

Depreciation Report Level I

Prepared for Strata VIS 2720's 2013 Fiscal Year

Prepared by RBC STRATA CONSULTING LTD.
Version 3.2
© 2014 RBC STRATA CONSULTING LTD.

RBC STRATA CONSULTING LTD.
1027 Pandora Avenue
Victoria, B.C. V8V 3P6

27/1/2014

Strata VIS 2720
545 Manchester Road and 520 Dunedin Street
Victoria, B.C.

Strata Council,

Thank you for choosing RBC STRATA CONSULTING LTD. We understand you have a choice and we appreciate this one. As you review your Depreciation Report, please know that we are here to support and serve you. It is our sincere desire that your Strata be as successful as possible. We have worked hard to make the contents of this Depreciation Report as thorough, useful and accurate as possible.

Of the approximately 60 Depreciation Reports/Reserve Studies that I have prepared over the past year and a half your Strata is the best funded and most proactive. You should be proud of this accomplishment and the work that has gone into this achievement and you are well positioned for any major maintenance, rehabilitation or replacement projects. While other Stratas have ranged from 2% to 55% funded and aiming to reach 100% funded status in 30 years, you are currently 80.2% funded and projected to be 100% funded in 9 years or less, depending on what monthly contribution level you choose.

If you have any questions, comments or concerns, do not hesitate to contact our office by phone, 250-590-1617, or email, strata-consulting@shaw.ca

Sincerely,



R.B. Cheadle, B.Apld.Sc.
Senior Consultant
RBC STRATA CONSULTING LTD.

Contents

Executive Summary.....	4
Report Finding Summaries.....	5
Physical Analysis Summary	5
Table 1 - Reserve Component List.....	6
Financial Analysis Summary	7
Figure 1 - Percent Funded Comparison	7
Figure 2 - Reserve Fund Expenses	8
Figure 3 - Reserve Fund Ending Balance Comparison	8
Figure 4 – Reserve Contribution Comparison	9
Figure 5 - 30 Year Reserve Fund Projection	10
Introduction to Your Depreciation Report	11
About Reserve Studies	11
Depreciation Report Levels	12
Percent Funded.....	12
Reserve Funding Plans & Goals	13
Reserve Components	14
Reserve Contributions.....	15
Implementing Your Depreciation Report	15
Component Inventory - Photos & Comments	17
Reserve Fund Projections	42
Supplemental Report Information	48
Definitions.....	48
Figure 6	50
Depreciation Report Disclosure	51
Appendix - Reserve Fund Annual Budget Disclosures	52
Exhibit A - 30 Year Reserve Fund Projection (Current Funding Plan)	53

Executive Summary

Report Details			
Association Name:	Strata VIS 2720	Project Number:	0
Location:	Victoria, B.C.	Number of Units:	108
Level of Service:	Reserve Study Level I	Site Visit Date:	28.10.2013
Report Period:	7/1/2013 - 6/30/2014	Projection Period:	2013 - 2042
Reserve Account Snap Shot July 1, 2013			
Projected Reserve Balance:			\$1,779,268
Fully Funded Reserve Balance:			\$2,219,475
Percent Funded:			80.2%
Reserve Deficit (per unit):			\$4,076
Current Monthly Reserve Fund Contribution:			\$15,573.92
Interest Earnings			2.00%
Inflation Rate			3.00%
2013 Reserve Contribution Requirements (based on the above position)			
Full Funding Plan	Monthly	Reserve Contribution (Recommended):	\$ 15,573.92
	Monthly	Reserve Contribution Per Unit:	\$ 144.20
	Special	Assessment Required for this Plan:	\$ -
Threshold Funding Plan	Monthly	Reserve Contribution:	\$ -
	Monthly	Reserve Contribution Per Unit:	\$ -
	Special	Assessment Required for this Plan:	\$ -
Baseline Funding Plan	Monthly	Reserve Contribution:	\$ 7,435.00
	Monthly	Reserve Contribution Per Unit:	\$ 68.84
	Special	Assessment Required for this Plan:	\$ -

- There are several different funding options your community may choose. **We recommend the Full Funding Plan.**
- The current reserve contributions are projected to be sufficient over the next 30 years.
- The Appendix of this report includes a form the Strata may use during the annual budgeting process to disclose the RCW required Reserve Fund information.
- This Depreciation Report should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a Depreciation Report, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component.
- This Depreciation Report was prepared by a Reserve Specialist following National Depreciation Report Standards and complies with RCW 64.34.382 and 64.38.070. This Depreciation Report needs to be updated annually to properly prepare for the future. Please review the disclosure on page 48.

Have questions about this Depreciation Report? Call us for complementary support.

Report Finding Summaries

This report is broken into two sections; the Physical Analysis and the Financial Analysis. Reserve Studies that include an on-site visual inspection begin with the Physical Analysis.

Physical Analysis Summary

This Depreciation Report Level I includes a required site visit completed on 28/10/2013. During the site visit we identified, quantified and performed a limited scope visual observation of the surface condition of a sampling of common area components.

We have included comments within the Component Photos & Comments Section of this report beginning on page 17.

All infrequent maintenance related expenses greater than 1% of the annual budget needs to be included within this Depreciation Report. Your Strata has an annual budget of \$420,486.00. Components with anticipated expenses less than 1% or \$4,204.86 may not be included within this report.

Table 1 - Reserve Component List

Component	Quantity	Current Cost	UL	RUL
Building Inspections		\$ -	n/a	
Concrete Sidewalks and Patios: Replace		\$ -	n/a	
Deck: Vinyl Membrane , Coat, Phase 1	1500 square feet	\$ 10,500	n/a	0
Deck: Vinyl Membrane , Coat, Phase 2	3000 square feet	\$ 21,000	n/a	5
Deck: Vinyl Membrane, Replace	3000 square feet	\$ 60,000	20	10
Drainage	1 allowance	\$ 4,000	5	5
Dry fire system	2 allowance	\$ 20,000	25	5
Electrical		\$ -	n/a	
Elevator Cab: Refurbish	3 allowance	\$ 9,000	15	5
Elevator: Modernization	3 allowance	\$ 225,000	30	10
Emergency Power Generator: Replace	1 allowance	\$ 10,000	30	10
Entrance Canopy: Replace	2 each	\$ 3,000	20	4
Entry Doors: Replace	2 each	\$ 16,000	50	30
Exterior sprinkler heads	84 each	\$ 100,800	50	10
Fence: Chainlink, Replace	44 lineal feet	\$ 2,200	30	10
Fence: Wood, Replace	62 lineal feet	\$ 2,170	20	11
Finish Flooring: Carpet, Replace	1300 square yards	\$ 45,500	10	3
Finish Flooring: Tile, Replace	300 square feet	\$ 3,600	40	20
Fire Panel: Replacement	2 each	\$ 7,000	25	5
Fire Suppression System: Rehabilitate	1200 each	\$ 120,000	50	30
Fireplace Vents: Replace	108 each	\$ 32,400	30	10
Guardrail: Metal, Replace	850 lineal feet	\$ 68,000	30	10
Gutter and Downspout: Replacement	450 lineal feet	\$ 3,150	25	5
HVAC, Corridors: Replacement	3 allowance	\$ 7,500	25	5
Interior Furnishings: Refurbish	2 allowance	\$ 1,000	20	19
Interior Walls: Repainting	28000 square feet	\$ 56,000	10	6
Irrigation System: Repair/Replace		\$ -	n/a	
Landscaping: Refurbish		\$ -	n/a	
Lights: Bollard, Replace	6 each	\$ 1,500	20	13
Lights: Exterior, Replace	116 each	\$ 9,280	25	10
Lights: Garage, Replace	95 each	\$ 7,600	20	0
Lights: Interior, Replace	355 each	\$ 28,400	30	20
Mailbox Replace	2 Clusters	\$ 10,000	25	5
Parkade Roofing: Full Replacement	45200 square feet	\$ 1,130,000	50	30
Parkade Roofing: Partial Repairs	45200 square feet	\$ 56,500	5	0
Plumbing System		\$ -	n/a	
Rails: Metal, Replace		\$ -	n/a	
Retaining Walls		\$ -	n/a	
Roof: Replace	29200 square feet	\$ 262,800	25	5
Security Grill Operator: Replace	1 each	\$ 1,500	10	9
Security Grill: Replace	1 each	\$ 3,500	30	10
Security System: Replace	2 each	\$ 10,000	10	10
Signage: Replace		\$ -	n/a	
Skylights	29 each	\$ 18,850	25	5
Structure: Replace		\$ -	n/a	
Stucco: Exterior, Repair/Replace	55700 square feet	\$ 557,000	40	10
Telephone Entry / Intercom: Replace	2 each	\$ 12,000	22	2
Unit Pavers: Replace		\$ -	n/a	
Utilities: Rehabilitate		\$ -	n/a	
Utility Doors: Replace	30 each	\$ 6,000	50	30
Window/Glass Doors: Replace	556 each	\$ 695,000	40	10

See Reserve Components on page 14 to learn more about what components are and how they are identified.

Have questions about this Depreciation Report? Call us for complementary support.

