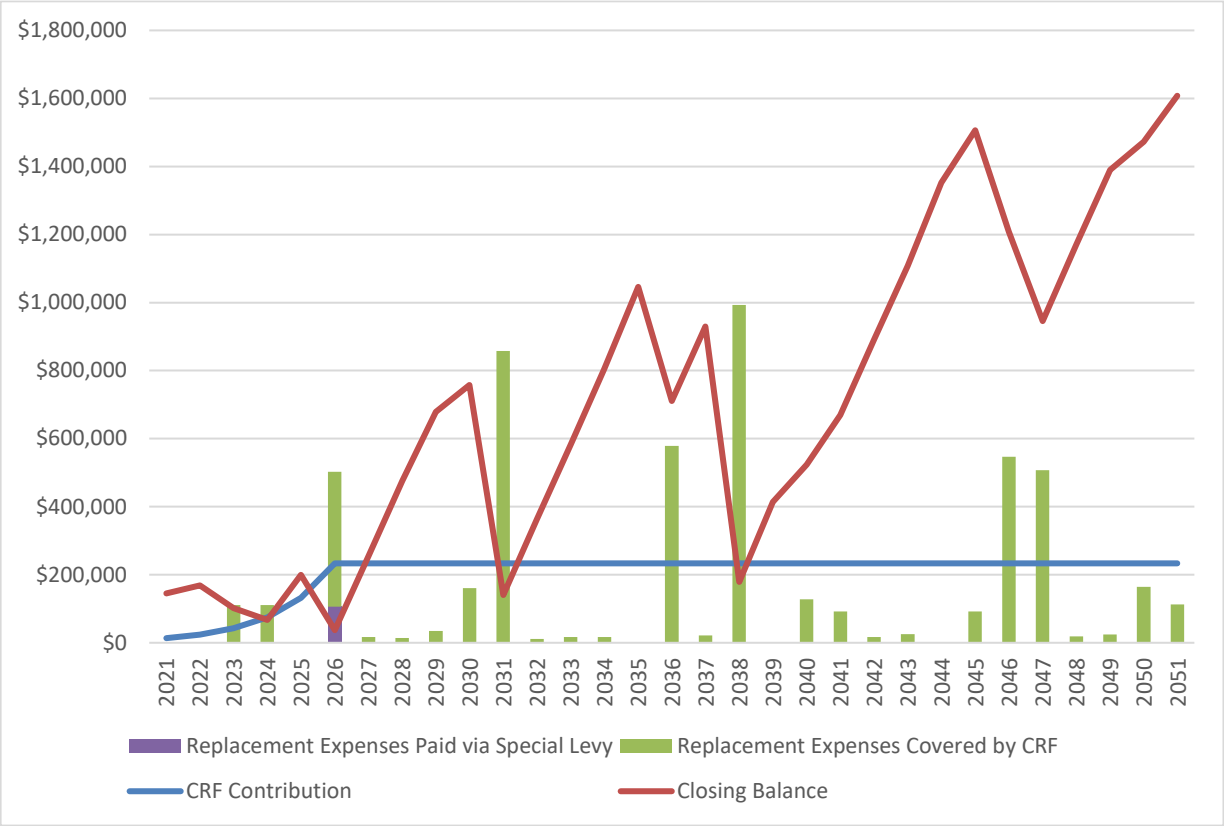


Figure 6: 30-year projection of CRF cash flow using delayed investment schedule

Table 5: Model 3—Cash flow table for CRF with delayed investment schedule

Year	Opening balance	CRF contributions	Contribution changes	Investment returns	Replacement expenses	Special levies	Closing balance
2021	$130,188	$13,398		$1,302	$0	$0	$144,887
2022	$144,887	$23,714	77%	$1,449	$1,436	$0	$168,613
2023	$168,613	$41,973	77%	$1,686	$110,531	$0	$101,742
2024	$101,742	$74,292	77%	$1,017	$110,251	$0	$66,800
2025	$66,800	$131,497	77%	$668	$0	$0	$198,966
2026	$198,966	$232,750	77%	$1,990	$502,684	$105,958	$36,980
2027	$36,980	$232,750	0%	$370	$16,273	$0	$253,827
2028	$253,827	$232,750	0%	$2,538	$13,524	$0	$475,592
2029	$475,592	$232,750	0%	$4,756	$34,382	$0	$678,715
2030	$678,715	$232,750	0%	$6,787	$160,647	$0	$757,605
2031	$757,605	$232,750	0%	$7,576	$857,626	$0	$140,306
2032	$140,306	$232,750	0%	$1,403	$11,273	$0	$363,187
2033	$363,187	$232,750	0%	$3,632	$16,329	$0	$583,240
2034	$583,240	$232,750	0%	$5,832	$16,474	$0	$805,349
2035	$805,349	$232,750	0%	$8,053	$0	$0	$1,046,152
2036	$1,046,152	$232,750	0%	$10,462	$578,535	$0	$710,829
2037	$710,829	$232,750	0%	$7,108	$21,034	$0	$929,653
2038	$929,653	$232,750	0%	$9,297	$992,761	$0	$178,939
2039	$178,939	$232,750	0%	$1,789	$0	$0	$413,479
2040	$413,479	$232,750	0%	$4,135	$127,125	$0	$523,239
2041	$523,239	$232,750	0%	$5,232	$91,703	$0	$669,518
2042	$669,518	$232,750	0%	$6,695	$16,972	$0	$891,992
2043	$891,992	$232,750	0%	$8,920	$25,152	$0	$1,108,509
2044	$1,108,509	$232,750	0%	$11,085	$0	$0	$1,352,345
2045	$1,352,345	$232,750	0%	$13,523	$91,560	$0	$1,507,059
2046	$1,507,059	$232,750	0%	$15,071	$546,296	$0	$1,208,583
2047	$1,208,583	$232,750	0%	$12,086	$507,425	$0	$945,994
2048	$945,994	$232,750	0%	$9,460	$17,998	$0	$1,170,207
2049	$1,170,207	$232,750	0%	$11,702	$24,211	$0	$1,390,448
2050	$1,390,448	$232,750	0%	$13,904	$164,325	$0	$1,472,778
2051	$1,472,778	$232,750	0%	$14,728	$112,059	$0	$1,608,197

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 160% over the next year, then increased by the current inflation rate for the remaining years. Over the 30-year projection, eleven special levies, ranging from $1,320 to $910,693 are expected to be required. An investment return of $29,103 is obtained.

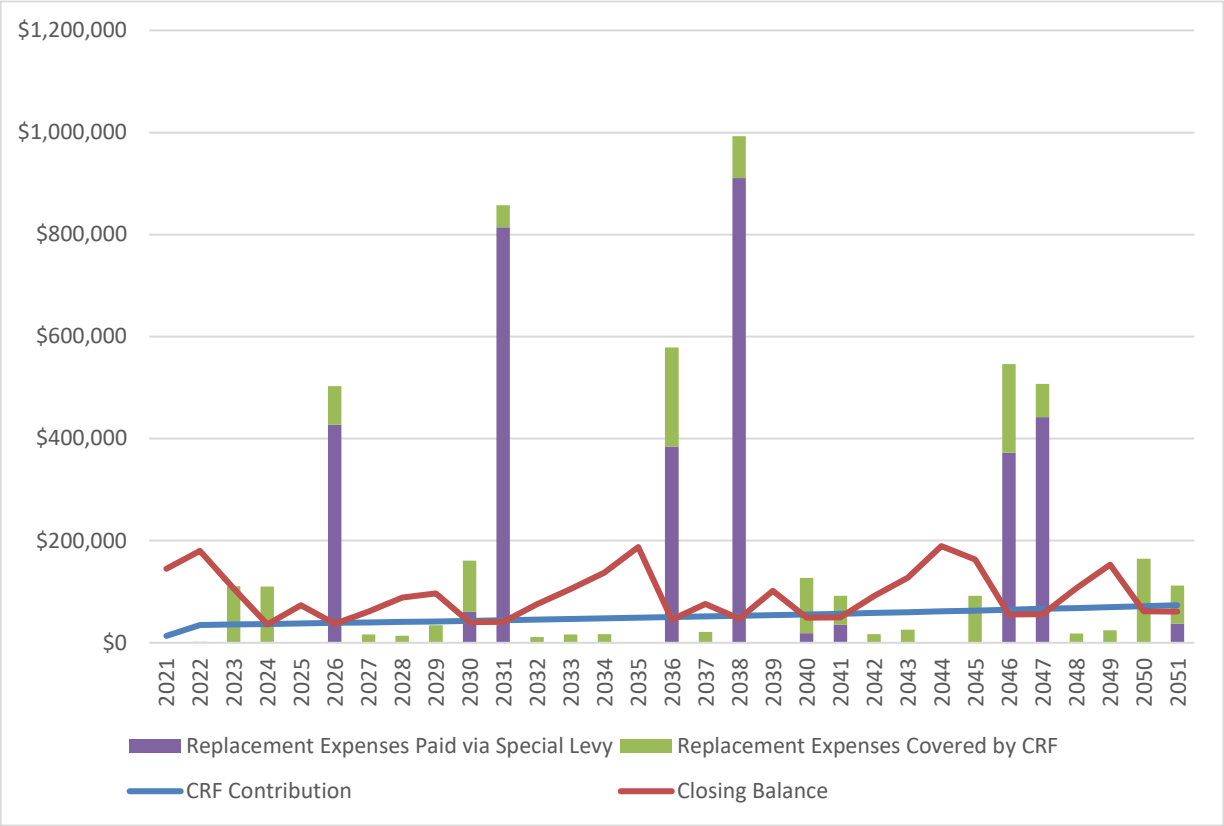


Figure 7: 30-year projection of CRF cash flow using capped increase investment schedule