Office 250-590-1617
Fax 778-440-6348

1027 Pandora Avenue
Victoria, B.C. V8V 3P6

strata-consulting@shaw.ca

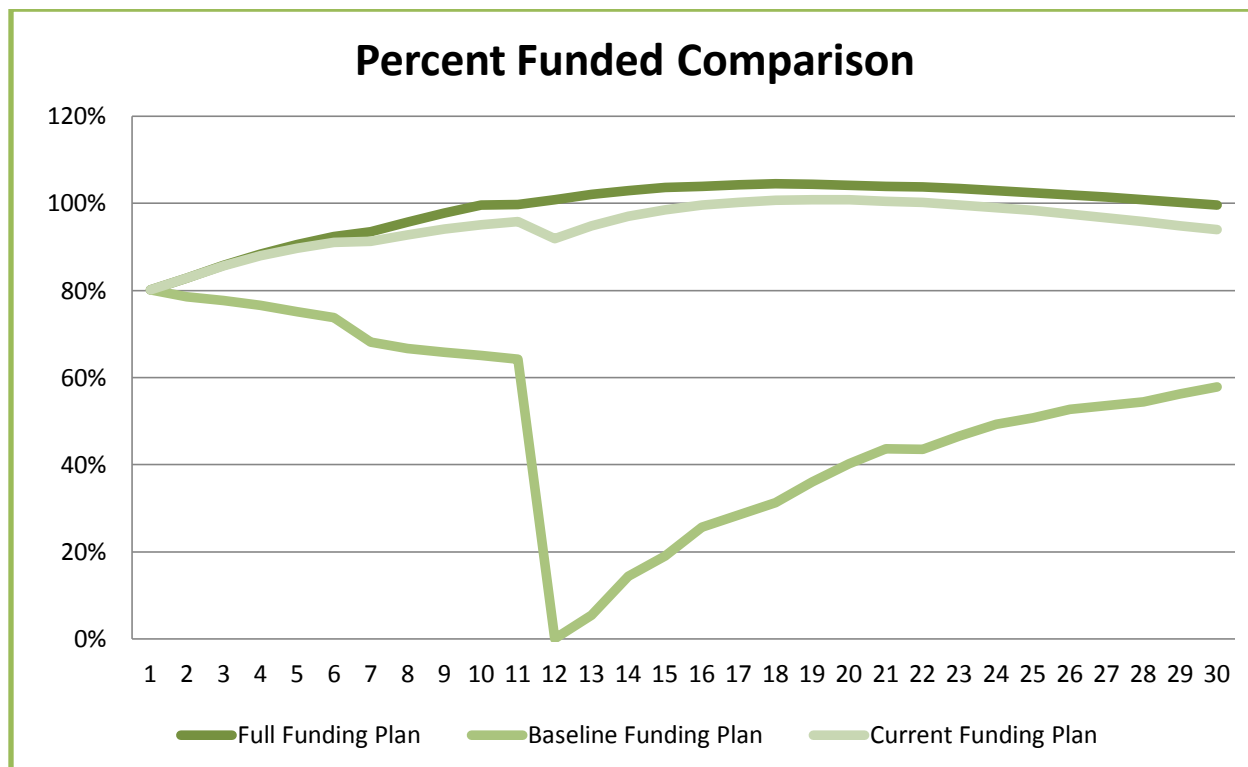
Financial Analysis Summary

We recommend the Full Funding Plan, which requires the same in regular monthly reserve contributions to \$15,573.92 with a 3.00% increase in contributions each year. This funding plan will assist the Strata in meeting its long term maintenance, repair and replacement obligations of the common area assets.

Currently the Strata makes monthly reserve contributions of \$15,573.92. The Baseline monthly reserve contribution requires \$7,435.00, and is the lowest contribution amount calculated to prevent the Reserve Fund from dropping below a zero balance. We understand the Reserve Fund Balance was \$1,779,267.71 on 7/1/2013. For your Strata to be 100% funded there should be \$2,219,475.26 in your Reserve Account(s). Therefore, your Strata is 80% funded.

We recommend maintaining the current contribution level with a modest 3% annual increase for the next 9 years and then resetting the contribution rate back to the current rate with a 2.2% annual increase. This will permit the Strata to become Fully Funded by 2022, prior to the potential Building Envelope Replacement, and remain Fully Funded thereafter. Increasing the monthly contribution by 1%, as was done recently, will delay reaching the Fully Funded level by 6 years until 2028. Updates of the Depreciation Report, either annually or every three years as required by the Strata Property Act Regulations will permit the Strata to continue on its path to becoming fully funded without over contributing.

Figure 1 - Percent Funded Comparison



This figure compares the percent funded for each of the Reserve Funding Goals your community may choose. Learn more in the Percent Funded section of the report on page 12, as well as Reserve Funding Plans & Goals on page 13.

Figure 2 - Reserve Fund Expenses

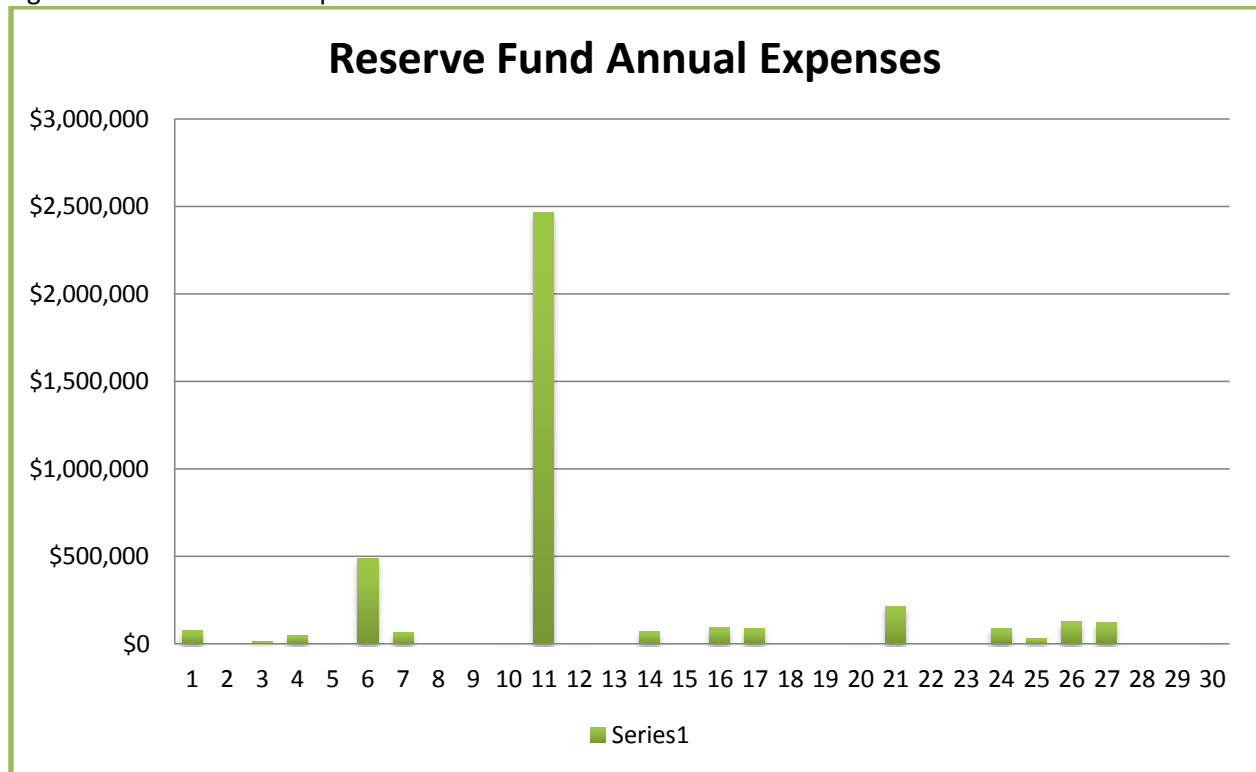
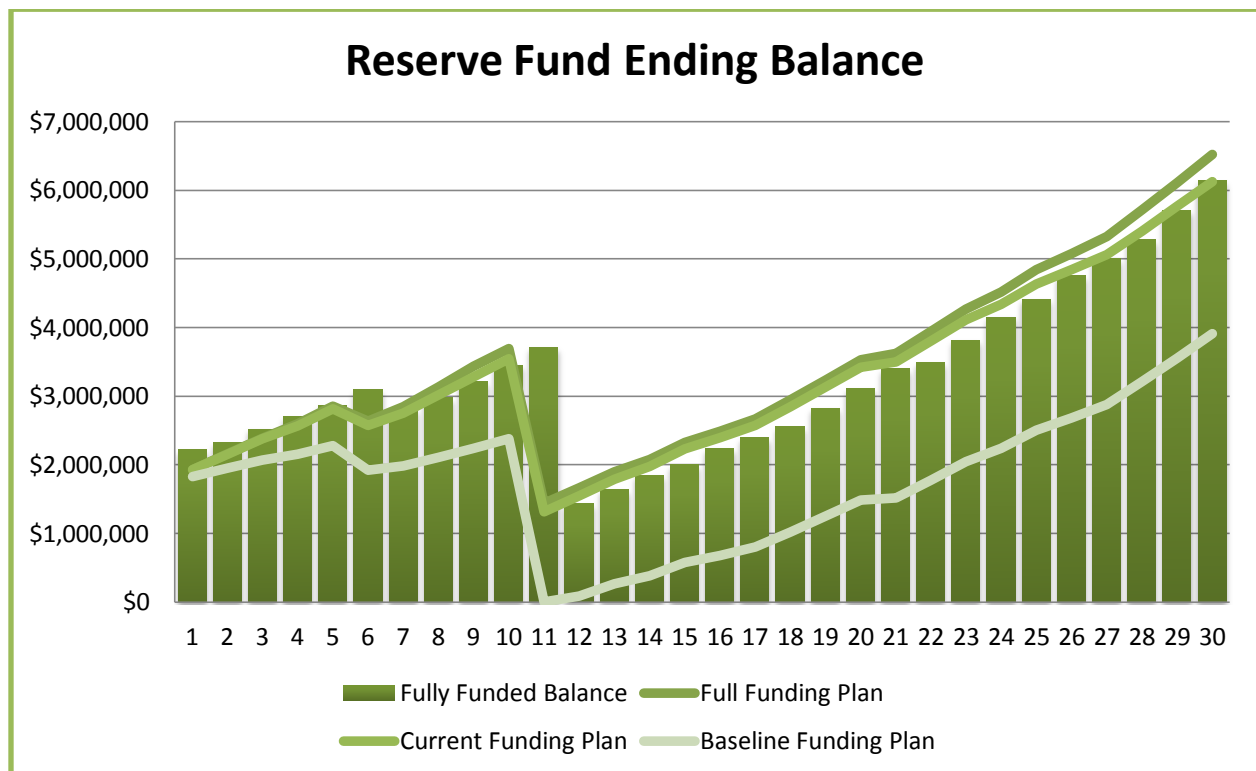
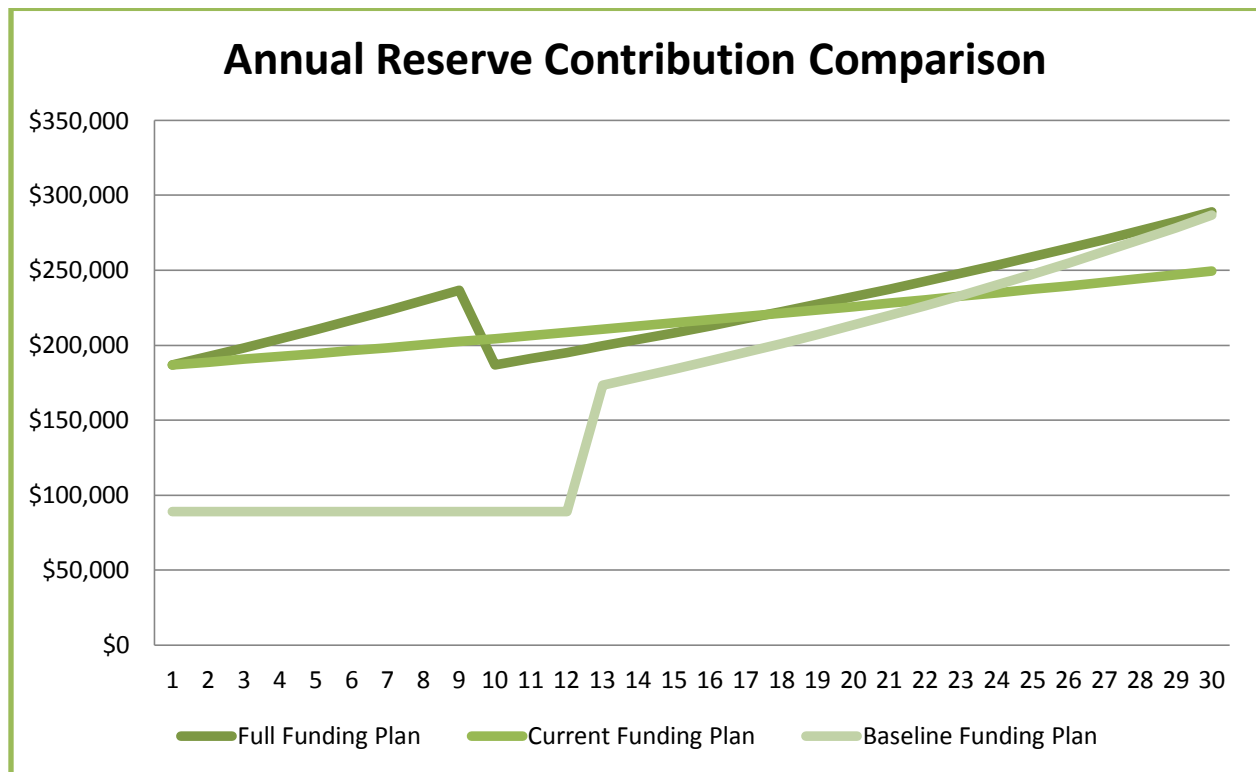