Table 6: Model 4—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
2021	$130,188	$13,398		$1,302	$0	$0	$144,887
2022	$144,887	$34,834	160%	$1,449	$1,436	$0	$179,733
2023	$179,733	$35,739	2.6%	$1,797	$110,531	$0	$106,739
2024	$106,739	$36,668	2.6%	$1,067	$110,251	$1,320	$35,544
2025	$35,544	$37,622	2.6%	$355	$0	$0	$73,521
2026	$73,521	$38,600	2.6%	$735	$502,684	$426,808	$36,980
2027	$36,980	$39,604	2.6%	$370	$16,273	$0	$60,680
2028	$60,680	$40,633	2.6%	$607	$13,524	$0	$88,396
2029	$88,396	$41,690	2.6%	$884	$34,382	$0	$96,588
2030	$96,588	$42,774	2.6%	$966	$160,647	$60,348	$40,028
2031	$40,028	$43,886	2.6%	$400	$857,626	$814,140	$40,829
2032	$40,829	$45,027	2.6%	$408	$11,273	$0	$74,991
2033	$74,991	$46,197	2.6%	$750	$16,329	$0	$105,609
2034	$105,609	$47,399	2.6%	$1,056	$16,474	$0	$137,590
2035	$137,590	$48,631	2.6%	$1,376	$0	$0	$187,597
2036	$187,597	$49,895	2.6%	$1,876	$578,535	$384,245	$45,078
2037	$45,078	$51,193	2.6%	$451	$21,034	$0	$75,687
2038	$75,687	$52,524	2.6%	$757	$992,761	$910,693	$46,899
2039	$46,899	$53,889	2.6%	$469	$0	$0	$101,258
2040	$101,258	$55,290	2.6%	$1,013	$127,125	$18,359	$48,794
2041	$48,794	$56,728	2.6%	$488	$91,703	$35,463	$49,770
2042	$49,770	$58,203	2.6%	$498	$16,972	$0	$91,499
2043	$91,499	$59,716	2.6%	$915	$25,152	$0	$126,977
2044	$126,977	$61,269	2.6%	$1,270	$0	$0	$189,516
2045	$189,516	$62,862	2.6%	$1,895	$91,560	$0	$162,713
2046	$162,713	$64,496	2.6%	$1,627	$546,296	$372,410	$54,950
2047	$54,950	$66,173	2.6%	$550	$507,425	$441,801	$56,049
2048	$56,049	$67,894	2.6%	$560	$17,998	$0	$106,505
2049	$106,505	$69,659	2.6%	$1,065	$24,211	$0	$153,018
2050	$153,018	$71,470	2.6%	$1,530	$164,325	$0	$61,693
2051	$61,693	$73,328	2.6%	$617	$112,059	$37,090	$60,669

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 75% over the next three years such that the sum of all special levies over the 30-year projection is kept at $2,500,000 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 $152,548 to $810,826 are expected to be required. An investment return of $55,119 is obtained.



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

Table 7: Model 5—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
2021	$130,188	$13,398		$1,302	$0	$0	$144,887
2022	$144,887	$23,446	75%	$1,449	$1,436	$0	$168,345
2023	$168,345	$41,030	75%	$1,683	$110,531	$0	$100,528
2024	$100,528	$71,802	75%	$1,005	$110,251	$0	$63,084
2025	$63,084	$73,669	2.6%	$631	$0	$0	$137,384
2026	$137,384	$75,584	2.6%	$1,374	$502,684	$325,321	$36,980
2027	$36,980	$77,550	2.6%	$370	$16,273	$0	$98,627
2028	$98,627	$79,566	2.6%	$986	$13,524	$0	$165,655
2029	$165,655	$81,635	2.6%	$1,657	$34,382	$0	$214,563
2030	$214,563	$83,757	2.6%	$2,146	$160,647	$0	$139,819
2031	$139,819	$85,935	2.6%	$1,398	$857,626	$671,302	$40,829
2032	$40,829	$88,169	2.6%	$408	$11,273	$0	$118,133
2033	$118,133	$90,462	2.6%	$1,181	$16,329	$0	$193,447
2034	$193,447	$92,814	2.6%	$1,934	$16,474	$0	$271,722
2035	$271,722	$95,227	2.6%	$2,717	$0	$0	$369,665
2036	$369,665	$97,703	2.6%	$3,697	$578,535	$152,548	$45,078
2037	$45,078	$100,243	2.6%	$451	$21,034	$0	$124,737
2038	$124,737	$102,849	2.6%	$1,247	$992,761	$810,826	$46,899
2039	$46,899	$105,523	2.6%	$469	$0	$0	$152,892
2040	$152,892	$108,267	2.6%	$1,529	$127,125	$0	$135,562
2041	$135,562	$111,082	2.6%	$1,356	$91,703	$0	$156,296
2042	$156,296	$113,970	2.6%	$1,563	$16,972	$0	$254,858
2043	$254,858	$116,933	2.6%	$2,549	$25,152	$0	$349,187
2044	$349,187	$119,973	2.6%	$3,492	$0	$0	$472,652
2045	$472,652	$123,093	2.6%	$4,727	$91,560	$0	$508,912
2046	$508,912	$126,293	2.6%	$5,089	$546,296	$0	$93,998
2047	$93,998	$129,577	2.6%	$940	$507,425	$338,959	$56,049
2048	$56,049	$132,946	2.6%	$560	$17,998	$0	$171,557
2049	$171,557	$136,402	2.6%	$1,716	$24,211	$0	$285,465
2050	$285,465	$139,949	2.6%	$2,855	$164,325	$0	$263,943
2051	$263,943	$143,588	2.6%	$2,639	$112,059	$0	$298,111

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) distinguishes itself 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.

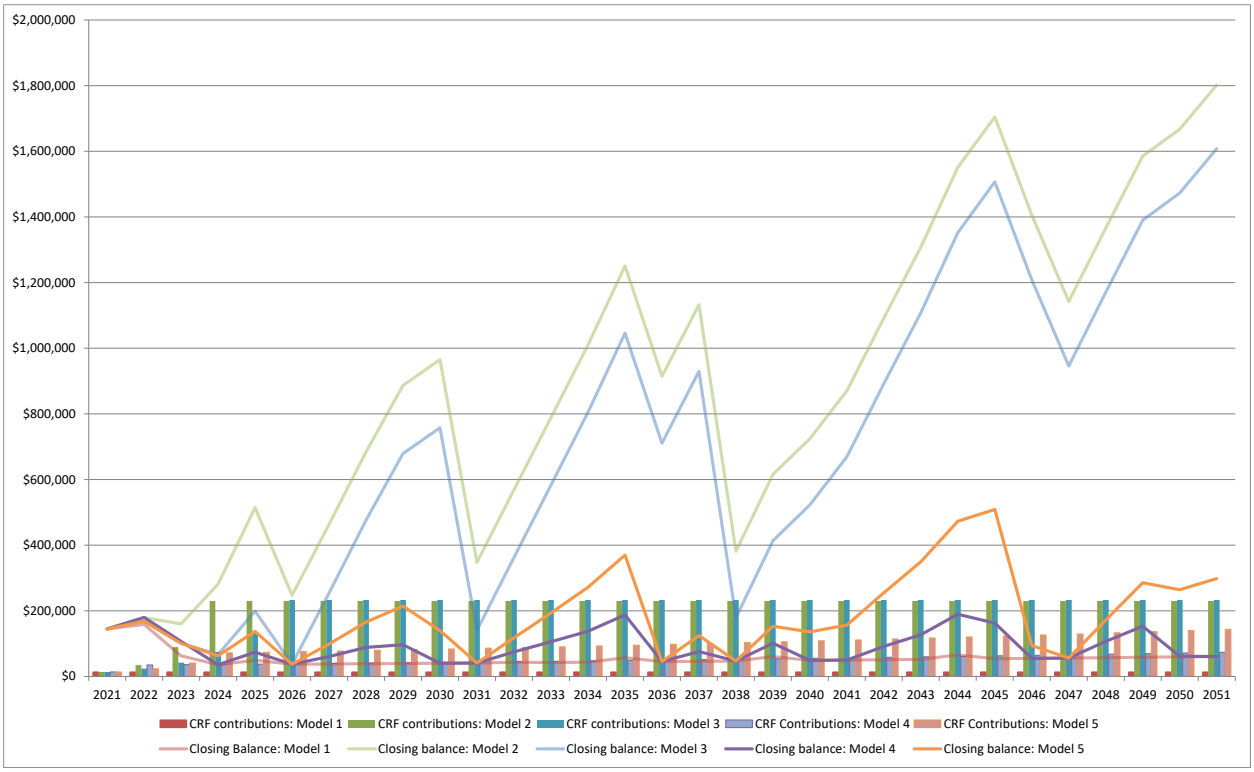


Figure 9: Comparison of CRF contributions and closing balances

Table 8: Summary of investment schedules

	Model 1: Current Model	Model 2: Early investment	Model 3: Delayed investment	Model 4: Capped Increase	Model 5: Capped Special Levies
Analysis for first 10 years					
Current CRF balance	$130,188	$130,188	$130,188	$130,188	$130,188
CRF contributions	$133,975	$1,747,717	$1,448,625	$361,560	$621,436
Investment returns	$7,334	$36,909	$22,563	$9,533	$12,602
Special levies	$718,260	$0	$105,958	$488,476	$325,321
Replacement expenses	$949,729	$949,729	$949,729	$949,729	$949,729
Financial strength	24%	100%	89%	49%	66%
Insufficiency	76%	0%	11%	51%	34%
Analysis for final 20 years					
Opening balance in year 11	$40,028	$965,085	$757,605	$40,028	$139,819
CRF contributions	$281,348	$4,831,725	$4,887,755	$1,205,728	$2,360,996
Investment returns	$10,725	$223,936	$181,694	$19,571	$42,517
Special levies	$3,947,426	$0	$0	$3,014,200	$1,973,636
Replacement expenses	$4,218,858	$4,218,858	$4,218,858	$4,218,858	$4,218,858
Financial strength	6%	100%	100%	29%	53%
Insufficiency	94%	0%	0%	71%	47%
Overall analysis (30-year course)					
Opening balance in year 1	$130,188	$130,188	$130,188	$130,188	$130,188
CRF contributions	$415,323	$6,579,442	$6,336,379	$1,567,288	$2,982,433
Investment returns	$18,059	$260,845	$204,257	$29,103	$55,119
Special levies	$4,665,686	$0	$105,958	$3,502,676	$2,298,957
Replacement expenses	$5,168,586	$5,168,586	$5,168,586	$5,168,586	$5,168,586
Financial strength	10%	100%	98%	32%	56%
Insufficiency	90%	0%	2%	68%	44%
Closing balance in year 30	$60,669	$1,801,889	$1,608,197	$60,669	$298,111

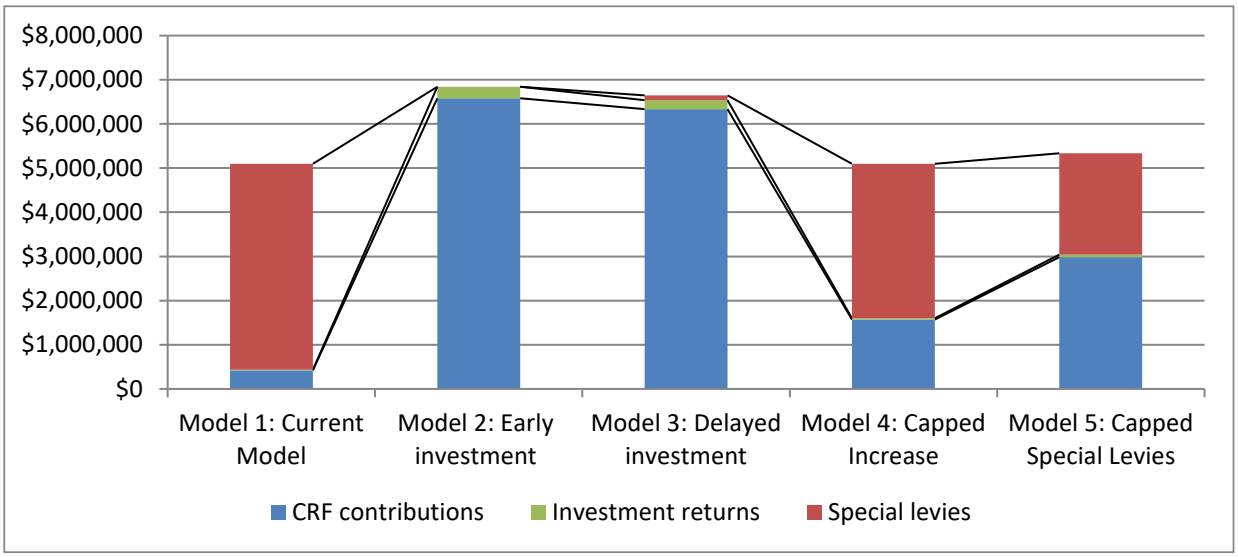


Figure 10: Comparison of financial models over 30-year projection

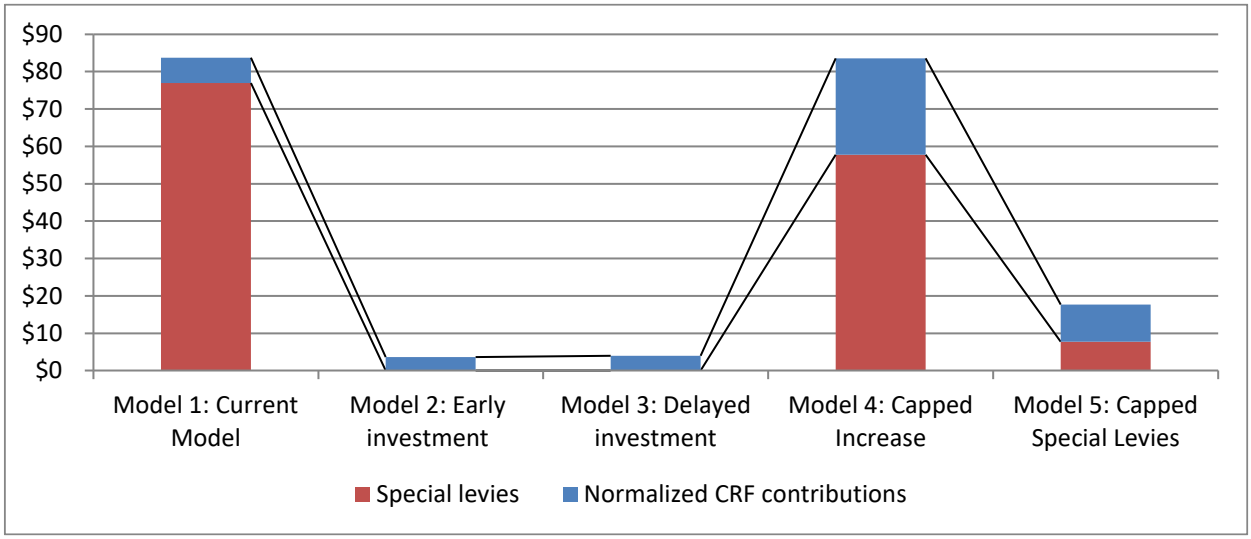


Figure 11: Normalized contributions

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 $260,845. Though Model 2 requires a surge in CRF contributions over the next three years, the normalized contribution amount is still the lowest of all investment schedules (Figure 11). The normalized contribution expresses both CRF contributions and Special levies standardized with respect to their closing balance in 30 years.

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, depending on various characteristics of the Strata Corporation, the consideration of Cash Flow Model 2 may not be as viable. The inclusion of additional models allows for flexibility in planning, even as some may appear to forecast larger special levies with less drastic increases to CRF contributions. Although these investment models will potentially lead to lower investment returns compared to Model 2, they may be more viable in the near term.

All of the aforementioned models together illustrate the concept of reserve fund planning. Earlier investments in the CRF leads to greater offsets in replacement expenses due to the return on investment. Ultimately, CRF increases may need to be balanced against prospects of future levies due to practical considerations.

The analysis presented within a depreciation report accounts for the financial position of the Strata Corporation in isolation. The models are not intended to guide personal investment decisions and do not account for the financial circumstances of the owners. The models aim to bring greater predictability to the timing and cost for replacements such that the Strata Corporation may prioritize and prepare for the expenditures at that time.

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

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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 regulation.

(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 regulation.

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

List of Abbreviations	
DOI	Date of Installation
CA	Chronological Age
EUL	Estimated Useful Life
EA	Effective Age
RUL	Remaining Useful Life
CGN	Contingency
VAR	Various
BL	Building Life

Overall Component Condition Rating System	
GOOD	**Minor to no deterioration or deficiencies:** The building component is performing its intended function and is in good condition. Ongoing maintenance work is all that is required
FAIR	**Basically sound but signs of distress may be present:** The building component is performing its intended function and will continue to do so, however, some remedial work or upgrade may be warranted within the next 2-5 years. The system or building element has reached more than half of its service lifespan.
POOR	**Near end of service life / Needs significant attention:** Major remedial work is required in the near future, usually within 1 to 2 years. The building component is barely performing its intended function, further deterioration will likely result in serious problems.

Reserve Component B10100706	Patio flooring - wood				
Properties	Wooden decks with railing				
Potential Deterioration	Wooden decks and railings may rot and deteriorate after prolonged exposure to moisture. Soil settlement and wear and tear may also cause cracks in the deck.				
Condition Analysis	**Deterioration**	Damaged and deteriorated wooden decks and railings were observed at isolated areas.			
	Overall Condition	Good.			
Repair History	It was reported that all decks except one were replaced with pressure treated wood in 1999.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	1999	22 years	30 years	22 years	8 years
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2029	$28,000		$34,382	
Funding Method	Budget for full replacement.				
Preventative Maintenance	Inspect every two years, repair as needed.				
Remarks	None.				

Pictures



Pressure treated wooden deck



Original wooden deck with vinyl sheet waterproofing

Reserve Component B10100709	Patio flooring - concrete				
Properties	Cast in place concrete				
Potential Deterioration	Prolonged wear and tear as well as settlement may cause cracking, faulting, spalling, rutting, depressions, distortions, etc.				
Condition Analysis	**Deterioration**	Cracks were observed at isolated patios.			
	Overall Condition	Good.			
Repair History	Not available.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	1996	25 years	Contingency	25 years	Contingency
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2030	$49,450		$62,301	
Funding Method	Budget for contingency allowance every 15 years.				
Preventative Maintenance	Inspect every two years, repair as needed.				
Remarks	This component is planned as part of the exterior paving project in 2030.				

Pictures



Crack on concrete patio



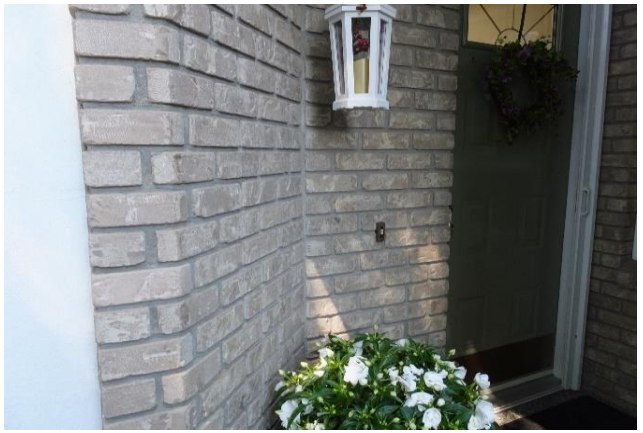
Concrete patio flooring

Reserve Component B20100103	Cladding - brick				
Properties	Brick veneer				
Potential Deterioration	Moisture absorption may lead to cracking, spalling, and flaking. Bowing, sweeping (horizontally bulging), leaning, may occur from settlement and seismic movement. Joint mortar may fail in areas of excessive moisture, e.g. near leaking downspouts, below windows, etc. Metal component such as reinforcement, ties, or anchors are also susceptible to corrosion.				
Condition Analysis	**Deterioration**	None observed.			
	Overall Condition	Good.			
Repair History	Not available.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	1996	25 years	Contingency	25 years	Contingency
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2031	$12,763		$16,498	
Funding Method	Budget for contingency allowance every 15 years.				
Preventative Maintenance	Clean surfaces with water or cleaning solutions, every 5 years (use non-pressurized water). Review masonry for cracking, spalling, and loose units and repair as needed. Mortar joints may be repaired by re-pointing or "tuck pointing".				
Remarks	None.				

Pictures



Brick veneer cladding



Brick veneer cladding

Reserve Component B20100104	Cladding- cedar				
Properties	Cedar cladding				
Potential Deterioration	Prolonged exposure to the elements may cause rotting or brittleness, leading to siding breaking and pulling apart.				
Condition Analysis	**Deterioration**	Warping siding was observed at isolated areas.			
	Overall Condition	Fair to good.			
Repair History	It was reported that minor repairs and board replacement were done in recent years.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	1996	25 years	Contingency	25 years	Contingency
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2026	$215,080		$244,533	
Funding Method	Budget for contingency allowance every 10 years.				
Preventative Maintenance	Every 3 years review for warping, damage, loose panels and discoloration. Touch up painting or staining. Clean with non-pressurized soapy water.				
Remarks	South exposure cladding in the complex needs to be monitored and replaced as necessary.				

Pictures



Warping siding



Cedar wood cladding

Reserve Component B20100603	Balcony soffits				
Properties	Wooden soffits				
Potential Deterioration	Soffits typically suffer little deterioration. Unprotected gaps in soffit area may lead to pest infestation.				
Condition Analysis	**Deterioration**	None observed.			
	Overall Condition	Good.			
Repair History	Not available.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	1996	25 years	50 years	25 years	25 years
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2046	$62,618		$118,956	
Funding Method	Budget for full replacement.				
Preventative Maintenance	Inspect and clean as needed.				
Remarks	Painting of the soffits is included in the exterior painting projects. Replacement of this component is planned in conjunction with the next cedar cladding project to minimize access cost and disruption to the Strata.				