Figure 3 - Reserve Fund Ending Balance Comparison



Have questions about this Depreciation Report? Call us for complementary support.

Figure 4 – Reserve Contribution Comparison



To learn more about contributing to the reserve fund turn to page 15.

Figure 5 - 30 Year Reserve Fund Projection

Full Funding Plan (Recommended)							
Year	Start Balance	Annual Reserve Contribution	Special Assessments	Interest Income	Reserve Expenses	Fully Funded Balance	Percent Funded
2013	\$ 1,779,268	\$ 186,887	\$ -	\$ 35,962	\$ 74,600	\$ 2,219,475	80%
2014	\$ 1,927,517	\$ 192,494	\$ -	\$ 40,475	\$ -	\$ 2,326,348	83%
2015	\$ 2,160,486	\$ 198,268	\$ -	\$ 44,938	\$ 12,731	\$ 2,517,150	86%
2016	\$ 2,390,961	\$ 204,216	\$ -	\$ 48,867	\$ 49,719	\$ 2,704,958	88%
2017	\$ 2,594,326	\$ 210,343	\$ -	\$ 53,922	\$ 3,377	\$ 2,866,035	91%
2018	\$ 2,855,214	\$ 216,653	\$ -	\$ 49,538	\$ 486,663	\$ 3,091,725	92%
2019	\$ 2,634,742	\$ 223,153	\$ -	\$ 53,589	\$ 66,867	\$ 2,818,159	93%
2020	\$ 2,844,617	\$ 229,847	\$ -	\$ 59,191	\$ -	\$ 2,972,825	96%
2021	\$ 3,133,655	\$ 236,743	\$ -	\$ 65,041	\$ -	\$ 3,205,174	98%
2022	\$ 3,435,439	\$ 186,887	\$ -	\$ 70,538	\$ 1,957	\$ 3,448,788	100%
2023	\$ 3,690,907	\$ 190,999	\$ -	\$ 26,442	\$ 2,464,313	\$ 3,702,118	100%
2024	\$ 1,444,035	\$ 195,200	\$ -	\$ 30,773	\$ 3,004	\$ 1,431,379	101%
2025	\$ 1,667,004	\$ 199,495	\$ -	\$ 35,335	\$ -	\$ 1,632,358	102%
2026	\$ 1,901,834	\$ 203,884	\$ -	\$ 38,695	\$ 69,021	\$ 1,847,295	103%
2027	\$ 2,075,392	\$ 208,369	\$ -	\$ 43,592	\$ -	\$ 2,002,567	104%
2028	\$ 2,327,353	\$ 212,953	\$ -	\$ 46,791	\$ 94,257	\$ 2,238,718	104%
2029	\$ 2,492,840	\$ 217,638	\$ -	\$ 50,236	\$ 89,864	\$ 2,390,150	104%
2030	\$ 2,670,851	\$ 222,426	\$ -	\$ 55,641	\$ -	\$ 2,556,091	104%
2031	\$ 2,948,919	\$ 227,320	\$ -	\$ 61,252	\$ -	\$ 2,825,174	104%
2032	\$ 3,237,490	\$ 232,321	\$ -	\$ 66,985	\$ 4,384	\$ 3,108,102	104%
2033	\$ 3,532,412	\$ 237,432	\$ -	\$ 68,720	\$ 215,108	\$ 3,400,947	104%
2034	\$ 3,623,457	\$ 242,655	\$ -	\$ 74,896	\$ -	\$ 3,491,655	104%
2035	\$ 3,941,008	\$ 247,994	\$ -	\$ 81,300	\$ -	\$ 3,812,953	103%
2036	\$ 4,270,302	\$ 253,450	\$ -	\$ 86,145	\$ 89,798	\$ 4,150,386	103%
2037	\$ 4,520,098	\$ 259,026	\$ -	\$ 92,382	\$ 30,492	\$ 4,412,141	102%
2038	\$ 4,841,013	\$ 264,724	\$ -	\$ 96,934	\$ 126,674	\$ 4,749,726	102%
2039	\$ 5,075,998	\$ 270,548	\$ -	\$ 101,810	\$ 120,769	\$ 5,005,471	101%
2040	\$ 5,327,587	\$ 276,500	\$ -	\$ 109,317	\$ -	\$ 5,282,282	101%
2041	\$ 5,713,404	\$ 282,583	\$ -	\$ 117,094	\$ -	\$ 5,699,320	100%
2042	\$ 6,113,081	\$ 288,800	\$ -	\$ 125,079	\$ 3,535	\$ 6,136,626	100%

Have questions about this Depreciation Report? Call us for complementary support.

Office 250-590-1617

1027 Pandora Avenue

strata-consulting@shaw.ca

Fax 778-440-6348

Victoria, B.C. V8V 3P6

Introduction to Your Depreciation Report

This Depreciation Report is an important planning tool that contains long-term common area replacement and financial recommendations for your Strata. In order to accomplish this, we provide you with critical information that should be considered when evaluating the current health of your reserve fund, future maintenance, repair and replacement expenses and reserve contribution rates to include within the regular unit owner assessments. With the use of this Depreciation Report your Strata will be better prepared for present and future expenses.

We have worked to identify your common area assets, called **components**, which have maintenance or replacement expenses that can be anticipated. Our recommendations should help to minimize deferred maintenance and special assessments, as well as maximize your property value.

Having properly funded reserves enables the Strata to keep the common area assets in good condition. When potential buyers consider which Strata to purchase a home in, the overall condition of the Strata and reserve fund may be considered. Having good financials, maintenance, and curb appeal, all work together to increase your property value.

We know that your needs are different from the needs of others. Therefore, we have created this report specifically for your Strata. When possible, we have had discussions with the Strata Board of Directors and vendors to provide recommendations that will help you meet your Strata's goals and objectives.

About Reserve Studies

By definition a Depreciation Report is a budget planning tool. It identifies the current status of the reserve fund with a stable and equitable funding plan, to offset the anticipated future major common area expenditures. Plainly, a Depreciation Report is a long term plan that indicates how much money needs to be set aside to pay for future expenses. The Depreciation Report consists of two parts: the physical analysis and financial analysis.

The **physical analysis** identifies which components are appropriate for reserve funding and the current physical condition assessment of each asset; then indicates the life expectancy or useful life of the component as well as the life remaining or remaining useful life of each component. The physical analysis is concluded with the current cost to replace each component. The physical analysis information is used within the financial analysis. Therefore, it generally contains many recommendations and justifications regarding component repair, maintenance and replacement recommendations as well as cost and life cycles.

The **financial analysis** includes two results. First, it reveals the health of the reserve fund. This is completed by determining the current status of the reserve fund known as percent funded. The second result is the reserve contribution recommendation. Using the information contained within the physical analysis, the future expected expenses are analyzed and reviewed. Then multi-year funding plans are developed to meet various funding goals. The reserve contributions required to meet the funding goal desired is then presented and recommended to the Strata.

Depreciation Report Levels

- **Level I:** Full Depreciation Report Funding Analysis and Plan. This is the most labor intensive Depreciation Report, as it includes both a physical and financial analysis. The component inventory list and current component condition assessments with life and valuation estimates are determined from an on-site visual inspection. This information is used to conduct the financial analysis, which includes the current fund status and a recommended funding plan. A "Full Depreciation Report" is recommended when a previous Depreciation Report is not available, a substantial time has elapsed since the last study (7-10 years), or there are concerns with an existing Depreciation Report's component inventory or measurements.
- **Level II:** Update with Visual Site Inspection. This report updates both the physical analysis and financial analysis of an existing report. An on-site visual inspection is conducted to verify and/or make adjustments to the existing component list, condition assessments, useful life and component valuation estimates. The financial analysis is also updated, including the current fund status and recommended funding plan. A level II report is recommended at least every three years, before and after major projects and as required by state law.
- **Level III:** Update with No Visual Site Inspection. This report updates the financial analysis of an existing Depreciation Report only. No on-site visual inspection is completed. An existing fund status and funding plan is updated using research conducted with board members, vendors, Strata managers and information contained within a prior Depreciation Report. A level III report is recommended to review, adjust and verify that the existing funding plan is accurate and suitable for current economic conditions. A level III report is recommended at least annually.

Percent Funded

Percent funded is a way to measure the strength of the reserve fund. The Community Stratas Institute (CAI) defines "Percent Funded" as "the ratio, at a particular point of time, of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage." The **fully funded balance** is the total accrued depreciation or deterioration of the component(s). This balance is the cost of how much life has been used up. The fully funded balance is then used as an indicator against which the actual (or projected) reserve fund balance can be compared; known as percent funded.

For example, if a Strata were to replace interior carpeting in 10 years at an expense of \$10,000; then each year the cost of deterioration is 1/10th of the replacement cost. Therefore, each year \$1,000 of cost is accrued. In year 2, the fully funded balance would be \$2,000. In year 5, the cost of existing deterioration is \$5,000, and so on.