Pictures



Wooden soffits



Wooden soffits

Reserve Component B20100801	Exterior painting
Properties	Latex paint on cladding
Potential Deterioration	Over prolonged exposure to the elements, fading, yellowing, blistering, or peeling typically occur. Rusting of metal components on surface may lead to stains.
Condition Analysis	**Deterioration**: None observed. **Overall Condition**: Good.
Repair History	It was reported that all buildings were repainted in 2016.

Life Cycle Analysis

DOI	CA	EUL	EA	RUL
2016	5 years	10 years	5 years	5 years

Cost Estimates

Starting Year	Current Cost	Future Cost
2026	$127,466	$144,921

Funding Method	Budget for full replacement.
Preventative Maintenance	Clean annually. Remove the deteriorated paint and re-paint locally.
Remarks	This component is planned as part of the exterior painting project in 2026.

Pictures



Exterior painting



Exterior painting

Reserve Component B20100802	Trim and fascia painting
Properties	Latex paint on trims, fascia boards and pergola
Potential Deterioration	Over prolonged exposure to the elements, fading, yellowing, blistering, or peeling typically occur. Rusting of metal components on surface may lead to stains.
Condition Analysis	**Deterioration**: None observed. **Overall Condition**: Good.
Repair History	It was reported that the fascia and trim painting will be completed in 2021.

Life Cycle Analysis

DOI	CA	EUL	EA	RUL
2021	0 years	5 years	0 years	5 years

Cost Estimates

Starting Year	Current Cost	Future Cost
2026	$40,803	$46,390

Funding Method	Budget for full replacement.
Preventative Maintenance	Clean annually. Remove the deteriorated paint and re-paint locally.
Remarks	This component is planned as part of the exterior painting project in 2026.

Pictures



Trim painting



Pergola painting

Reserve Component B20200103	Exterior windows				
Properties	Vinyl framed windows				
Potential Deterioration	Building settlement may lead to the distortion of window frames, which may cause difficulties in opening and closing the windows. All windows suffer a decline in water resistance over the years through normal use due to the deterioration of seals and weather-stripping. Condensation between the layers of glass within the window frame indicates that the sealing gasket has failed.				
Condition Analysis	**Deterioration**	None observed.			
	Overall Condition	Good.			
Repair History	It was reported that various window seals were repaired in 2020 and around 25% IGUs were replaced over years due to failed seals.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	1996	25 years	35 years	25 years	10 years
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2031	$554,828		$717,186	
Funding Method	Budget for full replacement.				
Preventative Maintenance	Clean windows regularly to prevent corrosive substances from damaging the glass and the frame. Operable windows may require replacement of hardware after many operating cycles. Make sure the drain holes in the metal frame are clear of dirt and able to carry water away.				
Remarks	Localized IGU replacement as required under operating budget.				

Pictures



Vinyl framed windows



Vinyl framed windows

Reserve Component B20200107	Skylights
Properties	Flat skylights
Potential Deterioration	Thermal and structural movement may cause the unit to shift, leading to water ingress, drafts, or foggy panes.
Condition Analysis	**Deterioration**: None observed. **Overall Condition**: Good.
Repair History	It was reported that all skylights were replaced in 2013, together with the roofing.

Life Cycle Analysis	DOI	CA	EUL	EA	RUL
	2013	8 years	25 years	8 years	17 years

Cost Estimates	Starting Year	Current Cost	Future Cost
	2038	$24,800	$38,367

Funding Method	Budget for full replacement.
Preventative Maintenance	Annual inspection.
Remarks	This component is planned in conjunction with the next roofing project to minimize access cost and disruption to the Strata.

Pictures



Skylight



Skylight

Reserve Component B20200404	Caulking and weatherstripping
Properties	Sealant and weatherstripping
Potential Deterioration	Common causes of sealant failures are loss of adhesion and cohesion, mostly due to imperfections of the material and application methods. Sealant subjected to prolonged exposure to ultra violet rays, moisture or cyclic movement will loose its elastic properties, dry out, crack, chalk and fail (reversion, fatigue, UV degradation). Various sealants are more or less resistant to these weathering phenomena. The failure of the sealant contributes to water penetration.
Condition Analysis	**Deterioration**: Signs of aging were observed at isolated locations. **Overall Condition**: Good.
Repair History	It was reported that caulking was included in the 2016 exterior painting project.

Life Cycle Analysis

DOI	CA	EUL	EA	RUL
2016	5 years	10 years	5 years	5 years

Cost Estimates

Starting Year	Current Cost	Future Cost
2026	$33,309	$37,870

Funding Method	Budget for full replacement.
Preventative Maintenance	Clean exterior painting annually and remove the deteriorated paint and repaint locally. Inspect, clean and properly replace deteriorated sealant based on manufacturer's instructions.
Remarks	This component is planned as part of the exterior painting project in 2026.

Pictures



Aging caulking around window



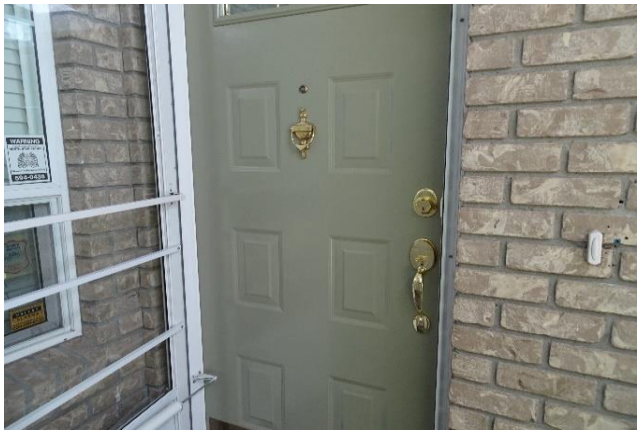
Caulking at junction of sidings

Reserve Component B20300102	Unit entry doors & Service doors				
Properties	Metal clad wooden doors				
Potential Deterioration	Metal doors may warp under large temperature fluctuations. The operation of the locking system may deteriorate due to the failure of mechanical components. Hardware failure and poor latching may result from distortions in the door frame or loosening of the striker plate.				
Condition Analysis	**Deterioration**	None observed.			
	Overall Condition	Good.			
Repair History	It was reported that the metal entry doors were repainted 6-7 years ago.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	1996	25 years	40 years	25 years	15 years
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2036	$88,400		$129,916	
Funding Method	Budget for full replacement.				
Preventative Maintenance	A general visual inspection of the door and frame finish should be periodically conducted. Check all closing devices for loose attaching screws, hinge pin wear, locksets, latch wear, or other notable defects.				
Remarks	None.				

Pictures



Metal clad wooden service door



Metal unit entry door

Reserve Component B20300405	Garage doors				
Properties	Metal overhead single garage door				
Potential Deterioration	Mechanical and electrical components of the garage door may fail, leading to difficulty opening. Metallic components of garage door may also be prone to corrosion.				
Condition Analysis	**Deterioration**	None observed.			
	Overall Condition	Good.			
Repair History	Not available.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	1996	25 years	40 years	25 years	15 years
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2036	$68,200		$100,229	
Funding Method	Budget for full replacement.				
Preventative Maintenance	Annual inspection and lubrication. Repainting may be required to prevent corrosion and to maintain aesthetic appeal.				
Remarks	None.				

Pictures



Metal garage door



Metal garage door

Reserve Component B20300506	Clubhouse entry doors & Patio doors
Properties	French double door
Potential Deterioration	Dirt and debris may become trapped in sills, leading to difficulties opening. Settling over time can cause distortion of door frame, which also leads to difficulties opening. Seals between the glass may fail, leading to a loss of energy efficiency.
Condition Analysis	**Deterioration**: None observed. **Overall Condition**: Good.
Repair History	Not available.

Life Cycle Analysis

DOI	CA	EUL	EA	RUL
1996	25 years	35 years	25 years	10 years

Cost Estimates

Starting Year	Current Cost	Future Cost
2031	$44,000	$56,876

Funding Method	Budget for full replacement.
Preventative Maintenance	A general visual inspection of the door and frame finish should be periodically conducted. Check all closing devices for loose attaching screws, hinge pin wear, locksets, latch wear, or other notable defects.
Remarks	It was informed that some patio French double doors were replaced with slider doors by owners and became individual owner's responsibility. This is reflected in the reduced estimate.

Pictures



Patio French double door



Clubhouse French double door

Reserve Component B30100110	Roofing				
Properties	Fiberglass reinforced asphalt shingles				
Potential Deterioration	The mineral surface may be wearing off causing cracking in shingles, allowing water intrusion. Lack of ventilation will overheats the shingles, causing the oils to deplete in the asphalt. Strong winds may break or uplift or even remove shingles. Over time, nails may come loose or pop up, leading to shingles and/or flashing to uplift.				
Condition Analysis	**Deterioration**	None observed.			
	Overall Condition	Good.			
Repair History	It was reported that the roofing was replaced in 2013.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	2013	8 years	25 years	8 years	17 years
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2038	$507,668		$785,389	
Funding Method	Budget for full replacement.				
Preventative Maintenance	Inspect twice a year (spring and fall) and repair/replace any damage. Moss on the sloped roofs can be prevented by installing a zinc strip at its peak.				
Remarks	None.				

Pictures



Asphalt shingle roofing



Asphalt shingle roofing

Reserve Component B30100601	Gutters and downspouts				
Properties	Aluminum gutters and downspouts				
Potential Deterioration	Gutters and downspouts may be clogged by organic debris over time, leading to poor drainage. Expansion and contraction of gutters may cause caulked seams to separate, leading to leaks.				
Condition Analysis	**Deterioration**	None observed.			
	Overall Condition	Good.			
Repair History	It was reported that downspout and gutter modification was completed in 2021, including bigger drains and gutter seals.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	1996	25 years	35 years	18 years	17 years
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2038	$92,243		$142,705	
Funding Method	Budget for full replacement.				
Preventative Maintenance	Clean and remove debris once or twice a year.				
Remarks	This component is planned in conjunction with the next roofing project to minimize access cost and disruption to the Strata.				

Pictures



Gutters and downspouts



Gutters and downspouts

Reserve Component B30100701	Trims, fascia and pergola				
Properties	Wooden elements				
Potential Deterioration	Prolonged exposure to the weather elements may cause paint to fade. Wooden elements are prone to rot and mold, and can deteriorate and distort over time.				
Condition Analysis	**Deterioration**	Damaged trims were observed at isolated areas.			
	Overall Condition	Good.			
Repair History	It was reported that rotten wood was replaced prior to the 2021 painting project.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	1996	25 years	Contingency	25 years	Contingency
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2026	$4,080		$4,639	
Funding Method	Budget for contingency allowance every 5 years.				
Preventative Maintenance	Inspect annually and repaint periodically.				
Remarks	This component is planned in conjunction with the next fascia and trim painting project to minimize access cost and disruption to the Strata.				

Pictures



Damaged window trim



Fascia and pergola

Reserve Component C10100101	Clubhouse - amenity room				
Properties	Amenity room with a kitchen				
Potential Deterioration	Partial replacement and renovations in the amenity room and kitchen, including interior finishes, furnishings, cabinetry, plumbing fixtures, and lighting are generally subject to aesthetic considerations. Wear and tear due to aging are natural, and some components may last up to 30-35 years before the first signs of deterioration are evident.				
Condition Analysis	**Deterioration**	None observed.			
	Overall Condition	Good.			
Repair History	Not available.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	1996	25 years	Contingency	25 years	Contingency
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2032	$4,000		$5,305	
Funding Method	Budget for contingency allowance every 10 years.				
Preventative Maintenance	Periodic inspections and repairs/replacements as needed.				
Remarks	None.				

Pictures



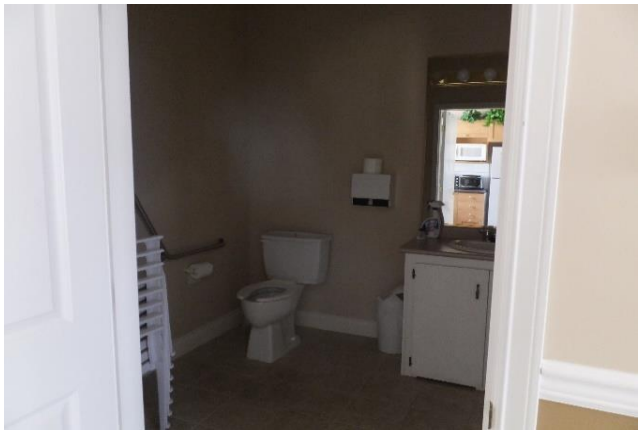
Kitchen in amenity room



Amenity room

Reserve Component C10100104	Clubhouse - washroom				
Properties	Typical finishes				
Potential Deterioration	Partial replacement and renovations in the washroom areas, including interior finishes, furnishings, vanities, plumbing fixtures, and lighting are generally subject to aesthetic and/or functionality consideration. Wear and tear due to aging are natural, and some components may last up to 30-35 years before the first signs of deterioration are evident.				
Condition Analysis	**Deterioration**	None observed.			
	Overall Condition	Good.			
Repair History	Not available.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	1996	25 years	Contingency	25 years	Contingency
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2032	$2,000		$2,652	
Funding Method	Budget for contingency allowance every 10 years.				
Preventative Maintenance	Periodic inspections and repairs/replacements as needed.				
Remarks	None.				

Pictures



Washroom



Washroom

Reserve Component C30100201	Clubhouse - wall finishes
Properties	Interior latex paint
Potential Deterioration	Paint may fade or peel over long periods of time. Cracking in the paint may be due to framing distortion, structural movement, inadequate support, etc. Severe cracks will require further investigation.
Condition Analysis	**Deterioration**: None observed. **Overall Condition**: Good.
Repair History	It was reported that the clubhouse interior was repainted about 10 years ago.

Life Cycle Analysis

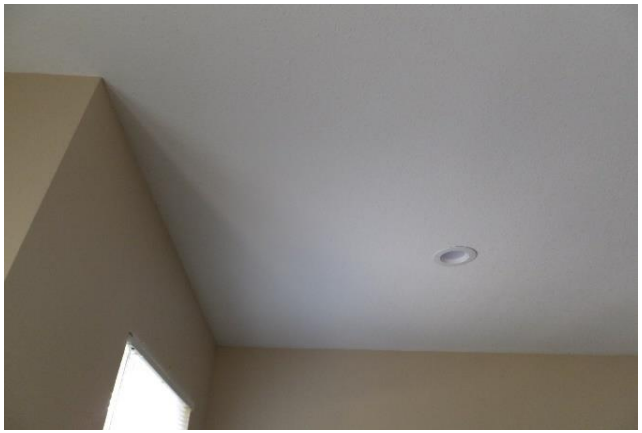
DOI	CA	EUL	EA	RUL
2011	10 years	15 years	10 years	5 years

Cost Estimates

Starting Year	Current Cost	Future Cost
N/A	N/A	N/A

Funding Method	N/A
Preventative Maintenance	Inspect every 3 years and spot paint badly stained areas. Gently wash the painted surfaces with a mild soap or detergent solution.
Remarks	This component has been excluded from the planning, as informed by the Strata Council that interior finishes will be renewed as needed out of operating funds.

Pictures



Clubhouse wall and ceiling finishes



Clubhouse wall finishes

Reserve Component C30200401	Clubhouse - floor finishes
Properties	Tile and carpet flooring
Potential Deterioration	Prolonged wear and tear deteriorates the tiles and grouting. Ripples and worn areas may appear in carpet due to wear on high traffic areas.
Condition Analysis	**Deterioration**: None observed. **Overall Condition**: Fair.
Repair History	Not available.

Life Cycle Analysis

DOI	CA	EUL	EA	RUL
1996	25 years	Contingency	25 years	Contingency

Cost Estimates

Starting Year	Current Cost	Future Cost
2023	$5,000	$5,263

Funding Method	Budget for contingency allowance every 10 years.
Preventative Maintenance	Regular cleaning and repairs/replacements as needed.
Remarks	It was informed by the Strata that carpet replacement with an alternative flooring material is planned in 2 years.

Pictures



Carpet flooring



Tile flooring

Reserve Component D20100101	Plumbing system - domestic water				
Properties	Domestic water distribution - piping, valves, PRV's, etc.				
Potential Deterioration	The piping is exposed to erosion due to water, both entrained in steam flow and also as non-discharged condensate traveling at high speeds in piping. Underground piping of the water mains may break due to settlement and movement. Valves can malfunction over time.				
Condition Analysis	**Deterioration**	It was reported that there have been 2 recent poly B failures requiring emergency repair and there are 2 water shut-off valves not functioning.			
	Overall Condition	Poor.			
Repair History	It was reported that two Poly B failure issues were fixed in the past 2 years and two shut-off valves were replaced recently.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	1996	25 years	30 years	28 years	2 years
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2023	$100,000		$105,268	
Funding Method	Budget for full replacement.				
Preventative Maintenance	Periodic inspections and repairs/replacements as needed.				
Remarks	It was informed that the council has received a quote to replace all Poly B piping. The estimate is based on the value of the quote received. Given the failure-prone nature of Poly B, the replacement is expected to happen in the near future.				

Pictures



Poly B piping



Shut-off valves

Reserve Component D20100201	Plumbing system - sanitary				
Properties	Sanitary drainage system - piping, cleanouts, manholes, etc.				
Potential Deterioration	Fats, Oil, and Grease (FOGs) from kitchen sinks causes most drain lines to clog. Non-organic material can become imbedded or attached to the FOG build-up inside the pipes, causing further blockage and back-up problems. From 1985, plumbers began to use specially designed plastic PVC pipes.				
Condition Analysis	**Deterioration**	None observed.			
	Overall Condition	Good.			
Repair History	Not available.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	1996	25 years	Contingency	25 years	Contingency
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2027	$6,200		$7,232	
Funding Method	Budget for contingency allowance every 10 years.				
Preventative Maintenance	System should be routinely cleaned and repaired. Proper drainage can be checked by filling sinks and observing the speed at which the water drains. If sinks drain slowly, the trap underneath can usually be opened for cleaning. If toilets drain slowly, a plunger or snake can be used to clear the obstruction.				
Remarks	Due to the age of this component, an allowance is included to address any repairs and replacement in the near future.				

Pictures



Sanitary sewer manhole



Sanitary sewer manhole

Reserve Component D20100301	Plumbing system - storm
Properties	Storm water drainage system - drains, catch basins, manholes, etc.
Potential Deterioration	Catch basins and storm drains that become clogged due to accumulated debris and sediment or due to collapsing because of settlement, can cause flooding and safety issues.
Condition Analysis	**Deterioration**: None observed. **Overall Condition**: Good.
Repair History	Not available.

Life Cycle Analysis

DOI	CA	EUL	EA	RUL
1996	25 years	Contingency	25 years	Contingency

Cost Estimates

Starting Year	Current Cost	Future Cost
2027	$7,750	$9,040

Funding Method	Budget for contingency allowance every 10 years.
Preventative Maintenance	Visual inspections at regular intervals.
Remarks	Due to the age of this component, an allowance is included to address any repairs and replacement in the near future.

Pictures



Storm sewer manhole



Catch basin

Reserve Component D30100202	Clubhouse - HVAC systems
Properties	Exhaust fans and electric baseboard heaters
Potential Deterioration	Common issues with the exhaust fan units may include: malfunctioning of the motor, failing ignition, tripped pressure switches, broken belt, control malfunctioning. Baseboard heaters may fail over time depending on load and usage.
Condition Analysis	**Deterioration**: None observed. **Overall Condition**: Good.
Repair History	Not available.

Life Cycle Analysis

DOI	CA	EUL	EA	RUL
1996	25 years	Contingency	25 years	Contingency

Cost Estimates

Starting Year	Current Cost	Future Cost
2032	$2,500	$3,316

Funding Method	Budget for contingency allowance every 10 years.
Preventative Maintenance	Routine maintenance by professional HVAC system service provider. Monitor for any odd noises which may indicate failure of components.
Remarks	None.

Pictures



Exhaust fan in washroom



Electric baseboard heater

Reserve Component D30200106	Clubhouse - hot water heater
Properties	Hot water heater
Potential Deterioration	Typically, pitting corrosion occurs on the inner tank wall over time and may lead to water leakage. Failures of different parts (electronic controls, valves, etc.) do not lead to tank replacement and can be addressed separately.
Condition Analysis	**Deterioration**: None observed. **Overall Condition**: Poor.
Repair History	Not available.