To determine the percent funded, the FFB is compared to the reserve fund balance. To continue the above example, the Strata has \$2,000 in their reserve fund in year 2. The total accrued deterioration or FFB is \$2,000, therefore they are 100% funded. The Strata has saved 100% of the accrued deterioration or fully funded balance. If they have set aside only \$1,000, the Strata is 50% funded, having saved 50% of the existing deterioration or cost.

Using Percent Funded to Measure Strength

- **0-30% Funded is a "weak" status.** There is a lack of funds reserved toward the amount of accrued deterioration. Whenever a Strata has a weak status there is an increased possibility of requiring special assessments, loans or deferred maintenance.
- **31-69% Funded is a "fair" status.** There is a decreased chance of requiring special assessments or deferred maintenance, however, cash flow problems may very easily arise.
- **70-100% Funded is a "strong" status.** Stratas in this range generally have financial stability. There are generally no cash flow issues, special assessments or deferred maintenance necessary.
- **100% Funded is known as "ideal."** The reserve fund balance equals the fully funded balance. This is "ideal" because funds are reserved as components are used. It is thought to be the most fair for members because they pay as they go, or they pay their share.

Use Caution When Using Percent Funded

Percent funded is a ratio and therefore does not convey the urgency that is often times required. There are two aspects that need to be considered when evaluating the urgency of the current situation, the time remaining before an expense is scheduled to occur, as well as the cost of the expense.

The first aspect that percent funded does not consider is the time remaining before the expense is to occur. Use the same carpet replacement example (\$10,000 carpet expense to be saved over 10 years). If, in year 5 they have only saved \$2,500 they are 50% funded (remember the total accrued deterioration or FFB would be \$5,000). To have the capital required to complete the project as scheduled in year 10 for \$10,000, they would need to save \$1,500 each year for the next 5 years.

Changing the time frames, if in year 10 they have set aside \$5,000, they would still be 50% funded (having saved 50% of the total accrued deterioration of \$10,000). However, they now need to attain \$5,000 of the required \$10,000 expense immediately rather than over a period of time.

These examples show that the percent funded ratio lacks the urgency that each Strata may have in attaining the rest of the financing.

Percent funded also does not consider the cost of the expense. Using the same 10 year cycle, changing the cost of the required expense from \$10,000 to a \$30,000 paint project, in year 5 the Strata is 50% funded by having set aside \$15,000. In this case, they must save \$3,000 each year, not \$1,500. If in year 10, they are 50% funded, they would need to save \$15,000 not \$5,000. Notice how the percent funded is the same, but the amount needed to meet the financial obligation is very different.

Percent funded is a very useful ratio, however, it must be placed in context. Remember to evaluate not only the percent funded but also the cash balance and size of the upcoming expenditures as well.

Reserve Funding Plans & Goals

To determine the contribution rate to the reserve fund, the Strata needs to determine their reserve fund goal. This may be based on a number of objectives and analysis' corresponding to the reserve fund. There are three different funding goals Stratas may choose based on their risk tolerance:

- **Baseline Funding Goal** – This sets the reserve contribution amount as low as possible without the reserve fund dropping below a zero balance. This is the most risky method with the least contributed to the reserve fund. If an expense arrives early, or unexpected, there is a significant chance of needing a special assessment or loan.
- **Threshold Funding Goal** - The goal of Threshold Funding is to set the reserve contribution amount to meet a specified goal. Common goals to achieve and maintain are 70 Percent Funded, to maintain a cash-balance of 15% of the prior year's expenses, or to maintain a minimum cash-balance of the prior year's reserve contribution amount.
- **Full Funding Goal** – Sets the goal at being fully funded. This plan sets the reserve contribution amount to achieve a fully funded balance. Fully funded is achieved when the percent funded is 100%. It requires the largest contribution to the reserve fund of the three goals, but is also the least risky.

Reserve Components

The components of a Depreciation Report have significant impact on the accuracy of the report. If items are improperly included or excluded from the Depreciation Report, then the projected expenses and subsequent required reserve contributions will likewise be affected. Before a component is included within the Depreciation Report, it is evaluated and qualified using a nationally recognized four-part test:

- **Common Area:** The component must be Strata responsibility; limited common areas may be included.
- **Limited Useful Life:** The life of the component must be limited.
- **Predictable Life:** The limited life must be predictable.
- **Minimum Threshold Cost:** Generally greater than 1% of the annual operating budget or \$1,000 whichever is greater.

Repairs or replacements of components that are predicted to have an estimated remaining useful life exceeding this 30-year report period are generally not included. Items that are below the minimum threshold cost, or reoccur annually are generally included within the annual operating budget. Expenses that are necessitated by acts of nature, accidents or other occurrences that are more properly insured for, rather than reserved for, are also excluded.

Maintaining Components

There are three ways to manage capital reserve expenses:

- **Preventative Maintenance:** This is the most effective way to extend the useful life of components and save money in the long run, as it is a proactive maintaining of components. The cost of maintaining the condition and quality of a component is much less than repair or replacing the component to bring it back to a usable condition and may also prolong the life expectancy of an asset.
- **Deferred Maintenance:** This is deferring routine maintenance rather than completing maintenance as recommended. A common household example of this is deferring the oil changes in a vehicle. Deferred maintenance is likely the first indication of, and results in, having

inadequate reserve funds. While in the short run the Strata is contributing less money, the effects of deferring maintenance and the costs associated with it are far greater than the cost of preventative maintenance.

- **Extensive Repair or Replacement:** This is when a component needs to have significant repair(s) completed or even replacement prior than anticipated. While not always, this is generally a result of deferred maintenance. The cost of significant repair or advanced replacement is not only expensive, it also decreases Strata morale through poor Strata management, poor curb appeal and out of commission assets.

Reserve Contributions

There are three ways to contribute to your Reserve Account:

- **Regular Contributions:** If adequate regular contributions are not established the reserve fund will eventually be underfunded. An underfunded reserve account leads to deferred maintenance and potentially extensive repair. As already mentioned, the effects of deferred maintenance and extensive repair are significantly more than routine or preventative maintenance. Additionally, it is the most fair and equitable to the Strata members. If reserve contributions are not set properly, whether too high or low, the individuals who use the asset will not be paying for it. If the contributions are set too high, current owners are paying for what future owners should pay for. Likewise, when contributions are set too low, future owners will pay for what current owners should have paid for. Having properly set reserve contributions is the most fair for everyone involved.
- **Special Assessments:** If the reserve fund is underfunded at the time an expense is required, the Strata is forced to hold a special assessment. Most often, this occurs when deferred maintenance catches up and the Strata is forced to deal with it. It is better to have a small monthly increase now rather than a very large and unexpected increase later.
- **Loans:** If the Strata members do not have the finances to contribute to a special assessment or the required repairs are too extensive and costly for a special assessment, a loan may be required. This not only requires a monthly increase in dues, but members are then paying for past as well as future expenses, rather than just future expenses. The future still needs to be anticipated and saved for.

Implementing Your Depreciation Report

- **Step 1 - Understand:** The Strata Council has the responsibility to lead the Strata, therefore, the first step is for the Council to hold a meeting. This meeting should discuss the results of the Depreciation Report in order for the Board to better understand the current position of the Strata and the upcoming reserve requirements of the Strata.
- **Step 2 - Plan:** The board should then create a plan to determine how best to manage the Strata's common area assets and financial position. Using this Depreciation Report as a guide, the board should make the adjustments required to meet the needs of the Strata and its members. This includes setting the reserve contribution amount.

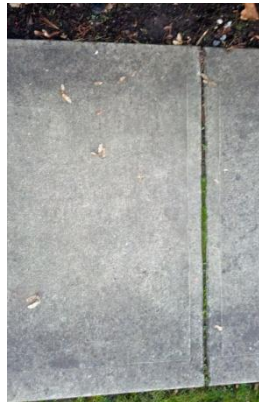
- **Step 3 - Communicate:** After the board has determined the best course of action, the plan needs to be communicated to the Strata members. This can be accomplished through the distribution of the results of this Depreciation Report and/or through Strata meetings. This allows them to ask questions and understand the direction the Strata will be heading.
- **Step 4 - Update and Adjust:** Reserve studies are a one-year document, and need to be updated and adjusted annually. We recommend additional collaboration with specialized professionals to provide the expertise and adjustments to this Depreciation Report. Additionally, we recommend the board review and make minor adjustments of this plan before and after reserve projects throughout the year.

Component Inventory - Photos & Comments

Building Inspections			
Quantity		UL	n/a
Current Cost	\$0.00	RUL	n/a

This Depreciation Report and the associated site visit is a very limited scope visual observation of the surface condition of the common elements. No intrusive investigations were completed. We strongly recommend the Strata have regular inspections conducted by qualified professionals to conduct a thorough analysis of the common elements. It is particularly important to continue to perform cut tests of the building envelope to track the condition and moisture content of the exterior wall sheathing and framing. Incorporate the results into future reserve study updates, including adjusting the projected year of the Building Envelope replacement.

Concrete Sidewalks and Patios: Replace			
Quantity		UL	n/a
Current Cost	\$0.00	RUL	n/a



Generally fair condition with no widespread concerns. Complete any repairs as needed utilizing the operating budget. We recommend regular pressure washing to minimize slip and fall hazards and appearance. No expectation of large scale expenses at this time, therefore, no reserve funding recommended.

Deck: Vinyl Membrane , Coat, Phase 1

Quantity	1500 square feet	UL	n/a	
Current Cost	\$10,500.00	RUL		0



The elevated decks throughout the Strata utilize a vinyl membrane for weatherproofing and protection of the structure. Currently the surface of the decks are in generally poor condition. These surfaces are extremely important and there is a significant risk of water intrusion to the deck and surrounding structure when they fail. The vinyl on the south and west elevations are aged and brittle and should be replaced in the near future; the decks on the east and north elevations should survive approximately 5 years. Proper detailing at the walls and sliding door threshold will need to be implemented. We recommend the use of a liquid applied membrane coating to extend the life of the vinyl until the windows and stucco are replaced. This phase is for the south and west balconies only.

Deck: Vinyl Membrane , Coat, Phase 2

Quantity	3000 square feet	UL	n/a	
Current Cost	\$21,000.00	RUL		5

Phase 2 of the coating of the vinyl membrane is for the second application on the south and west balconies and the first coating on the north and east balconies.

Deck: Vinyl Membrane, Replace

Quantity	3000 square feet	UL	20	
Current Cost	\$60,000.00	RUL	10	

The elevated decks throughout the Strata utilize a vinyl membrane for weatherproofing and protection of the structure. This component is for the replacement of the vinyl membrane at the time of replacing the stucco and windows, in approximately 10 years.

Drainage			
Quantity	1 allowance	UL	5
Current Cost	\$4,000.00	RUL	5



We understand there is no history of drainage concerns. We recommend regular cleaning and video camera inspection take place to ensure that these function properly. An allowance on a recurring 5 year basis to maintain the functioning of the drainage system is included.