Life Cycle Analysis

DOI	CA	EUL	EA	RUL
1996	25 years	20 years	19 years	1 year

Cost Estimates

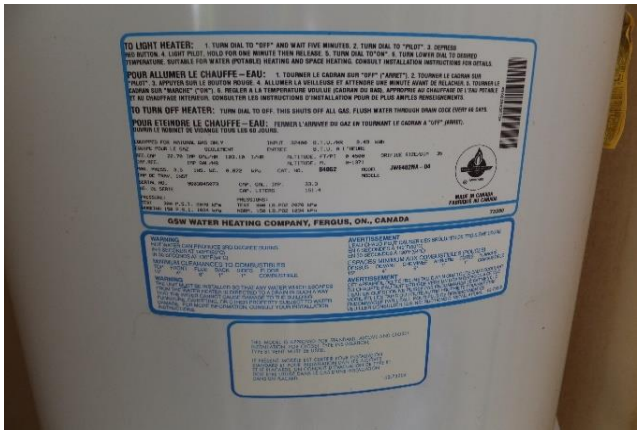
Starting Year	Current Cost	Future Cost
2022	$1,400	$1,436

Funding Method	Budget for full replacement.
Preventative Maintenance	Annual inspection by a qualified technician. Replace degraded anode rods if are installed. Drain several gallons from tank to remove sediment. Manually check operation of safety valve. Check operation of aqua stat. Check amperage draw of upper and lower elements. Clean and tighten element connections.
Remarks	This component appears to have exceeded its typical average lifespan and replacement should be planned as soon as practical. Estimate is based on quote provided by the Strata.

Pictures



Hot water heater



Manufacturer's label

Reserve Component D40300306	Fire hydrant				
Properties	Fire hydrant				
Potential Deterioration	Hydrants must be inspected and maintained on a regular basis. There may be leaks and occasional fluctuations in pressures that may need to be monitored.				
Condition Analysis	**Deterioration**	None observed.			
	Overall Condition	Good.			
Repair History	Not available.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	1996	25 years	Contingency	25 years	Contingency
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2033	$7,000		$9,525	
Funding Method	Budget for contingency allowance every 15 years.				
Preventative Maintenance	Annual inspection.				
Remarks	None.				

Pictures



Fire hydrant



Fire hydrant

Reserve Component D50100101	Electrical distribution				
Properties	Typical electrical distribution components				
Potential Deterioration	Electric distribution components experience mechanical, electrical and thermal stress which may lead to its failure.				
Condition Analysis	**Deterioration**	None observed.			
	Overall Condition	Good.			
Repair History	Not available.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	1996	25 years	Contingency	25 years	Contingency
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2028	$9,300		$11,130	
Funding Method	Budget for contingency allowance every 15 years.				
Preventative Maintenance	Inspect annually and ensure electrical room is kept clean and free of clutter.				
Remarks	Due to the age of this component, an allowance is included to address any repairs and replacement in the near future.				

Pictures



Electrical switch and meters



Electrical switch and meters

Reserve Component D50300202	Access control system				
Properties	Intercom system				
Potential Deterioration	The frequency of breakdowns may increase toward the end of its expected useful life, increasing the maintenance costs. The system may also become obsolete over time.				
Condition Analysis	**Deterioration**	None observed.			
	Overall Condition	Good.			
Repair History	It was reported that the intercom system was installed 4-5 yeas ago.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	2016	5 years	20 years	5 years	15 years
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2036	$10,000		$14,696	
Funding Method	Budget for full replacement.				
Preventative Maintenance	Regular maintenance by a qualified technician.				
Remarks	None.				

Pictures



Intercom system

Reserve Component E10100101	Clubhouse - Lighting fixtures
Properties	Typical light fixtures and emergency lights and exit signs
Potential Deterioration	Over time corrosion may occur on the casing of interior lighting and discoloring and yellowing may occur on the lens. The emergency lighting and exit signs may become obsolete and no longer meet the code requirements.
Condition Analysis	**Deterioration**: None observed. **Overall Condition**: Good.
Repair History	It was reported that the lighting in clubhouse was upgraded in 2021.

Life Cycle Analysis

DOI	CA	EUL	EA	RUL
2021	0 years	20 years	0 years	20 years

Cost Estimates

Starting Year	Current Cost	Future Cost
2041	$3,000	$5,013

Funding Method	Budget for full replacement.
Preventative Maintenance	Maintenance service should be performed annually and typically include: removing of old lamps and cleaning the fixtures, inspecting wiring, contacts, terminals and sockets, installation of new lamps, putting back into service and testing the operation.
Remarks	None.

Pictures



Clubhouse lighting fixtures



Exit sign

Reserve Component E10100201	Exterior lighting fixtures
Properties	Light fixtures on building facades
Potential Deterioration	Wall and soffit lighting is generally replaced based on aesthetic and energy saving considerations and/or for better illumination of the areas served. Over time the corrosion may occur on the casing or discoloring and yellowing may occur on the lens.
Condition Analysis	**Deterioration**: None observed. **Overall Condition**: Good.
Repair History	It was reported that exterior lights above the garage of all units were upgraded as required in 2020.

Life Cycle Analysis

DOI	CA	EUL	EA	RUL
1996	25 years	Contingency	25 years	Contingency

Cost Estimates

Starting Year	Current Cost	Future Cost
2034	$6,200	$8,656

Funding Method	Budget for contingency allowance every 15 years.
Preventative Maintenance	Maintenance service should be performed annually and typically include: removing of old lamps and cleaning the fixtures, inspecting wiring, contacts, terminals and sockets, installation of new lamps, putting back into service and testing the operation.
Remarks	None.

Pictures



Wall-mounted light fixture



Soffit-mounted light fixture

Reserve Component F10100301	Handyman's room/Shed
Properties	Typical finishes
Potential Deterioration	Typically the interior finishes are limited, with little aesthetic impact. Shelves, racks and other components may be damaged mostly due to mechanical impacts.
Condition Analysis	**Deterioration**: None observed. **Overall Condition**: Good.
Repair History	It was reported that the shed was built in 2018.

Life Cycle Analysis

DOI	CA	EUL	EA	RUL
2018	3 years	Contingency	3 years	Contingency

Cost Estimates

Starting Year	Current Cost	Future Cost
2028	$2,000	$2,394

Funding Method	Budget for contingency allowance every 10 years.
Preventative Maintenance	Periodic inspections and repairs/replacements as needed.
Remarks	None.

Pictures



Handyman's room/Shed

Reserve Component G20100201	Exterior paving - asphalt				
Properties	Asphalt paving				
Potential Deterioration	Failure of the asphalt pavement, such as: pot holes, various types of cracking, rutting, raveling, etc. may occur over time due to repeat traffic, moisture (with its associated freeze/thaw cycles), as well as settlement of the underlayment.				
Condition Analysis	**Deterioration**	Cracks were observed at isolated locations.			
	Overall Condition	Good.			
Repair History	Not available.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	1996	25 years	Contingency	25 years	Contingency
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2030	$21,108		$26,593	
Funding Method	Budget for contingency allowance every 10 years.				
Preventative Maintenance	Stresses producing minor defects are constantly at work. Early detection and repair (patching, crack sealing, etc.) of minor defects is essential before they deteriorate into pavement failures requiring major repair expenditures.				
Remarks	This component is planned as part of the exterior paving project in 2030. The estimate is included for partial replacement where needed.				

Pictures



Asphalt road paving



Asphalt road paving

Reserve Component G20100202	Exterior paving - brick unit pavers				
Properties	Brick unit pavers				
Potential Deterioration	Settlement over time due to grade changes can lead to cracks within the concrete floor. Prolonged load can also lead to extensive wear.				
Condition Analysis	**Deterioration**	None observed.			
	Overall Condition	Good.			
Repair History	Not available.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	1996	25 years	Contingency	25 years	Contingency
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2030	$27,597		$34,768	
Funding Method	Budget for contingency allowance every 10 years.				
Preventative Maintenance	Inspect every two years, repair as needed.				
Remarks	This component is planned as part of the exterior paving project in 2030. The estimate is included for partial replacement or re-leveling where needed.				

Pictures



Brick unit pavers



Brick unit pavers

Reserve Component G20100204	Exterior paving - concrete				
Properties	Concrete paving				
Potential Deterioration	Failure of the concrete pavement such as: cracking, faulting, mud pumping, polished aggregate, etc. may occur over time due to repeat traffic, moisture (with its associated freeze/thaw cycles), as well as settlement of the underlayment.				
Condition Analysis	**Deterioration**	Cracks were observed at isolated locations.			
	Overall Condition	Good.			
Repair History	Not available.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	1996	25 years	Contingency	25 years	Contingency
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2030	$23,056		$29,047	
Funding Method	Budget for contingency allowance every 10 years.				
Preventative Maintenance	Stresses producing minor defects are constantly at work. Early detection and repair (patching, crack sealing, etc.) of minor defects is essential before they deteriorate into pavement failures requiring major repair expenditures.				
Remarks	This component is planned as part of the exterior paving project in 2030. The estimate is included for partial replacement where needed.				

Pictures



Concrete paved walkway



Concrete paved driveway

Reserve Component G20400106	Fencing - wooden				
Properties	Wooden fencing				
Potential Deterioration	Wooden fencing may rot after prolonged exposure to moisture. Also, settlement and mechanical impacts may lead to leaning or detachment.				
Condition Analysis	**Deterioration**	Broken wooden fencing and peeling paint were observed at various locations.			
	Overall Condition	Poor to fair.			
Repair History	It was reported that the wooden fencing was repaired at various locations in 2019/2020.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	1996	25 years	30 years	27 years	3 years
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2024	$102,080		$110,251	
Funding Method	Budget for full replacement.				
Preventative Maintenance	Inspect periodically for mold and mildew stains, fasteners, gate locks, hinges, cracking, warping, splitering. Check posts for stability, soil erosion, etc. Repair/replace as needed. Apply clear wood preservative/sealer/paint periodically.				
Remarks	It was informed that the council has received a quote to replace the perimeter wooden fencing with vinyl. The estimate is based on the value of the quote received. Given the condition of this component, the replacement is planned in the very near future.				

Pictures



Cracked wooden fencing



Peeling paint on wooden fencing

Reserve Component G20400108	Dividers				
Properties	Wooden dividers				
Potential Deterioration	Wooden dividers may rot after prolonged exposure to moisture. Also, settlement and mechanical impacts may lead to leaning or detachment.				
Condition Analysis	**Deterioration**	Peeling paint was observed at isolated areas.			
	Overall Condition	Fair to good.			
Repair History	Not available.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	1996	25 years	Contingency	25 years	Contingency
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2026	$14,400		$16,372	
Funding Method	Budget for contingency allowance every 10 years.				
Preventative Maintenance	Inspect periodically for mold and mildew stains, fasteners, gate locks, hinges, cracking, warping, splitering. Check posts for stability, soil erosion, etc. Repair/replace as needed. Apply clear wood preservative/sealer/paint periodically.				
Remarks	This component is planned as part of the exterior painting project in 2026. Due to the age of this component, an allowance is included to address any replacements and painting in the near future.				