Dry Fire Suppression System			
Quantity	2 allowance	UL	25
Current Cost	\$20,000.00	RUL	5



The dry portion of the fire suppression system has a number of components that will need to be replaced at varying ages. These include valves, flow detectors, compressors and switches.

Electrical

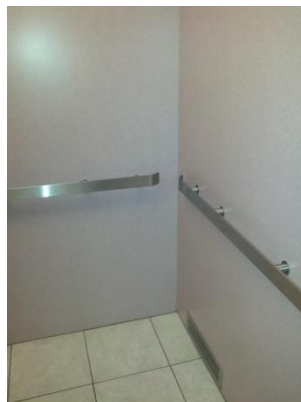
Quantity		UL	n/a
Current Cost	\$0.00	RUL	n/a



No reported problems. Analysis of the electrical system is beyond the scope of a Depreciation Report. At this time, there is no expectation of significant repair or expenses required. An inspection by an electrical engineer or electrical contractor would warn the Strata Council of any current problems and allow them to be repaired or replaced on a non emergency basis. This inspection could include the use of infrared or thermographic equipment to detect hot spots. We recommend regular inspections of the system by a qualified electrician incorporating the results into future Depreciation Report updates.

Elevator Cab: Refurbish

Quantity	3 allowance	UL	15
Current Cost	\$9,000.00	RUL	5



Fair condition but looking dated due to the colour of plastic laminate used. We understand that the elevator cabs have the original interiors. Replacement is discretionary as this is done for aesthetic reasons only. It could be combined with an updating of the lobby flooring and furniture.

Elevator: Modernization

Quantity	3 allowances	UL	30
Current Cost	\$225,000.00	RUL	10



Reportedly functional with no major concerns, however, this original elevator is approaching the end of the typical useful life of 30 years. This component includes funding for a new controller, pump unit, electrical, etc. While we don't anticipate the need to replace the hydraulic ram at this time, we suggest that it be inspected.

Emergency Power Generator: Replace

Quantity	1 allowance	UL	30
Current Cost	\$10,000.00	RUL	10



Reportedly functional with no major concerns, however, this original generator is approaching the end of the typical useful life of 30 years. Funding recommended.

Entrance Canopy: Replace

Quantity	2 each	UL	20
Current Cost	\$3,000.00	RUL	4



The entrance canopies are vinyl fabric stretched over a painted metal frame. The canopy on Churchill Place is south facing and will need to be replaced sooner than that on Hampton Court due to its north facing and more shaded exposure. Annual cleaning and inspection recommended from the operating budget.

Entry Doors: Replace

Quantity	2 each	UL	50
Current Cost	\$16,000.00	RUL	30



Fair condition with no widespread damage or deterioration. Repair as needed utilizing the operating budget. While these storefront doors and adjacent glazing will last indefinitely if properly maintained, advances in the glazing industry are expected to continue over the coming decades and replacement at the 50 year point in the life of the buildings is reasonable to plan for.

Exterior sprinkler heads			
Quantity	84 each	UL	50
Current Cost	\$100,800.00	RUL	10



When the building exterior is replaced the exterior heads of the fire suppression sprinkler will need to be replaced. These are significantly more expensive to do than the interior heads due to the need to open and repair the ceilings and/or walls in the occupied suites.

Fence: Chainlink, Replace			
Quantity	44 lineal feet	UL	30
Current Cost	\$2,200.00	Cost Source: Tower Fence	RUL 10



Good condition of the galvanized chain link fencing. The life expectancy of these units is approximately 30 years. Reserve funding recommended.

Fence: Wood, Replace				
Quantity	62 lineal feet		UL	20
Current Cost	\$2,170.00	Cost Source: Tower Fence	RUL	11



Fair condition of wood fencing with no unusual deterioration. Reportedly the Strata Council inspects and repairs regularly utilizing the operating budget. Remove any contact with the ground and overgrowth to minimize advanced deterioration. We suggest continuing to seal for appearance and protection of fencing. Reserve funding is provided for the replacement at approximately the 20 year mark of life.

Finish Flooring: Carpet, Replace				
Quantity	1300 square yards		UL	10
Current Cost	\$45,500.00		RUL	3



Corridor and stair carpeting is worn and stained in several areas. We recommend a shorter replacement cycle of approximately 5 years for the garage lobby carpet to maintain appearances and property value with funding from the operating budget.

Finish Flooring: Tile, Replace

Quantity	300 square feet	UL	40
Current Cost	\$3,600.00	RUL	20



Lobby tile is in good condition and is a highly durable product. However for aesthetics and to maintain property values a cosmetic upgrade will likely be needed by the 40 year point of the buildings' lives. Replacement is discretionary as it will likely be for aesthetic reasons only.

Fire Panel: Replacement

Quantity	2 each	UL	25
Current Cost	\$7,000.00	RUL	5



Reportedly functional condition with no problems at this time. Generally these panels can last for an extended period of time barring a damaging electrical event. However, funding is included for repair/replacement and anticipated upgrade needs.

Fire Suppression System: Rehabilitate

Quantity	1200 each	UL	50
Current Cost	\$120,000.00	RUL	30



Sprinkler heads are required to be replaced at the 50 year point in the life of the buildings. Funding required.

Fireplace Vents: Replace

Quantity	108 each	UL	30
Current Cost	\$32,400.00	RUL	10



These will need to be replaced at the time of replacing the building exterior cladding.

Guardrail: Metal, Replace

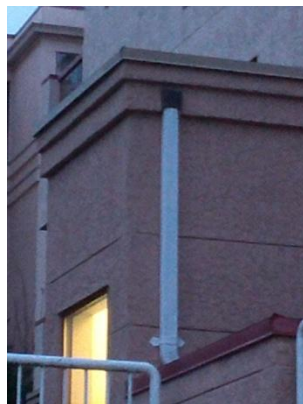
Quantity	850 lineal feet	UL	30
Current Cost	\$68,000.00	RUL	10



Fair condition with no reported or observed instability noted during our limited scope visual inspection. We recommend ongoing and regular examinations. Clean as needed for appearance (these units are powder coated and therefore there is no need for paint). We recommend planning for eventual replacement at the time of the window and stucco replacement. The Strata Council may wish to change the design with the framed and stuccoed ends and corners as a part of the exterior upgrade/replacement.

Gutter and Downspout: Replacement

Quantity	450 lineal feet	UL	25
Current Cost	\$3,150.00	RUL	5



In general keep clean and free of debris to ensure proper functionality. Reserve funding recommended for replacement timed to coincide with stucco replacement.

HVAC, Corridors: Replacement

Quantity	3 allowance	UL	25
Current Cost	\$7,500.00	RUL	5



Reportedly in functional condition with no concerns at this time. Reserve funding recommended for replacement.

Interior Furnishings: Refurbish

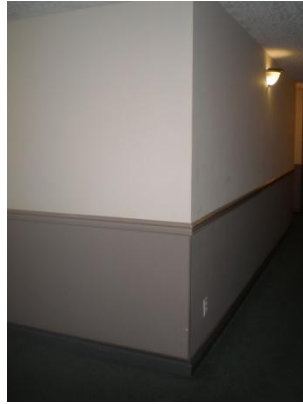
Quantity	2 allowance	UL	20
Current Cost	\$1,000.00	RUL	19



This is an aesthetical item that may be adjusted based on the Strata's desires. At this time, we suggest reserve funding at the following level.

Interior Walls: Repainting

Quantity	28,000 square feet	UL	10
Current Cost	\$56,000.00	RUL	6



Interior painting of corridors, stairs and doors. Reserve funding recommended.

Irrigation System: Repair/Replace

Quantity		UL	n/a
Current Cost	\$0.00	RUL	n/a



Fair condition with no reported problems at this time. We understand that irrigation maintenance is included within the Strata's annual landscape budget/contract, such as select sprinkler head replacements. As the community and irrigation lines age, local areas of line replacement may be needed and generally this is not covered by the landscape contract. At this time there is no expectation of total line replacement, however, as these expenses occur and trends are developed update the reserve funding as needed.

Landscaping: Refurbish			
Quantity		UL	n/a
Current Cost	\$0.00	RUL	n/a



We understand that the Strata adjusts the landscaping component of the operating budget annually and therefore there is no need for a recurring amount in the Reserve Fund

Lights: Bollard, Replace			
Quantity	6 each	UL	20
Current Cost	\$1,500.00	RUL	13



Reported to be in functional condition with no concerns at this time. These are sturdy items that can last a long time if not damaged or abused. Inspect regularly and repair as needed utilizing the operating budget. Reserve Funding recommended for eventual replacement.

Lights: Exterior, Replace

Quantity	116 each	UL	25
Current Cost	\$9,280.00	RUL	5



Good condition with no unusual deterioration or instability observed. No history of concern. Repair as needed from the operating budget. Best to plan for total replacement for appearance and functionality and time of exterior upgrading.

Lights: Garage, Replace

Quantity	95 each	UL	20
Current Cost	\$7,600.00	RUL	0



Fair condition with no unusual deterioration observed. Repair as needed from the operating budget. The Strata is considering replacing these with newer ones as the ballasts are failing and becoming difficult to source.

Lights: Interior, Replace			
Quantity	355 each	UL	30
Current Cost	\$28,400.00	RUL	20



Good condition with no unusual deterioration or instability observed. No history of concern. Repair as needed from the operating budget. Best to plan for total replacement for appearance and functionality. Upgraded from incandescent to compact fluorescent in the past.

Mailbox Replace			
Quantity	2 Clusters	UL	25
Current Cost	\$10,000.00	RUL	5



Fair condition of mailboxes with no unusual damage observed. Clean as needed to maintain appearance. We suggest planning for eventual replacement of the mailboxes to ensure functionality and community aesthetics.

Parkade Roof: Repair/Replace			
Quantity	45200 square feet	UL	50
Current Cost	\$1,130,000.00	RUL	30



Fair condition with some observed water intrusion as evidenced by the efflorescent salts in a few locations. We recommend repairing the areas where water is already penetrating the concrete roof structure from the operating budget and funding for eventual replacement. Costs would include replacing unit pavers, relandscaping and replacement irrigation system.

Parkade Roofing: Partial Repairs			
Quantity	45200 square feet	UL	5
Current Cost	\$56,500.00	RUL	0

In addition to the likely complete replacement of the parkade roof membrane, we recommend repairing as leaks become evident in the parkade. If this is done, the complete replacement may be delayed indefinitely.

Plumbing System

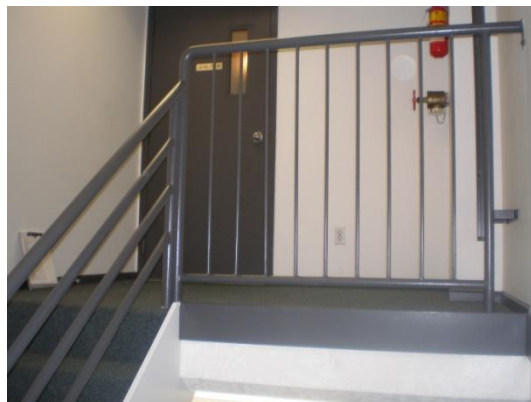
Quantity		UL	n/a
Current Cost	\$0.00	RUL	n/a



No reported problems. Analysis of the plumbing system is beyond the scope of a Depreciation Report. There is no history of building plumbing expenses reported. No expectation of large scale repair or replacement expenses within the scope of this report. We recommend regular video camera inspections and repair as needed. Should patterns of expense develop, funding maybe updated in future Depreciation Report updates.

Rails: Metal, Replace

Quantity		UL	n/a
Current Cost	\$0.00	RUL	n/a



These railings at the stairwells and over the ramp to the underground parking are highly durable. Fair condition with no reported or observed instability noted during our limited scope visual inspection. We recommend ongoing and regular examinations of connections to underlying structure for safety reasons. Clean and repaint as needed for appearance from the operating budget. No funding recommended at this time.

Retaining Walls

Quantity		UL	n/a
Current Cost	\$0.00	RUL	n/a



Good condition with no known instability or concerns identified. Should conditions change, we recommend a thorough evaluation be conducted by qualified structural and geotechnical engineers. No reserve funding at this time.

Roof: Replace

Quantity	29200 square feet	UL	25
Current Cost	\$262,800.00	Cost Source: Universal Sheet Metal	RUL 5



Fair condition with no known concerns or issues, such as water intrusion. We recommend regular maintenance and cleaning activities take place to keep roofs free of debris and moss. With proactive maintenance, reserve funding recommended replacement at approximately 25 year mark of life.

Security Grill Operator: Replace			
Quantity	1 each	UL	10
Current Cost	\$1,500.00	RUL	9



Fair functional condition with no concerns at this time. We recommend working with a qualified vendor to develop and establish an operating and maintenance plan. Reserve funding recommended for cycles of replacement.

Security Grill: Replace			
Quantity	1 each	UL	30
Current Cost	\$3,500.00	RUL	10



Generally fair condition, however, local areas of dents and damage (not widespread). These units can last an extended period of time if not damaged or abused.

Security System: Replace			
Quantity	2 each	UL	10
Current Cost	\$10,000.00	RUL	10



We understand that the Strata is in the process of selecting vendors and equipment. The new equipment will become obsolete in approximately 10 years as technology improves.

Signage: Replace			
Quantity		UL	n/a
Current Cost	\$0.00	RUL	n/a



Fair condition with no damage or concerns at this time. We understand there is no expectation to replace at one time, therefore, no reserve funding. Treat as a maintenance item and fund from the operating budget.

Skylights			
Quantity	29 each	UL	25
Current Cost	\$18,850.00	RUL	5



Skylights are part of the roof system and should be replaced on the same cycle.

Structure: Replace			
Quantity		UL	n/a
Current Cost	\$0.00	RUL	n/a

The reinforced concrete basement garage and 4 storey wood frame structures will last well beyond the 30 year time horizon of this Depreciation Report provided that the integrity of the Building Envelope is not compromised by defects that allow water to penetrate and go undetected. No funds are recommended at the time.

Stucco: Exterior, Repair/Replace

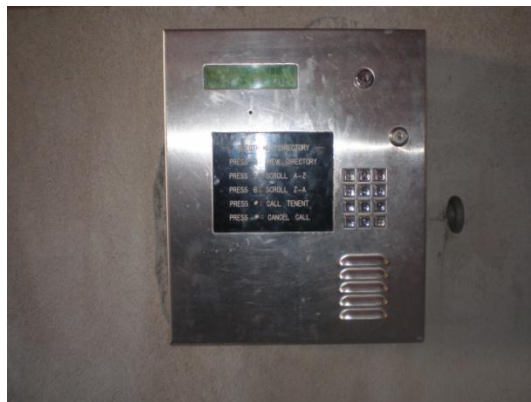
Quantity	55700 square feet	UL	40
Current Cost	\$557,000.00	RUL	10



Fair condition of stucco with some observed repairs done to flashings. The Strata has been practicing a proactive inspection and maintenance program, however by the 30 - 40 year point in the life of the buildings the windows will be obsolete and will need to be replaced. At that point the cladding will need to be replaced to install the new windows and sliding glass doors properly, using current best practice, which may well be further improved by then. We anticipate that the cladding would be changed at that point to something other than stucco such as HardiPlank, subject to approval by the City if a Development Permit was issued for the original construction. If the Strata should choose to replace the stucco with new acrylic stucco the pricing used for this component will need to be increased significantly.

Telephone Entry / Intercom: Replace

Quantity	2 each	UL	22
Current Cost	\$12,000.00	RUL	2



Reportedly in operation condition with no history of problems or concerns. Reserve funding recommended for replacement at approximately the 22 year mark of life.

Unit Pavers: Replace

Quantity		UL	n/a
Current Cost	\$0.00	RUL	n/a



Unit pavers are a highly durable item as long as the underlying soil and sand bed are not eroded by water. N

Utilities: Rehabilitate

Quantity		UL	n/a
Current Cost	\$0.00	RUL	n/a

As the property ages, these will require repairs and eventually rehabilitation or replacement. This work could include lining water supply lines and sanitary sewer lines. It is not expected that work will be required on the utilities both within the buildings and between the buildings and the property lines until the 50 to 75 year timeframe of the buildings. As this time frame comes into the 30 year time horizon of the Depreciation Report, funds will need to be set aside for these expenses.

Utility Doors: Replace

Quantity	30 each	UL	50
Current Cost	\$6,000.00	RUL	30



Fair condition with no widespread damage or deterioration. Repair as needed utilizing the operating budget. There is no expectation of a large scale replacement or surface refurbishment project, therefore, replace and/or refinish select doors as needed from the operating budget. By the 50 year point in the life of the buildings, the door hardware should be replaced as these wear out. The door slabs and frames will last indefinitely unless vandalized.

Window/Glass Doors: Replace

Quantity	556 each	UL	40
Current Cost	\$695,000.00	RUL	10



Generally fair condition with no known water intrusion or concerns at this time. The Strata has a proactive inspection and maintenance program that has repaired defects over the life of the building to date. We endorse this program of regular inspections and repair to ensure waterproofing of the building envelope. Reserve funding recommended for eventual replacement at the typical life expectancy of 30 years. Should patterns of repair arise, additional funding may be included in future reserve studies, however, at this time there is no need.

Reserve Fund Projections

Full Funding Plan (Years 0-9)										
Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Percent Funded	80%	83%	86%	88%	91%	92%	93%	96%	98%	100%
Fully Funded Balance	\$2,219,475	\$2,326,348	\$2,517,150	\$2,704,958	\$2,866,035	\$3,091,725	\$2,818,159	\$2,972,825	\$3,205,174	\$3,448,788
Beginning Balance	\$1,779,268	\$1,927,517	\$2,160,486	\$2,390,961	\$2,594,326	\$2,855,214	\$2,634,742	\$2,844,617	\$3,133,655	\$3,435,439
Reserve Contributions	\$186,887	\$192,494	\$198,268	\$204,216	\$210,343	\$216,653	\$223,153	\$229,847	\$236,743	\$186,887
Interest Earnings	\$35,962	\$40,475	\$44,938	\$48,867	\$53,922	\$49,538	\$53,589	\$59,191	\$65,041	\$70,538
Special Assessment	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Reserve Expenses	\$74,600	\$-	\$12,731	\$49,719	\$3,377	\$486,663	\$66,867	\$-	\$-	\$1,957
Ending Balance	\$1,927,517	\$2,160,486	\$2,390,961	\$2,594,326	\$2,855,214	\$2,634,742	\$2,844,617	\$3,133,655	\$3,435,439	\$3,690,907
Expenses by Component & Year										
Components	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Building Inspections	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Concrete Sidewalks and Patios: Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Deck: Vinyl Membrane , Coat, Phase 1	\$10,500	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Deck: Vinyl Membrane , Coat, Phase 2	\$-	\$-	\$-	\$-	\$-	\$24,345	\$-	\$-	\$-	\$-
Deck: Vinyl Membrane, Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Drainage	\$-	\$-	\$-	\$-	\$-	\$4,637	\$-	\$-	\$-	\$-
Dry fire system	\$-	\$-	\$-	\$-	\$-	\$23,185	\$-	\$-	\$-	\$-
Electrical	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Elevator Cab: Refurbish	\$-	\$-	\$-	\$-	\$-	\$10,433	\$-	\$-	\$-	\$-
Elevator: Modernization	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Emergency Power Generator: Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Entrance Canopy: Replace	\$-	\$-	\$-	\$-	\$3,377	\$-	\$-	\$-	\$-	\$-
Entry Doors: Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Exterior sprinkler heads	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Fence: Chainlink, Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Fence: Wood, Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Finish Flooring: Carpet, Replace	\$-	\$-	\$-	\$49,719	\$-	\$-	\$-	\$-	\$-	\$-
Finish Flooring: Tile, Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Fire Panel: Replacement	\$-	\$-	\$-	\$-	\$-	\$8,115	\$-	\$-	\$-	\$-
Fire Suppression System: Rehabilitate	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Fireplace Vents: Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Guardrail: Metal, Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Gutter and Downspout: Replacement	\$-	\$-	\$-	\$-	\$-	\$3,652	\$-	\$-	\$-	\$-
HVAC, Corridors: Replacement	\$-	\$-	\$-	\$-	\$-	\$8,695	\$-	\$-	\$-	\$-
Interior Furnishings: Refurbish	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Interior Walls: Repainting	\$-	\$-	\$-	\$-	\$-	\$-	\$66,867	\$-	\$-	\$-

Have questions about this Depreciation Report? Call us for complementary support.