Pictures



Wooden divider



Wooden divider

Reserve Component G20400109	Main entrance gate				
Properties	Motor operated metal grill gate				
Potential Deterioration	Mechanical and electrical components of the gate may fail, leading to difficulty opening. Metallic components of gate may also be prone to corrosion.				
Condition Analysis	**Deterioration**	Signs of corrosion were observed around hinges.			
	Overall Condition	Good.			
Repair History	It was reported that the main entrance gate was installed in 1998/1999.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	1998	23 years	40 years	23 years	17 years
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2038	$15,000		$23,206	
Funding Method	Budget for full replacement.				
Preventative Maintenance	Annual inspection and lubrication.				
Remarks	None.				

Pictures



Main entrance gate



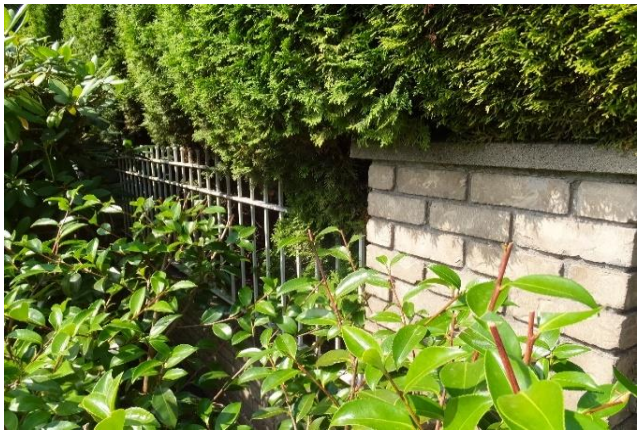
Gate actuator

Reserve Component G20400112	Fencing - metal/brick				
Properties	Metal picket fencing with brick posts				
Potential Deterioration	Deterioration mostly concerns the decrease in aesthetic appeal over time. Peeling paint on the metal fencing can lead to corrosion over time.				
Condition Analysis	**Deterioration**	None observed.			
	Overall Condition	Good.			
Repair History	Not available.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	1996	25 years	50 years	25 years	25 years
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2046	$16,440		$31,231	
Funding Method	Budget for full replacement.				
Preventative Maintenance	Inspect every two years and repaint locally as needed.				
Remarks	The estimated cost above is for metal fencing replacement only. Brick posts are anticipated to last beyond the scope of the Report.				

Pictures



Metal picket fencing with brick posts



Metal picket fencing with brick posts

Reserve Component G20400205	Retaining wall				
Properties	Concrete retaining wall				
Potential Deterioration	Concrete retaining walls are constantly exposed to soil and moisture, and freeze/thaw cycles that can cause cracking, spalling, loosening, etc.				
Condition Analysis	**Deterioration**	None observed.			
	Overall Condition	Good.			
Repair History	It was reported that retaining wall repairs at unit 19&20 were completed in 2020.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	1996	25 years	Contingency	25 years	Contingency
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2030	$6,300		$7,937	
Funding Method	Budget for contingency allowance every 10 years.				
Preventative Maintenance	Periodic inspections to the concrete retaining wall should be performed to determine cracks, shifting, crumbling, pooling water, and changes in the landscape.				
Remarks	None.				

Pictures



Concrete retaining wall



Concrete retaining wall

Reserve Component G20500501	Landscaping				
Properties	Plants and irrigation system				
Potential Deterioration	Irrigation systems may fail due to wear. Due to vegetative growth, the landscaping should be periodically redesigned to integrate resource efficiency, site functionality, and aesthetics.				
Condition Analysis	**Deterioration**	Irrigation system issue and tree root problems were reported.			
	Overall Condition	Good.			
Repair History	It was reported that the irrigation control box was replaced in 2016, and soil upgrade was completed in 2019.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	1996	25 years	Contingency	25 years	Contingency
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2026	$7,000		$7,959	
Funding Method	Budget for contingency allowance every 5 years.				
Preventative Maintenance	Plants will need regular pruning and maintenance. Maintain the existing elements by keeping plants healthy and preventing deterioration due to weather, damage and normal usage. Mechanical equipment such irrigation systems will need regular servicing.				
Remarks	None.				

Pictures



Irrigation system



Landscaping

Reserve Component G40200101	Site lighting				
Properties	External lighting				
Potential Deterioration	Socket deterioration and filament corrosion may compromise light output and shorten lamplife.				
Condition Analysis	**Deterioration**	None observed.			
	Overall Condition	Good.			
Repair History	It was reported that the exterior bollard light fixtures were repainted and straightened in 2021.				
Life Cycle Analysis	**DOI**	**CA**	**EUL**	**EA**	**RUL**
	1996	25 years	Contingency	25 years	Contingency
Cost Estimates	**Starting Year**	**Current Cost**		**Future Cost**	
	2034	$5,600		$7,818	
Funding Method	Budget for contingency allowance every 15 years.				
Preventative Maintenance	Annual inspection. Touch up paint to protect lamp post from deterioration.				
Remarks	Repainting of the light fixtures is included in the painting projects.				

Pictures



Site lighting



Site lighting

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 Strata Engineering.

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. Unless proven otherwise, the subject Strata is assumed to take pride in their property and will continue to proactively address maintenance items on an ongoing basis with due diligence.

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 **Class D (Indicative) Estimates (±50%)** performed in future year dollars. The estimates indicate the approximate magnitude of cost and 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. For instance, a report performed in 2020 projects funding until 2050. The projected period is stationary and does not shift. Hence, in year 1, 2021, 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 and Taxes

Unless otherwise noted, all estimates are expressed in Canadian currency. All repair and replacement cost estimates in our planning include federal and provincial taxes, where applicable. Properties located in B.C. includes Goods and Services Tax ("GST") and Provincial Sales Tax (“PST”).

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 Strata Engineering is limited to the Strata Corporation only. Notwithstanding anything herein to the contrary, the Strata Corporation will forever indemnify and hold Strata Engineering 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. Strata Engineering 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 Strata Engineering has been undertaken by Strata Engineering.

Modifications

Strata Engineering 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. Strata Engineering 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.

We have no current or prospective interest in the management of the property or its ownership. Our engagement in preparing this report and the compensation received is not contingent on the value of the estimates stated in the Report.

Environmental Concerns

Strata Engineering 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. Strata Engineering personnel are not qualified to detect potentially hazardous materials and/or substances which may adversely affect the value of the property. Hence, Strata Engineering shall not be held responsible for past or present, legal or physical deficiencies that may be found.

Furthermore, Strata Engineering 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. Strata Engineering 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

Strata Engineering 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.

Team Biographies and Qualifications (Provided as Required by the Strata Property Act)

Yang Fei, B.Sc., CRP
Principal, Operations Manager
As the operations manager, Yang ensures that Strata Engineering delivers quality services, guaranteeing client satisfaction. Yang brings extensive project management and leadership experience, cultivating new services and diverse teams. He has overseen the delivery of large projects involving interdisciplinary teams and has extensive experience working with lawyers, insurers, developers, and scientists. Yang studied at the University of British Columbia and has served on the Board of the Real Estate Institute of Vancouver. He also sits on two strata councils, serving more than 500-unit owner properties.

Herman Kwok, M.Eng., EIT
Project Associate
Herman has extensive experience inspecting residential and commercial buildings, having completed and reviewed hundreds of depreciation reports, reserve fund studies, building condition assessments, and warranty reviews for a wide range of property types. He is a member of the British Columbia Building Envelope Council, has presented at conferences, and has been published by the American Society of Civil Engineers.

Diana Tarna-Bocosca, M.Eng.
Project Associate
Diana is a civil engineer with years of experience in architectural, engineering, and construction environments. She conceptualizes projects from initial design to completion and provides clients with high-level reports based on site and records assessments. Her diligence provides Strata Engineering's clients with the information they need to make informed decisions for their properties.

Jincheng Zhou, M.Eng., EIT
Building Science Technologist
Jincheng is a research assistant at Strata Engineering, specializing in condition assessment and financial planning for commercial and residential properties. He has extensive education and training experience from China and Canada. He has Bachelor of Applied Science degrees from Chongqing University in China and the University of British Columbia, respectively, both in Materials Science and Engineering. He also holds a Master of Engineering degree from the University of British Columbia.

Appendix D – Replacement Schedule

The following table notes the recommended years of replacement or major repairs for each component over the 30-year period. Please note that the years listed below may differ from the replacement years in Appendix B in order to optimize the financial models. The costs listed are the future replacement costs as determined by the inflation rates noted in Section 2.3.1.

Component	Current Cost	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Patio flooring - wood	$ 28,000	-	-	-	-	-	-	-	-	$ 34,382	-	-	-
Patio flooring - concrete	$ 49,450	-	-	-	-	-	-	-	-	-	$ 62,301	-	-
Cladding - brick	$ 12,763	-	-	-	-	-	-	-	-	-	-	$ 16,498	-
Cladding- cedar	$ 215,080	-	-	-	-	-	$ 244,533	-	-	-	-	-	-
Balcony soffits	$ 62,618	-	-	-	-	-	-	-	-	-	-	-	-
Exterior painting	$ 127,466	-	-	-	-	-	$ 144,921	-	-	-	-	-	-
Trim and fascia painting	$ 40,803	-	-	-	-	-	$ 46,390	-	-	-	-	$ 52,743	-
Exterior windows	$ 554,828	-	-	-	-	-	-	-	-	-	-	$ 717,186	-
Skylights	$ 24,800	-	-	-	-	-	-	-	-	-	-	-	-
Caulking and weatherstripping	$ 33,309	-	-	-	-	-	$ 37,870	-	-	-	-	-	-
Unit entry doors & Service doors	$ 88,400	-	-	-	-	-	-	-	-	-	-	-	-
Garage doors	$ 68,200	-	-	-	-	-	-	-	-	-	-	-	-
Clubhouse entry doors & Patio doors	$ 44,000	-	-	-	-	-	-	-	-	-	-	$ 56,876	-
Roofing	$ 507,668	-	-	-	-	-	-	-	-	-	-	-	-
Gutters and downspouts	$ 92,243	-	-	-	-	-	-	-	-	-	-	-	-
Trims, fascia and pergola	$ 4,080	-	-	-	-	-	$ 4,639	-	-	-	-	$ 5,274	-
Clubhouse - amenity room	$ 4,000	-	-	-	-	-	-	-	-	-	-	-	$ 5,305
Clubhouse - washroom	$ 2,000	-	-	-	-	-	-	-	-	-	-	-	$ 2,652
Clubhouse - wall finishes	-	-	-	-	-	-	-	-	-	-	-	-	-
Clubhouse - floor finishes	$ 5,000	-	-	$ 5,263	-	-	-	-	-	-	-	-	-
Plumbing system - domestic water	$ 100,000	-	-	$ 105,268	-	-	-	-	-	-	-	-	-
Plumbing system - sanitary	$ 6,200	-	-	-	-	-	-	$ 7,232	-	-	-	-	-
Plumbing system - storm	$ 7,750	-	-	-	-	-	-	$ 9,040	-	-	-	-	-
Clubhouse - HVAC systems	$ 2,500	-	-	-	-	-	-	-	-	-	-	-	$ 3,316
Clubhouse - hot water heater	$ 1,400	-	$ 1,436	-	-	-	-	-	-	-	-	-	-
Fire hydrant	$ 7,000	-	-	-	-	-	-	-	-	-	-	-	-
Electrical distribution	$ 9,300	-	-	-	-	-	-	-	$ 11,130	-	-	-	-
Access control system	$ 10,000	-	-	-	-	-	-	-	-	-	-	-	-
Clubhouse - Lighting fixtures	$ 3,000	-	-	-	-	-	-	-	-	-	-	-	-
Exterior lighting fixtures	$ 6,200	-	-	-	-	-	-	-	-	-	-	-	-
Handyman's room/Shed	$ 2,000	-	-	-	-	-	-	-	$ 2,394	-	-	-	-
Exterior paving - asphalt	$ 21,108	-	-	-	-	-	-	-	-	-	$ 26,593	-	-
Exterior paving - brick unit pavers	$ 27,597	-	-	-	-	-	-	-	-	-	$ 34,768	-	-
Exterior paving - concrete	$ 23,056	-	-	-	-	-	-	-	-	-	$ 29,047	-	-
Fencing - wooden	$ 102,080	-	-	-	$ 110,251	-	-	-	-	-	-	-	-
Dividers	$ 14,400	-	-	-	-	-	$ 16,372	-	-	-	-	-	-
Main entrance gate	$ 15,000	-	-	-	-	-	-	-	-	-	-	-	-
Fencing - metal/brick	$ 16,440	-	-	-	-	-	-	-	-	-	-	-	-
Retaining wall	$ 6,300	-	-	-	-	-	-	-	-	-	$ 7,937	-	-
Landscaping	$ 7,000	-	-	-	-	-	$ 7,959	-	-	-	-	$ 9,048	-
Site lighting	$ 5,600	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	$ 1,436	$ 110,531	$ 110,251	-	$ 502,684	$ 16,273	$ 13,524	$ 34,382	$ 160,647	$ 857,626	$ 11,273