Full Funding Plan (Years 0-9)										
Irrigation System: Repair/Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$
Landscaping: Refurbish	\$-	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$
Lights: Bollard, Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$
Lights: Exterior, Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$
Lights: Garage, Replace	\$7,600	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$
Lights: Interior, Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$
Mailbox Replace	\$-	\$-	\$-	\$-	\$-	\$11,593	\$	\$	\$	\$
Parkade Roofing: Full Replacement	\$-	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$
Parkade Roofing: Partial Repairs	\$56,500	\$-	\$-	\$-	\$-	\$65,499	\$	\$	\$	\$
Plumbing System	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$
Rails: Metal, Replace	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$
Retaining Walls	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$
Roof: Replace	\$-	\$-	\$-	\$-	\$-	\$304,657	\$	\$	\$	\$
Security Grill Operator: Replace	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$1,957
Security Grill: Replace	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$
Security System: Replace	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$
Signage: Replace	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$
Skylights	\$-	\$-	\$-	\$-	\$-	\$21,852	\$	\$	\$	\$
Structure: Replace	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$
Stucco: Exterior, Repair/Replace	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$
Telephone Entry / Intercom: Replace	\$-	\$-	\$12,731	\$-	\$-	\$	\$	\$	\$	\$
Unit Pavers: Replace	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$
Utilities: Rehabilitate	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$
Utility Doors: Replace	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$
Window/Glass Doors: Replace	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$

Full Funding Plan (Years 10-19)										
Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Percent Funded	100%	101%	102%	103%	104%	104%	104%	104%	104%	104%
Fully Funded Balance	\$3,702,118	\$1,431,379	\$1,632,358	\$1,847,295	\$2,002,567	\$2,238,718	\$2,390,150	\$2,556,091	\$2,825,174	\$3,108,102
Beginning Balance	\$3,690,907	\$1,444,035	\$1,667,004	\$1,901,834	\$2,075,392	\$2,327,353	\$2,492,840	\$2,670,851	\$2,948,919	\$3,237,490
Reserve Contributions	\$190,999	\$195,200	\$199,495	\$203,884	\$208,369	\$212,953	\$217,638	\$222,426	\$227,320	\$232,321
Interest Earnings	\$26,442	\$30,773	\$35,335	\$38,695	\$43,592	\$46,791	\$50,236	\$55,641	\$61,252	\$66,985
Special Assessment	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Reserve Expenses	\$2,464,313	\$3,004	\$-	\$69,021	\$-	\$94,257	\$89,864	\$-	\$-	\$4,384
Ending Balance	\$1,444,035	\$1,667,004	\$1,901,834	\$2,075,392	\$2,327,353	\$2,492,840	\$2,670,851	\$2,948,919	\$3,237,490	\$3,532,412
Expenses by Component & Year										
Components	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Building Inspections	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Concrete Sidewalks and Patios: Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Deck: Vinyl Membrane , Coat, Phase 1	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Deck: Vinyl Membrane , Coat, Phase 2	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Deck: Vinyl Membrane, Replace	\$80,635	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Drainage	\$5,376	\$-	\$-	\$-	\$-	\$6,232	\$-	\$-	\$-	\$-
Dry fire system	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Electrical	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Elevator Cab: Refurbish	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Elevator: Modernization	\$302,381	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Emergency Power Generator: Replace	\$13,439	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Entrance Canopy: Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Entry Doors: Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Exterior sprinkler heads	\$135,467	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Fence: Chainlink, Replace	\$2,957	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Fence: Wood, Replace	\$-	\$3,004	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Finish Flooring: Carpet, Replace	\$-	\$-	\$-	\$66,818	\$-	\$-	\$-	\$-	\$-	\$-
Finish Flooring: Tile, Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Fire Panel: Replacement	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Fire Suppression System: Rehabilitate	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Fireplace Vents: Replace	\$43,543	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Guardrail: Metal, Replace	\$91,386	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Gutter and Downspout: Replacement	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
HVAC, Corridors: Replacement	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Interior Furnishings: Refurbish	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	1,754
Interior Walls: Repainting	\$-	\$-	\$-	\$-	\$-	\$-	\$89,864	\$-	\$-	\$-
Irrigation System: Repair/Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Landscaping: Refurbish	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Lights: Bollard, Replace	\$-	\$-	\$-	\$2,203	\$-	\$-	\$-	\$-	\$-	\$-

Have questions about this Depreciation Report? Call us for complementary support.

Lights: Exterior, Replace	\$12,472	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	-
Lights: Garage, Replace	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	-
Lights: Interior, Replace	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	-
Mailbox Replace	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	-
Parkade Roofing: Full Replacement	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	-
Parkade Roofing: Partial Repairs	\$75,931	¢-	¢-	¢-	¢-	¢88,025	¢-	¢-	¢-	¢-	-
Plumbing System	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	-
Rails: Metal, Replace	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	-
Retaining Walls	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	-
Roof: Replace	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	-
Security Grill Operator: Replace	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	2,630
Security Grill: Replace	\$4,704	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	-
Security System: Replace	\$13,439	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	-
Signage: Replace	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	-
Skylights	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	-
Structure: Replace	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	-
Stucco: Exterior, Repair/Replace	\$748,561	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	-
Telephone Entry / Intercom: Replace	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	-
Unit Pavers: Replace	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	-
Utilities: Rehabilitate	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	-
Utility Doors: Replace	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	-
Window/Glass Doors: Replace	\$934,022	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	¢-	-

Full Funding Plan (Years 20-30)										
Year	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Percent Funded	104%	104%	103%	103%	102%	102%	101%	101%	100%	100%
Fully Funded Balance	\$3,400,947	\$3,491,655	\$3,812,953	\$4,150,386	\$4,412,141	\$4,749,726	\$5,005,471	\$5,282,282	\$5,699,320	\$6,136,626
Beginning Balance	\$3,532,412	\$3,623,457	\$3,941,008	\$4,270,302	\$4,520,098	\$4,841,013	\$5,075,998	\$5,327,587	\$5,713,404	\$6,113,081
Reserve Contributions	\$237,432	\$242,655	\$247,994	\$253,450	\$259,026	\$264,724	\$270,548	\$276,500	\$282,583	\$288,800
Interest Earnings	\$68,720	\$74,896	\$81,300	\$86,145	\$92,382	\$96,934	\$101,810	\$109,317	\$117,094	\$125,079
Special Assessment	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Reserve Expenses	\$215,108	\$-	\$-	\$89,798	\$30,492	\$126,674	\$120,769	\$-	\$-	\$3,535
Ending Balance	\$3,623,457	\$3,941,008	\$4,270,302	\$4,520,098	\$4,841,013	\$5,075,998	\$5,327,587	\$5,713,404	\$6,113,081	\$6,523,425
Expenses by Component & Year										
Components	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Building Inspections	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Concrete Sidewalks and Patios: Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Deck: Vinyl Membrane , Coat, Phase 1	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Deck: Vinyl Membrane , Coat, Phase 2	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Deck: Vinyl Membrane, Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Drainage	\$7,224	\$-	\$-	\$-	\$-	\$8,375	\$-	\$-	\$-	\$-
Dry fire system	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Electrical	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Elevator Cab: Refurbish	\$16,255	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Elevator: Modernization	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Emergency Power Generator: Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Entrance Canopy: Replace	\$-	\$-	\$-	\$-	\$6,098	\$-	\$-	\$-	\$-	\$-
Entry Doors: Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Exterior sprinkler heads	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Fence: Chainlink, Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Fence: Wood, Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Finish Flooring: Carpet, Replace	\$-	\$-	\$-	\$89,798	\$-	\$-	\$-	\$-	\$-	\$-
Finish Flooring: Tile, Replace	\$6,502	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Fire Panel: Replacement	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Fire Suppression System: Rehabilitate	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Fireplace Vents: Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Guardrail: Metal, Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Gutter and Downspout: Replacement	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
HVAC, Corridors: Replacement	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Interior Furnishings: Refurbish	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Interior Walls: Repainting	\$-	\$-	\$-	\$-	\$-	\$-	\$120,769	\$-	\$-	\$-
Irrigation System: Repair/Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Landscaping: Refurbish	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Lights: Bollard, Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-

Have questions about this Depreciation Report? Call us for complementary support.

Lights: Exterior, Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$
Lights: Garage, Replace	\$13,726	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$
Lights: Interior, Replace	\$51,294	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$
Mailbox Replace	\$-	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$
Parkade Roofing: Full Replacement	\$-	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$
Parkade Roofing: Partial Repairs	\$102,045	\$-	\$-	\$-	\$-	\$118,298	\$	\$	\$	\$
Plumbing System	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$
Rails: Metal, Replace	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$
Retaining Walls	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$
Roof: Replace	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$
Security Grill Operator: Replace	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$3,535
Security Grill: Replace	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$
Security System: Replace	\$18,061	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$
Signage: Replace	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$
Skylights	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$
Structure: Replace	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$
Stucco: Exterior, Repair/Replace	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$
Telephone Entry / Intercom: Replace	\$-	\$-	\$-	\$-	\$24,394	\$	\$	\$	\$	\$
Unit Pavers: Replace	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$
Utilities: Rehabilitate	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$
Utility Doors: Replace	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$
Window/Glass Doors: Replace	\$-	\$-	\$-	\$-	\$-	\$	\$	\$	\$	\$

Supplemental Report Information

Definitions

COMPONENT: The individual line items in the Depreciation Report developed or updated in the Physical Analysis. These elements form the building blocks for the Depreciation Report. Components are defined as being:

1. Strata responsibility
2. Having a limited Useful Life expectancy
3. Predictable Remaining Useful Life expectancies
4. Above a minimum threshold cost (generally above 1% of the Strata annual operating budget)
5. As required by local codes

COMPONENT INVENTORY: The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of Strata design and organizational documents, review of established Strata precedents, and discussion with appropriate Strata representative(s).

DEFICIT: An actual (or projected) Reserve Balance less the Fully Funded Balance. The opposite would be a Surplus.

FINANCIAL ANALYSIS: The portions of a Depreciation Report where current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is second of two parts comprising a Depreciation Report.

FULLY FUNDED BALANCE (FFB): Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life “used up” of the current Repair or Replacement cost. This number is calculated for each component, then summed together for a Strata total. Two formulas can be utilized, depending on the provider’s sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent.

$$\text{FFB} = \text{Current Cost} \times \text{Effective Age} / \text{Useful Life}$$

FUND STATUS: The status of the reserve fund as compared to an established benchmark such as percent funded.

FUNDING PLAN: A plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

FUNDING PRINCIPLES:

- Sufficient Funds When Required
- Stable Contribution Rate over the Years

Have questions about this Depreciation Report? Call us for complementary support.

Office 250-590-1617
Fax 778-440-6348

1027 Pandora Avenue
Victoria, B.C. V8V 3P6

Strata-Consulting@shaw.ca

- Evenly Distributed Contributions over the Years
- Fiscally Responsible

INFLATION: This figure is used to approximate the future cost to repair or replace each component in the report. The current cost for each component is compounded on an annual basis by the number of remaining years to replacement, and the total is used in calculating the monthly reserve contribution that will be necessary to accumulate the required funds in time for replacement.

LIFE AND VALUATION ESTIMATES: The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

MONTHLY ASSESSMENT: The monthly contribution/assessment to reserves required by the Strata each month.

PERCENT FUNDED: The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

PROJECTED RESERVE BALANCE: The anticipated reserve balance on the first day of the fiscal year for which this report has been prepared. This is based upon information provided and not audited.

REMAINING USEFUL LIFE (RUL): Also referred to as “Remaining Life” (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the initial year have “zero” Remaining Useful Life.

REPLACEMENT COST: The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

RESERVE BALANCE: Actual or projected funds as of a particular point in time that the Strata has identified for use to defray the future repair or replacement of those major components which the Strata is obligated to maintain. Also known as Reserves, Reserve Accounts, and Cash Reserves. Based upon information provided and not audited.

USEFUL LIFE (UL): Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

Figure 6

	Report Location
(a) A reserve component list, including any reserve component that would cost more than one percent of the annual budget of the Strata, not including the reserve account, for major maintenance, repair, or replacement. If one of these reserve components is not included in the Depreciation Report, the study should provide commentary explaining the basis for its exclusion. The study must also include quantities and estimates for the useful life of each reserve component, remaining useful life of each reserve component, and current major maintenance, repair, or replacement cost for each reserve component;	Table 1
(b) The date of the study and a statement that the study meets the requirements of this section;	Executive Summary
(c) The level of Depreciation Report performed;	Cover Page
(d) The Strata's reserve account balance;	Executive Summary Financial Summary
(e) The percentage of the fully funded balance that the reserve account is funded;	Executive Summary Financial Summary
(f) Special assessments already implemented or planned;	Executive Summary Financial Summary
(g) Interest and inflation assumptions;	Executive Summary
(h) Current reserve account contribution rate;	Financial Summary
(i) Recommended reserve account contribution rate; a contribution rate for a full funding plan to achieve one hundred percent fully funded reserves by the end of the thirty-year study period, a baseline funding plan to maintain the reserve balance above zero throughout the thirty-year study period without special assessments, and a contribution rate recommended by the Depreciation Report professional;	Executive Summary Financial Summary
(j) Projected reserve account balance for thirty years and a funding plan to pay for projected costs from those reserves without reliance on future unplanned special assessments;	Table 2 Spread Sheet of Reserve Expenses
(k) Whether the Depreciation Report was prepared with the assistance of a Depreciation Report professional.	Executive Summary
(3) A Depreciation Report shall include the following disclosure: "This Depreciation Report should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a Depreciation Report, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component."	Table 4 Executive Summary Disclosure Page

Depreciation Report Disclosure

This document is the sole opinion of RBC STRATA CONSULTING LTD., LLC and has been provided pursuant to an agreement containing restrictions on its use. No part of this document may be copied or distributed, in any form or by any means, nor disclosed to third parties without the expressed written permission of RBC STRATA CONSULTING LTD. The client shall have the right to reproduce and distribute copies of this report, or the information contained within, as may be required for compliance with all applicable regulations including communication with all owners.

This Depreciation Report and the parameters under which it has been completed are based upon information provided to us in part by representatives of the Strata, its contractors, assorted vendors, specialists and independent contractors. The site visit is a limited scope visual observation of the surface condition of identified and exposed components. Hidden systems including but not limited to mechanical, electrical, structural, plumbing, storm water, sewer, water supply, foundations, etc. are beyond the scope of a Depreciation Report. No destructive testing was undertaken, nor does this study purport to address any latent and/or patent defects or life expectancies which are abnormally short due to either improper design and/or installation or due to subsequent improper maintenance. It is assumed that all components are to be reasonably maintained for the remainder of their life expectancy.

Various construction pricing and scheduling manuals may be used as well as costs and life expectancies obtained from numerous vendors, vendor catalogues, actual quotations or historical costs, and our own experience in the field of Depreciation Report preparation.

It has been assumed, unless otherwise noted in this report, that all assets have been designed and constructed properly and that each estimated Useful Life will approximate that of the norm per industry standards and/or manufacturer's specifications. In some cases, estimates may have been used on assets, which have an indeterminable but potential liability to the Strata. The decision for the inclusion of these as well as all assets considered is left to the client.

We recommend that your Depreciation Report be updated on an annual basis due to fluctuating interest rates, inflationary changes, and the unpredictable nature of the useful life and cost of many of the assets under consideration. Depreciation Reports are required by Strata Act Regulations to be updated every three years.

This Depreciation Report is provided as an aid for planning purposes and not as an accounting tool. Since it deals with events yet to take place, there is no assurance that the results enumerated within it will, in fact, occur as described. Additionally, other unanticipated expenses may arise that are not included within this Depreciation Report.

This Depreciation Report should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a Depreciation Report, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component.

RBC STRATA CONSULTING LTD. would like to thank you for using our services. We invite you to call us at any time, should you have questions, comments or need assistance.

Appendix - Reserve Fund Annual Budget Disclosures

Strata VIS 2720		Budgeted Fiscal Year		2013	
Reserve Fund Annual Budget Disclosure					
Current Monthly Reserve Contribution Amount				\$	15,574
Budgeted (Proposed) Monthly Reserve Contribution Amount				\$	-
Recommended Monthly Reserve Contribution Amount				\$	15,574
Recommended Funding Plan				Full Funding	
Are any additional regular or special assessments scheduled? If yes, complete the table below.				X	Yes No
Due Date	Amount Per Unit	Purpose	Frequency (Monthly or Annual)		
See Exhibit A				X	Yes No
Based upon the most recent Depreciation Report, and current contribution rate will the Strata have sufficient funds to cover the anticipated reserve expenses over the next 30 years?					
If reserve account balances are not sufficient see Exhibit A for what additional assessments may be necessary, per unit, per year.					
Date the most recent Depreciation Report was completed				4.12.2013	
Percent funded at the time of the most recent Depreciation Report				80%	
Projected year end reserve fund balance for the current fiscal year at the time of preparing the budget				\$	-
Projected year end reserve fund balance for the current fiscal year at the time of the Depreciation Report				\$	1,779,268
	2013	2014	2015	2016	2017
	Projected Year End Reserve Fund Balances				
Based on Depreciation Report recommendations	\$ 1,927,517	\$2,160,486	\$ 2,390,961	\$ 2,594,326	\$ 2,855,214
Based on current reserve contributions	\$ 1,927,517	\$2,156,711	\$ 2,379,409	\$ 2,570,759	\$ 2,815,151
% funded based on current contributions	80%	83%	86%	88%	90%
	2013	2014	2015	2016	2017
	Projected Year End Reserve Fund Balances				
Based on proposed reserve contributions					
% funded based on proposed contributions					

No warranty or guarantee is given regarding the accuracy, reliability, or completeness of this form.
This form has been completed utilizing information available at the time of preparation and provided to
RBC STRATA CONSULTING LTD.

*Reserve fund projections assume that the contribution amounts will increase 1.00% per year.

Have questions about this Depreciation Report? Call us for complementary support.

Office 250-590-1617
Fax 778-440-6348

1027 Pandora Avenue
Victoria, B.C. V8V 3P6

Strata-Consulting@shaw.ca

Exhibit A - 30 Year Reserve Fund Projection (Current Funding Plan)

Current Funding Plan: Per RCW 64.34.308 (4)(a)						
Year	Start Balance	Annual Reserve Contribution	Additional Assessments Necessary Per Unit /Per Year	Reserve Expenses	Fully Funded Balance	Percent Funded
2013	\$ 1,779,268	\$ 186,887	\$ -	\$ 74,600	\$ 2,219,475	80%
2014	\$ 1,891,555	\$ 188,756	\$ -	\$ -	\$ 2,326,348	83%
2015	\$ 2,080,311	\$ 190,643	\$ -	\$ 12,731	\$ 2,517,150	86%
2016	\$ 2,258,223	\$ 192,550	\$ -	\$ 49,719	\$ 2,704,958	88%
2017	\$ 2,401,054	\$ 194,475	\$ -	\$ 3,377	\$ 2,866,035	90%
2018	\$ 2,592,153	\$ 196,420	\$ -	\$ 486,663	\$ 3,091,725	91%
2019	\$ 2,301,910	\$ 198,384	\$ -	\$ 66,867	\$ 2,818,159	91%
2020	\$ 2,433,427	\$ 200,368	\$ -	\$ -	\$ 2,972,825	93%
2021	\$ 2,633,795	\$ 202,372	\$ -	\$ -	\$ 3,205,174	94%
2022	\$ 2,836,167	\$ 204,396	\$ -	\$ 1,957	\$ 3,448,788	95%
2023	\$ 3,038,605	\$ 206,440	\$ -	\$ 2,464,313	\$ 3,702,118	96%
2024	\$ 780,732	\$ 208,504	\$ -	\$ 3,004	\$ 1,431,379	92%
2025	\$ 986,233	\$ 210,589	\$ -	\$ -	\$ 1,632,358	95%
2026	\$ 1,196,821	\$ 212,695	\$ -	\$ 69,021	\$ 1,847,295	97%
2027	\$ 1,340,495	\$ 214,822	\$ -	\$ -	\$ 2,002,567	99%
2028	\$ 1,555,317	\$ 216,970	\$ -	\$ 94,257	\$ 2,238,718	100%
2029	\$ 1,678,030	\$ 219,140	\$ -	\$ 89,864	\$ 2,390,150	100%
2030	\$ 1,807,306	\$ 221,331	\$ -	\$ -	\$ 2,556,091	101%
2031	\$ 2,028,637	\$ 223,544	\$ -	\$ -	\$ 2,825,174	101%
2032	\$ 2,252,182	\$ 225,780	\$ -	\$ 4,384	\$ 3,108,102	101%
2033	\$ 2,473,578	\$ 228,038	\$ -	\$ 215,108	\$ 3,400,947	101%
2034	\$ 2,486,508	\$ 230,318	\$ -	\$ -	\$ 3,491,655	100%
2035	\$ 2,716,826	\$ 232,621	\$ -	\$ -	\$ 3,812,953	100%
2036	\$ 2,949,447	\$ 234,947	\$ -	\$ 89,798	\$ 4,150,386	99%
2037	\$ 3,094,596	\$ 237,297	\$ -	\$ 30,492	\$ 4,412,141	98%
2038	\$ 3,301,401	\$ 239,670	\$ -	\$ 126,674	\$ 4,749,726	98%
2039	\$ 3,414,397	\$ 242,067	\$ -	\$ 120,769	\$ 5,005,471	97%
2040	\$ 3,535,695	\$ 244,487	\$ -	\$ -	\$ 5,282,282	96%
2041	\$ 3,780,182	\$ 246,932	\$ -	\$ -	\$ 5,699,320	95%
2042	\$ 4,027,114	\$ 249,401	\$ -	\$ 3,535	\$ 6,136,626	94%

Have questions about this Depreciation Report? Call us for complementary support.

Office 250-590-1617
Fax 778-440-63481027 Pandora Avenue
Victoria, B.C. V8V 3P6

Strata-Consulting@shaw.ca

RBC STRATA CONSULTING LTD.

1027 Pandora Avenue
Victoria, B.C. V8V 3P6
250-590-1617