Component	Current Cost	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Patio flooring - wood	$ 28,000	-	-	-	-	-	-	-	-	-	-	-	-
Patio flooring - concrete	$ 49,450	-	-	-	-	-	-	-	-	-	-	-	-
Cladding - brick	$ 12,763	-	-	-	-	-	-	-	-	-	-	-	-
Cladding- cedar	$ 215,080	-	-	-	-	-	-	-	-	-	-	-	-
Balcony soffits	$ 62,618	-	-	-	-	-	-	-	-	-	-	-	-
Exterior painting	$ 127,466	-	-	-	$ 187,329	-	-	-	-	-	-	-	-
Trim and fascia painting	$ 40,803	-	-	-	$ 59,965	-	-	-	-	$ 68,177	-	-	-
Exterior windows	$ 554,828	-	-	-	-	-	-	-	-	-	-	-	-
Skylights	$ 24,800	-	-	-	-	-	$ 38,367	-	-	-	-	-	-
Caulking and weatherstripping	$ 33,309	-	-	-	$ 48,952	-	-	-	-	-	-	-	-
Unit entry doors & Service doors	$ 88,400	-	-	-	$ 129,916	-	-	-	-	-	-	-	-
Garage doors	$ 68,200	-	-	-	$ 100,229	-	-	-	-	-	-	-	-
Clubhouse entry doors & Patio doors	$ 44,000	-	-	-	-	-	-	-	-	-	-	-	-
Roofing	$ 507,668	-	-	-	-	-	$ 785,389	-	-	-	-	-	-
Gutters and downspouts	$ 92,243	-	-	-	-	-	$ 142,705	-	-	-	-	-	-
Trims, fascia and pergola	$ 4,080	-	-	-	$ 5,997	-	-	-	-	$ 6,818	-	-	-
Clubhouse - amenity room	$ 4,000	-	-	-	-	-	-	-	-	-	$ 6,857	-	-
Clubhouse - washroom	$ 2,000	-	-	-	-	-	-	-	-	-	$ 3,429	-	-
Clubhouse - wall finishes	-	-	-	-	-	-	-	-	-	-	-	-	-
Clubhouse - floor finishes	$ 5,000	$ 6,804	-	-	-	-	-	-	-	-	-	$ 8,795	-
Plumbing system - domestic water	$ 100,000	-	-	-	-	-	-	-	-	-	-	-	-
Plumbing system - sanitary	$ 6,200	-	-	-	-	$ 9,349	-	-	-	-	-	-	-
Plumbing system - storm	$ 7,750	-	-	-	-	$ 11,686	-	-	-	-	-	-	-
Clubhouse - HVAC systems	$ 2,500	-	-	-	-	-	-	-	-	-	$ 4,286	-	-
Clubhouse - hot water heater	$ 1,400	-	-	-	-	-	-	-	-	-	$ 2,400	-	-
Fire hydrant	$ 7,000	$ 9,525	-	-	-	-	-	-	-	-	-	-	-
Electrical distribution	$ 9,300	-	-	-	-	-	-	-	-	-	-	$ 16,358	-
Access control system	$ 10,000	-	-	-	$ 14,696	-	-	-	-	-	-	-	-
Clubhouse - Lighting fixtures	$ 3,000	-	-	-	-	-	-	-	-	$ 5,013	-	-	-
Exterior lighting fixtures	$ 6,200	-	$ 8,656	-	-	-	-	-	-	-	-	-	-
Handyman's room/Shed	$ 2,000	-	-	-	-	-	$ 3,094	-	-	-	-	-	-
Exterior paving - asphalt	$ 21,108	-	-	-	-	-	-	-	$ 34,375	-	-	-	-
Exterior paving - brick unit pavers	$ 27,597	-	-	-	-	-	-	-	$ 44,943	-	-	-	-
Exterior paving - concrete	$ 23,056	-	-	-	-	-	-	-	$ 37,547	-	-	-	-
Fencing - wooden	$ 102,080	-	-	-	-	-	-	-	-	-	-	-	-
Dividers	$ 14,400	-	-	-	$ 21,163	-	-	-	-	-	-	-	-
Main entrance gate	$ 15,000	-	-	-	-	-	$ 23,206	-	-	-	-	-	-
Fencing - metal/brick	$ 16,440	-	-	-	-	-	-	-	-	-	-	-	-
Retaining wall	$ 6,300	-	-	-	-	-	-	-	$ 10,260	-	-	-	-
Landscaping	$ 7,000	-	-	-	$ 10,287	-	-	-	-	$ 11,696	-	-	-
Site lighting	$ 5,600	-	$ 7,818	-	-	-	-	-	-	-	-	-	-
Total	-	$ 16,329	$ 16,474	-	$ 578,535	$ 21,034	$ 992,761	-	$ 127,125	$ 91,703	$ 16,972	$ 25,152	-

Component	Current Cost	2045	2046	2047	2048	2049	2050	2051
Patio flooring - wood	$ 28,000	-	-	-	-	-	-	-
Patio flooring - concrete	$ 49,450	$ 91,560	-	-	-	-	-	-
Cladding - brick	$ 12,763	-	$ 24,246	-	-	-	-	-
Cladding- cedar	$ 215,080	-	-	$ 419,211	-	-	-	-
Balcony soffits	$ 62,618	-	$ 59,478	$ 61,024	-	-	-	-
Exterior painting	$ 127,466	-	$ 242,147	-	-	-	-	-
Trim and fascia painting	$ 40,803	-	$ 77,513	-	-	-	-	$ 88,127
Exterior windows	$ 554,828	-	-	-	-	-	-	-
Skylights	$ 24,800	-	-	-	-	-	-	-
Caulking and weatherstripping	$ 33,309	-	$ 63,276	-	-	-	-	-
Unit entry doors & Service doors	$ 88,400	-	-	-	-	-	-	-
Garage doors	$ 68,200	-	-	-	-	-	-	-
Clubhouse entry doors & Patio doors	$ 44,000	-	-	-	-	-	-	-
Roofing	$ 507,668	-	-	-	-	-	-	-
Gutters and downspouts	$ 92,243	-	-	-	-	-	-	-
Trims, fascia and pergola	$ 4,080	-	$ 7,751	-	-	-	-	$ 8,813
Clubhouse - amenity room	$ 4,000	-	-	-	-	-	-	-
Clubhouse - washroom	$ 2,000	-	-	-	-	-	-	-
Clubhouse - wall finishes	-	-	-	-	-	-	-	-
Clubhouse - floor finishes	$ 5,000	-	-	-	-	-	-	-
Plumbing system - domestic water	$ 100,000	-	-	-	-	-	-	-
Plumbing system - sanitary	$ 6,200	-	-	$ 12,084	-	-	-	-
Plumbing system - storm	$ 7,750	-	-	$ 15,105	-	-	-	-
Clubhouse - HVAC systems	$ 2,500	-	-	-	-	-	-	-
Clubhouse - hot water heater	$ 1,400	-	-	-	-	-	-	-
Fire hydrant	$ 7,000	-	-	-	$ 13,998	-	-	-
Electrical distribution	$ 9,300	-	-	-	-	-	-	-
Access control system	$ 10,000	-	-	-	-	-	-	-
Clubhouse - Lighting fixtures	$ 3,000	-	-	-	-	-	-	-
Exterior lighting fixtures	$ 6,200	-	-	-	-	$ 12,721	-	-
Handyman's room/Shed	$ 2,000	-	-	-	$ 4,000	-	-	-
Exterior paving - asphalt	$ 21,108	-	-	-	-	-	$ 44,435	-
Exterior paving - brick unit pavers	$ 27,597	-	-	-	-	-	$ 58,094	-
Exterior paving - concrete	$ 23,056	-	-	-	-	-	$ 48,535	-
Fencing - wooden	$ 102,080	-	-	-	-	-	-	-
Dividers	$ 14,400	-	$ 27,356	-	-	-	-	-
Main entrance gate	$ 15,000	-	-	-	-	-	-	-
Fencing - metal/brick	$ 16,440	-	$ 31,231	-	-	-	-	-
Retaining wall	$ 6,300	-	-	-	-	-	$ 13,262	-
Landscaping	$ 7,000	-	$ 13,298	-	-	-	-	$ 15,119
Site lighting	$ 5,600	-	-	-	-	$ 11,490	-	-
Total	-	$ 91,560	$ 546,296	$ 507,425	$ 17,998	$ 24,211	$ 164,325	$ 112,059